ontario chamber of commerce

Compendium of Policy Resolutions 2016-2019

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INFRASTRUCTURE/TRANSPORTATION

A. Investing In Infrastructure to Support the Peace Bridge Expansion

Authored by the Greater Niagara Chamber of Commerce

Issue

The Peace Bridge border crossing between Fort Erie, Ontario and Buffalo, New York is the second busiest crossing in Ontario. The American government has identified the bridge as a key entry point into Canada. As a significant economic link between the GTA and the eastern United States, the transportation infrastructure leading to the Peace Bridge needs to be improved to meet the expected demands of the expanded border crossing.

Background

According the Ontario Chamber of Commerce report on border crossings in Ontario, Easing the Choke Points, delays and congestion at the borders are having a dramatic impact on the economy. The report projects that continued delays at border crossing will amount to 17,345 lost jobs by 2020 and 91,194 by 2030. Currently, delays at the border are requiring manufacturers to increase inventory at a cost of upwards of $1 million per hour. Even more damaging is that delays at the border impacted Canada's export industry nearly twice as hard as the U.S. export industry in 2002 with Canada absorbing $8.34 billion (61.3%) of the estimated $13.6 billion total cost of border delays that year.

Over 70% of the value of Canada's international trade travelling by road flows into the United States across Ontario borders. Between 1994 and 2004, the value of trade by truck between the United States and Ontario increased by over 52%. Niagara is a key corridor for movement between Canada and the U.S., accounting for nearly 30% of all Canada-U.S. trade. As the OCC highlighted in its report, Niagara is the second largest trade crossing in Ontario and largest in terms of tourism crossing. Specifically, the Peace Bridge between Buffalo and Fort Erie is the second busiest bridge following closely behind the Ambassador Bridge in Windsor.
In 2010, the Canadian government, in conjunction with the Buffalo and Fort Erie Public Bridge Authority, initiated and completed the expansion of a fifth primary inspection lane for commercial vehicles. The additional lane will increase capacity to handle truck traffic by 25%. The federal government contributed half the cost of this expansion.

In addition in 2014 the Peace Bridge pre-clearance pilot was announced by Minister of Public Safety and Emergency Preparedness Steven Blaney and U.S. Deputy Homeland Security Secretary Alejandro Mayorkas. The program is designed to improve cross-border trade capacity by facilitating easier cross-border access for goods to the United States. The pre-clearance pilot agreement between Canada and the United States will allow U.S. customs officials to assess vehicles in Fort Erie before they reach the border, and as a result reduce border wait times and associated costs. The launch of the pilot marks the latest development in the Beyond The Border Action Plan, a bi-national initiative established by Prime Minister Stephen Harper and President Barack Obama.

With the expansion of the Peace Bridge and its increasing importance in Ontario's economy, it is critical to ensure that the infrastructure supporting the Peace Bridge in Fort Erie can meet the increased demands of an expanded bridge, and that the transportation links between the bridge and southern Ontario are capable of supporting an expanded trade and tourism traffic.

Recommendation
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Identify the Peace Bridge crossing as an area of economic significance, and review the current transportation infrastructure approaching the bridge as a means to identify areas of improvement and expansion to meet the impending increased demands.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

B. Addressing the Niagara to GTA Transportation Corridor

Authored by the Burlington Chamber of Commerce

Issue

The transportation infrastructure in the Niagara to GTA corridor is insufficient to meet the needs of those involved in commerce in the Greater Golden Horseshoe. The Government of Ontario's preferred alternative to the draft Transportation Development Strategy (TDS) report issued in June 2010, as part of Phase 1 of the Niagara to GTA (NGTA) Corridor Planning and Environmental Assessment (EA) Study, does not respond to the needs of the business community in Ontario. The proposal does not provide an effective strategy to maximize opportunities for businesses that carry on trade within the Greater Golden Horseshoe (GGH) or with businesses in the United States.

Background

The stated principal goal of the government transportation strategy is to provide an efficient link between the GTA and the U.S. borders in Niagara Region. The Niagara to GTA transportation corridor not only serves the residents in the study area and the GGH, but also plays a pivotal role in ensuring an efficient goods movement network that connects the GGH to the rest of Ontario and to the U.S. market (source: www.niagara-gta.com/faq.html).

We agree with the stated objective, however the latest proposal by the government fails to meet this goal. As of September 4, 2013, the final transportation development strategy includes the following multimodal elements:

- Optimizing the existing transportation network
- Supporting transit initiatives that are consistent with the Metrolinx Regional Transportation Plan and the GO Transit 2020 Strategic Plan, as well as recommendations to improve the efficiency and effectiveness of the non-roadway modes of transportation.
- Several highway widening and new highway corridor recommendations, including:

Hamilton and Halton: Widening of key highway facilities by two or more lanes to address medium term transportation needs. In addition, a future study is recommended to identify a longer-term transportation strategy.

Hamilton to Niagara: Widening of the QEW to eight lanes (including HOV lanes), and continuing to monitor traffic volumes on the QEW to determine capacity requirements beyond 2031.

Niagara: New highway corridor connecting Highway 406 south of Welland to the QEW near Fort Erie.

There has been opposition to this hybrid strategy from many stakeholders, including municipalities, business and environmental groups, and the Ontario Chamber of Commerce. The MTO should take these concerns seriously and consider other alternatives before proceeding with any further development within the Niagara GTA corridor.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Extend the geographical boundaries of the study area to include neighbouring business communities that use the GTA Corridor such as Brantford, Cambridge, Guelph, Kitchener-Waterloo, and Milton to ensure the overall transportation needs of the entire Greater Golden Horseshoe and surrounding areas are met.

2. Engage business leaders and other representative groups including civic leadership, other levels of government, and planners to ensure that the broader community supports the long-term regional transportation strategy. Included in the consultation of the business community, consideration must be given to both rail and truck transportation representatives, to create an overall multi-modal transportation strategy.

3. Take into account the sensitive biosphere and heritage of the Niagara Escarpment, designated Green Belt areas, and public health issues.

4. Implement the strategy as quickly as possible to address the immediate transportation needs of the region.

5. Construct the NGTA corridor project in two stages:

   A) Include the Niagara Frontier-Hamilton portion of the proposed mid-peninsula highway in the Environmental Assessment phase of the existing infrastructure improvement projects, and commence with construction of stage one by 2018;

   B) Concurrently with the construction of stage one, begin a feasibility study using a 30 year time line for the Hamilton to 401 portion and connections to all surrounding communities.

6. Include the impact to agricultural lands in the cost benefit analysis of the mid-peninsula highway project.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

C. Broader Provincial Transportation and Transit Infrastructure Plan

Authored by the Richmond Hill Chamber of Commerce, Newmarket Chamber of Commerce, and Vaughan Chamber of Commerce

Issue

In the past 20 years, there has been tremendous growth in many urban areas, particularly in the 905 region. Yet, very little infrastructure has been added for public transportation in support of this growth.

Background

Transportation and transit infrastructure provides a key ingredient to the success of this province. Compared to virtually any city of its size, the GTHA has an outdated transit system and limited highway infrastructure.

Municipal boundaries act as transit boundaries that prevent effective movement of passengers across the GTHA without a strategy for integration of public and private system strategies. Transit policies and routes should be planned based on population and growth projections not municipal boundaries. A broader transit initiative requires considerable investment and although there have been numerous studies, guiding bodies, committees and task forces, provincial leadership is needed to move forward into the 21st century.

The busiest subway in Canada, the Yonge North-South line, has not been expanded since the 1970's. Yet, York Region is one of the fastest growing areas in all of North America, with Richmond Hill showing a projected doubling in population in the next ten years. Some pockets are considered the most congested at Rush Hour based on North American Traffic studies. The Region of York has done its part through financial investment and construction in anticipation of the Yonge Subway Extension in the provincial 2020 Vision Plan. The province has a responsibility to follow through on its commitments and provide the link that allows York Region and the rest of the province to have the expected return on investment.

Funding for this project must be made a priority. We recognize that there may be some costs incurred for the project by all levels of government, and the businesses and residents of GTHA, but without this, the costs are far higher in lost business and productivity. The return on investment for subway development exceeds current gasoline and lost time estimates for commuters outside of the City of Toronto, based on published planning studies.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Using the most recent studies, take action to improve our transportation and transit infrastructure, including, establishing reasonable and realistic goals and timeframes necessary in order to improve integrated transit infrastructure.

2. Dedicate funds for transportation and transit infrastructure before we lose more revenue and growth potential.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

D. Developing a single transportation authority in the GTHA

Authored by the Brampton Board of Trade

Issue

Economic development and renewal are dependent on high quality, multimodal transportation services. There is room to improve the delivery and management of public transportation to better meet provincial needs and stimulate economic growth across Ontario.

Background

At present, the provincial agency known as Metrolinx acts as the transportation authority designated to undertake a variety of public transit and transportation projects in the Greater Toronto and Hamilton Area (GTHA). Metrolinx's mandate is to improve the coordination and integration of all modes of transportation in the region.

With the *Big Move*, Metrolinx has developed a major, multi-regional transportation plan that will traverse the GTHA. Implementation of the Big Move will require extensive co-ordination with local transportation authorities within each municipality. This is because Metrolinx is not the single transportation authority in the GTHA. Each municipality has its own transportation authority.

In Vancouver, British Columbia, however, one body – TransLink – has the sole designation to expand and maintain South Coast British Columbia's transportation network. TransLink was established in 1999 and has become the single South Coast British Columbia Transportation Authority. Together with its partners, stakeholders, and corporate subsidiaries, TransLink plans and manages the region's transportation system, including public transit, as a strategic whole. When it was created, TransLink replaced B.C. Transit in the Greater Vancouver Regional District and took on many transportation responsibilities held by the Province.

TransLink is responsible for regional transit, cycling, and commuting options, as well as Intelligent Transportation System programs. It shares responsibility for the major road network and regional cycling with municipalities in metro Vancouver. It is the first North American transportation authority to be responsible for the planning, financing, and managing of all public transit in addition to major regional roads and bridges.

A single transportation authority in the GTHA would operate to implement and develop transportation planning and infrastructure in a cost effective and timely manner.

The Government of Ontario needs to examine such possibilities in the GTHA, and must begin evaluating the benefits and positive impacts of consolidating the GTHA's transportation and transit networks into one GTHA transportation authority.

In addition, the provincial government should seek to analyze the positive economic impacts of coordinated public transportation efforts.

A consolidated network, operating under one authority, could provide the provincial government and respective GTHA municipalities with the opportunity to be cost effective and reduce tax costs, leading to potential savings for municipalities.

Recommendation

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Consult with regional and municipal transportation authorities located within the Greater Toronto and Hamilton Area (GTHA) and undertake an independent review of the benefits and impacts of consolidating the GTHA's municipal public transportation networks under one regional transportation authority.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

E. Eastward Extension – Highway 407

Authored by the Greater Oshawa Chamber of Commerce

Issue

The negative economic and capital investment impact to Ontario of not proceeding to complete the Eastward Extension - Highway 407 eastward from Harmony Road in Oshawa to Hwy 35/115 is real.

Background

Since 2004, the Ontario Chamber of Commerce has endorsed the call for completion of Hwy 407 to Highway 35/115 stressing that the negative economic, safety, and capital investment impact to Ontario of not proceeding to complete the Eastward Extension is real. This position was re-affirmed in May 2010 at the Ontario Chamber of Commerce AGM in Windsor.

In June 2010 it was announced that the first end of the link for the extension would be to Harmony Road in Oshawa. Construction is well under way.

At the provincial level, the Ontario business community has some basic and common sense concerns, as to the economic and public safety impact to Ontario of not proceeding with the completing of this project. The Greater Oshawa Chamber of Commerce, in discussions with business leaders, all agreed it is imperative that Hwy 407 now in construction comes to Oshawa and past the Harmony Road planned interchange through Durham Region to the 35/115 in a timely manner. This is vital for the movement of goods and service and tourism across the GTA.

Transportation is a key factor in unleashing the GTA and Durham Regions' economic potential. The lack of an alternative freeway across the GTA is not only a safety issue but, results in delays to auto and commercial traffic when Highway 401 is closed or capacity is limited as a result of an accident or construction/rehabilitation. Such events are becoming more and more commonplace.

This gridlock results in lost trade opportunities in manufacturing and tourism, jeopardizes employee recruitment and retention, and reduces economic competitiveness in the GTA. Reducing gridlock, congestion and integrating the transportation network are policy priorities for the Ontario Chamber of Commerce. It is important for the provincial government to complete the construction of the extension of Highway 407, to alleviate congestion and ensure public safety. An adequate and updated highway system is an important link to the economic success of all of Ontario.

Inadequate east-west capacity and no alternative freeway on the east side of the GTA (east of Brock Road to Highway 35/115) cause delays to autos and commercial vehicles. Existing freeway congestion constrains trade, tourism, recreation, and economic growth opportunities.

Transportation problems (including, safety, operations, and level of service) in the area currently relate primarily to recreational and tourist traffic (Kawartha, Haliburton, Bay of Quinte), however, congestion due to commuter traffic is spreading easterly as the GTA continues to grow. Congestion in the eastern part of the GTA will be further exacerbated by continuing growth in areas to the east of Durham (Port Hope, Cobourg, Trenton, Belleville, Peterborough, etc.) and associated traffic demands.

Recommendations
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Commit to firm timelines and commitments for the eastern extension of the 407 past Oshawa to 35/115.

2. Prior to opening the Harmony Road and or Simcoe Street interchange have in place contracts and commence work on the completion of Hwy 407 to 35/115.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

F. Ensuring Competitiveness for Ontario's Marine Transportation Industry

Authored by the Greater Niagara Chamber of Commerce

Issue

The State of New York has passed ballast water regulations in January 2013 for new vessels (vessels manufactured after January 1, 2012), and it has a significantly negative impact on Ontario's marine transportation industry. Under the new regulations, ships are required to adhere to a standard that is 1,000 times greater than current International Maritime Organization (IMO) standards when entering New York waterways. All other vessels have to be compliant with these new regulations. The regulations for existing vessels are 100 times greater than current IMO standards. The technology does not yet exist to meet the new standards set by New York State. The U.S court of appeals has currently placed a stay on the regulation, but the regulation still looms.

Background

Ballast water is part of a process that is utilized to balance a ship but it may pose serious ecological, economic and health problems due to the marine species carried in ships' ballast water.

The International Marine Organization (IMO) has worked to establish international standards for the management of ballast water and sediments.

Under IMO standards, Performing ballast water exchange must be done with an efficiency of 95 percent volumetric exchange of ballast water and ships using a ballast water management system shall meet a performance standard based on numbers of organisms per unit of volume.

In the United States, individual states can set marine standards for their respective waterways. New York State's water ballast regulations are set at a level that is 1,000 times greater than the thresholds set by the IMO. According to the Canadian Shipowners Association (CSA), there simply are no onboard technologies currently available that CSA's members could install to comply with the ballast regulations by the applicable deadline.

New York's ballast water regulations could effectively stop all inter-provincial, inter-state, and international traffic through the St. Lawrence Seaway into the Great Lakes. Also, New York's rules would also affect all cargo moving through the Port of New York and New Jersey.

The estimated overall economic impact of the industry in Ontario is $1.5 billion.

CSA asserted that the Environmental Protection Agency radically underestimated the cost of fitting regulation compliant technology at between $444,730 and $526,525 per vessel. In contrast, the Coast Guard estimated installation costs between $3.5 million to $11.7 million per vessel.

It is projected that based on the New York State water ballast regulations, the impact on the bi-national Great Lakes-Seaway economy, (which includes two provinces, eight states), could result in the disruption and abandonment of $34.6-billion of economic activity and 227,000 jobs.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Work with Ontario marine industry, and Canadian federal government, to advocate for a harmonized regulatory system for the Great Lakes.

2. Work with the government of New York State to adopt more achievable regulatory requirements that can be technologically implemented.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

G. Expanding Economic Opportunities through the NGTA Corridor

Authored by the Greater Kitchener Waterloo Chamber of Commerce

Issue

Businesses across Ontario, particularly in the manufacturing sector, require improved transportation infrastructure at border points and highways leading to these centres for optimizing international market opportunities.

The proposed Niagara to GTA Corridor (NGTA) through the Niagara Region offers significant potential for economic growth across all of southwestern Ontario. The provincial government should commit to proceeding with this project.

Background

The Ontario Ministry of Transportation (MTO) has been examining an additional corridor from the Greater Toronto Area to Fort Erie since the 1950s. A new highway would significantly relieve congestion along the Queen Elizabeth Way (QEW), particularly for commercial traffic.

In 2001, former Premier Mike Harris announced that his government would be proceeding with the Mid-Peninsula highway (later termed NGTA Corridor) after the MTO indicated, in their 1998 Niagara Frontier Gateway Study, that the route was urgently required to connect Niagara and the GTA.

In 2007, the Niagara Economic Development Corporation, Niagara Region and the City of Hamilton commissioned an independent study by Wilbur Smith Associates to examine potential economic opportunities from the proposed highway. The report estimated that construction of the 4-6 lane structure could lead to an average annual growth rate of 2.73 percent compared to the projection of 1.03 percent for the Hamilton-Niagara region. Total potential economic benefits to 2030 include 130-177,000 jobs, $7-$9 billion in additional income, and $3.4-$4.4 billion in tax revenue.

Most notably, the study concluded that failure to invest in this corridor capacity will leave the region faced with the reality of lost opportunities in terms of lower than projected growth and potential declining economic activity.

A January 4, 2011 letter from Ontario Chamber of Commerce President & CEO Len Crispino to Transportation Minister Kathleen Wynne indicated that “the OCC has long advocated for the development of a Mid Peninsula (Niagara to GTA) Trade Corridor.” The project would not only address capacity deficiencies but would also complete a multi-modal system for port, airport and US border crossings. A request was made to MTO for immediately establishing the NGTA Trade Corridor while continuing to move forward on current plans in the Niagara Region.

The 2011-2012 OCC Transportation Policies Compendium also notes that the Government of Ontario must move forward with the Mid Peninsula. Instead, a widening of the QEW is proposed and while this expansion is welcome, the requirement remains for a new corridor.

In September of 2013, the MTO published a development strategy which indicated that a Niagara Region highway would not be constructed until further studies are completed. The strategy again proposed widening the QEW to eight lanes and constructing a new highway for connecting Fort Erie and Welland.

Recommendation
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Immediately commit to the construction of the NGTA Corridor.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

H. Goods and People Movement Long-Range, Multimodal, Integrated Transportation Plan

Authored by the Hamilton Chamber of Commerce

Issue

Ontario's transportation system is crucial to the economic well-being of Ontario and to the country as a whole. The efficient movement of goods and people, within Ontario and into the U.S. directly, affects business and impacts Ontario's ability to compete with other jurisdictions.

To help facilitate the movement of goods and people, transportation planning at the local, regional and provincial levels is critical. At the present time, Ontario does not have a province-wide transportation plan, and current regional plans do not adequately address the inter-regional movement of goods and people.

A province-wide Long Range Transportation Plan (LRTP) is needed to address the movement of goods and people between regions and across borders.

Background

Ontario is a vast province with diverse regions (economic and otherwise) facing unique transportation challenges. For example, many areas in Northern Ontario require additional transportation capacity to help facilitate goods movement to attract business investment and diversify local economies.

In Southern Ontario, particularly in the Greater Toronto and Hamilton Area (GTHA), explosive suburban labour force in the goods movement corridors, coupled within inadequate investments in transportation infrastructure, has led to crippling congestion. To address unique regional issues, while regional transportation plans, such as The Big Move, have been developed, there is a lack of province wide focus

Ontario's various regions do not exist in isolation. Regions and economic clusters throughout the province are unique and are interconnected. For example, in the auto manufacturing cluster in Southern Ontario, there may be, steel parts sourced from plants in Hamilton, Sarnia or Pittsburgh, with electrical components manufactured in Toronto and final assembly occurring in Windsor or Markham with eventual shipping to markets across Canada and Northeastern United States. Facilitating the efficient movement of these goods between regions is critical for economic sustainability, increased investment and economic growth. The need is made more urgent by increasing value of trade across the North America advanced manufacturing value chain.

Competing jurisdictions in the U.S. have recognized the need for integration of transportation networks between regions. High-level transportation planning is common in the U.S., with state-wide transportation plans being required by Federal law. State-wide transportation plans span 20 to 30 years in outlook, are updated every five years, and plan for the integration of all modes of transportation. The plan is critical for the future of the Ontario economy as The province's multimodal transportation system moves over $1.3 trillion in goods per year which constitutes 49% of Canada's total international trade (across all modes) and almost 70% of road trade with the U.S.

We believe a province-wide LRTP will contribute to employment and economic growth by:

- Improving linkages between transportation modes and between freight hubs, which make up over 70% of Goods Trade in Ontario
- Enabling the province to effectively develop and implement policies that improve and better utilize Ontario's extensive network of road, rail, marine and airport facilities; and
- Placing Ontario on a level playing field with competing U.S. jurisdictions.
- Enhance the ability of businesses in Ontario to latch onto North American manufacturing value chains.

Recommendations
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Develop a 30-50 year, province-wide LRTP, to be completed by the fall of 2018.

2. The LRTP should include:

    a. Stakeholder consultation;
    b. Short, medium and long-term planning and investment objectives spanning 30-50 years;
    c. Comprehensive mapping out of the multi modal connections that facilitate goods and people movement throughout the province;
    d. A financing plan for transportation improvement projects; and
    e. Quick wins to improve connections between regions.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

I. Support Growth with Expanded Broadband Access

Authored by the Sarnia Lambton Chamber of Commerce

Issue

By introducing high capacity broadband to rural areas, residents will have the capacity to start-up online businesses, connect to commodities markets, access online education and so much more. Availability of high capacity broadband internet is necessary for any community to remain viable and prosper in the 21st Century.

Background

Many rural Ontarians do not have access to high speed broadband making it difficult to conduct business online and access online courses. Fibre optic networks are necessary for conducting business in the 21st Century, but the cost of installing fibre optic lines to the last mile is cost prohibitive for private internet service providers. In rural areas there is typically a $2,500 to $15,000 business case shortfall, per home, passed with fibre facilities.

The Western Ontario Wardens' Caucus and the Southwest Economic Alliance (SWEA) are proposing the creation of a tax-payer funded not-for-profit network called the Southwestern Integrated Fibre Technology (SWIFT). The network would be responsible for improving existing high speed broadband "backbone" networks and providing fibre optic connectivity to Southwestern Ontario. Over five years the project is estimated to cost $240 million, of which $6 million is earmarked for administering the network and only $60 to $70 million for connecting to "last mile" customers. While creating a costly new administrative body, SWIFT ignores private sector solutions and incentives for telecommunications providers to invest in the infrastructure where it's needed most.

Currently, there are nine small Incumbents operating in Southwestern Ontario offering broadband service in 27 rural local telephone exchanges. Brooke Telecom Co-operative Ltd., Hay Communications Co-operative Ltd. and Execulink Telecom Inc. are small Incumbent Local Telecom companies operating in rural Lambton County. They have been offering service and creating jobs in Lambton County for more than 100 years. These companies already provide broadband services to customers in their operating territories over 6 local telephone exchanges and beyond.

These companies have built and maintained extensive fibre optic transport networks in Southwestern Ontario connecting schools, hospitals and municipalities to the global Internet via Internet Exchange Points such as the Toronto Internet Exchange or "TORIX".

Small providers like Brooke, Hay and Execulink would be most at risk by the introduction of SWIFT. Anchor tenants such as municipal offices, schools and hospitals, many of which the small independents already serve with fibre optic infrastructure that they built and invested in, will be targeted by SWIFT, undermining the independent's ability to expand fibre optic infrastructure into rural areas. SWIFT's focus on backbone networks will lead to duplicate transport networks in rural centres without ever reaching last mile customers.

Recommendations
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Review the need for the establishment of an administrative body to implement SWIFT applications vs. developing a private sector program for broadband agreements for Southwestern Ontario.

2. Act as co-ordinating entity between federal and municipal governments to determine priority project areas for new FTTP builds in partnership with private sector players.

3. Establish a funding formula that balances provincial budgetary constraints and the need for private sector investments in broadband infrastructure requirements for last mile connectivity.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

J. Highway 6 Extension between Highway 401 and South of Morriston

Authored by the Guelph Chamber of Commerce, Hamilton Chamber of Commerce, Flamborough Chamber of Commerce, & Centre Wellington Chamber of Commerce

Issue

The draft Transportation Development Strategy for the Greater Toronto Area (GTA) West Corridor will not provide sufficient infrastructure for the long term to support economic growth in the North-South corridor west of the GTHA.

Background

Extending Highway 6 South from Guelph to south of Morriston would reduce costs relating commuting time and freight shipment delays, as well as providing opportunity to retain and grow manufacturing and food processing businesses in Waterloo, Wellington, and Hamilton.

Commuter Travel Time

- Estimated annual value of commuter travel time saved during peak periods with the proposed bypass applied to 2011 traffic is $13.1 Million dollars
- Estimated value of future commuter time savings with proposed bypass is $23.4 (2021) and $31.3 (2031) million respectively

Commercial Vehicle Travel Time

- Based on 2009 MTO estimates of commercial vehicle traffic volumes and our analysis of travel time differences with the proposed bypass, we estimate a realized cost savings of $2.2 Million dollars annually (2011 figure)
- Survey results suggest that more consistent travel times with a proposed bypass are important for business supply chain demands

Accident Reduction

- Based on a model introduced by the Ontario Road Safety Annual Report (ORSAR, 2004), a reduction in accidents associated with the introduction of the bypass is estimated to reduce costs by $762,300 dollars (based on 2009 accident rates) annually

Economic Development Impacts

- Analysis of Statistics Canada, Trucking Commodity Origin Destination data for the region influenced by the corridor illustrates that the corridor is a key link in our trade with the United States
- Over the past 20 years, the loss of economic opportunities, challenges in retaining labour, and reductions in productivity are difficult to quantify without a more sophisticated and significant analysis effort, but there is no doubt that these are significant factors in assessing the proposed bypass project economic impacts

- The overall assessment would see the highest economic benefits of the proposed bypass for travel time, reduced local bottlenecks, and improved labour market access.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Move forward with a southbound extension of Hwy 6N at Hwy 401 to connect with Highway 6 south of Morriston.

2. Integrate the GTA West corridor planning to include, the Morriston bypass, Hwy 6 and 24 improvements and any directions from the Niagara to GTA corridor study to revise traffic forecasts on Highway 401 to the GTA.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

K. Moving Forward on the GTA West Corridor

Authored by the Brampton Board of Trade

Issue

There is an urgent need for the Province of Ontario to move forward with strategic transportation corridors such as the GTA West Corridor. The pace at which these projects are moving forward has a severely negative impact on the ability of businesses and municipalities to effectively plan for future growth and address transportation and land-use challenges.

Background

The GTA West Corridor has been identified as a necessary transportation infrastructure project needed to advance the province's overall economic competitiveness and to address the significant delays on the GTHA transportation networks. The congestion through this network has led to a significant drain on the economy and places Ontario businesses and municipalities at a competitive disadvantage to other regions in terms of attracting new investment.

As trends in population growth, manufacturing activity, foreign trade and investment indicate, there is an expansion in the amount and value of goods transported across Ontario's highways. Additional transportation infrastructure capacity is required to provide better links for goods movement between existing and new economic centres.

This corridor is seen by many, including Ministry of Transportation (MTO) staff, as a strategic link between the Urban Growth Centres in the west of the GTA such as Downtown Milton, Brampton City Centre, Vaughan Corporate Centre and Downtown Guelph. MTO staff and the GTA West Study Team have also indicated that the considerable population and employment growth in the Guelph, Kitchener/Waterloo, and Cambridge triangle introduces new transportation challenges in the western portion of the Greater Golden Horseshoe (GGH).

In addition, this strategic transportation corridor would also improve how goods are moved as it will provide enhanced accessibility to existing and new industrial areas in municipalities such as Brampton and Caledon. Completion of this project would also benefit employment lands in the City of Mississauga with the diversion of trips from Highway 401 to the new corridor.

The GTA West Transportation Corridor Route Planning Environmental Assessment Study moving forward to Stage 2 of the process is positive progress. However, the overall pace at which this project is moving forward is of concern for both businesses and municipalities across the province.

According to the project schedule, the second stage will be completed in 2018. MTO has also indicated that the process to initiate the project will take at least 15 to 20 years.

This is far too long for the planning processes of businesses and municipalities. Furthermore, there is considerable risk of encroachment on the land needed for the construction of this strategic transportation corridor. The province should identify the location of the corridor and release lands that will not be required to enable the municipalities to continue their planning processes and help promote business development.

Recommendations
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Support early designation and protection of major transportation corridors such as the GTA West Corridor and its expansion.

2. Move forward expeditiously on the GTA West Corridor Study implementation process within 10 years.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

L. Regional Transportation Fare Integration

Authored by the Toronto Region Board of Trade

Issue

Connectivity in modes of transit is essential to the success of the Greater Toronto and Hamilton Area Regional Transit Plan. A crucial element of this connectivity is a one-card fare integration system for the Greater Toronto and Hamilton Area.

With the development of the Toronto-York Spadina Subway Extension, there is an urgent need to provide seamless transfers across all lines without requiring customers to pay multiple fares.

Background

We applaud the federal, provincial and municipal governments for making their largest ever investments to help fund transit infrastructure within the Greater Toronto and Hamilton Area (GTHA). The present transportation system is widely viewed as inadequate and traffic congestion is now a regional issue that affects all municipalities and residents in the GTHA. The ability of businesses to operate in and around the GTHA and the vitality of the regional economy, are dependent upon an efficient regional transportation network.

Network connectivity needs to be the backbone of the regional transportation plan; transfers should be easy and efficient. Connectivity must not stop at any particular municipal boundary; rather it should be continuous throughout the GTHA and be based on an integrated fare system, which incorporates "smart" card technology.

An integrated fare card system is fundamental, for example, to the successful implementation of the Toronto-York Spadina Subway Extension (TYSSE), especially as it relates to York University. The TYSSE is the first example of higher order transit that will cross municipal boundaries within Ontario. Upon completion of the TYSSE, all regional transit buses will move from the current central location on campus to off-campus locations:

- GO Transit buses will be relocated north of the University to the Highway 407 Station, requiring all passengers to transfer to the subway and travel to one of the two stations on campus
- York Region Transit (local & Viva buses) will be relocated to a new bus terminal on the north side of Steeles Avenue; passengers will be required to transfer to the subway for one stop, or walk to central campus; the walk would not be weather protected, and may be challenging to those with disabilities
- Brampton Transit (Zum) buses will be relocated to the Vaughan Corporate Center, requiring passengers to transfer to the subway to station stops on campus.
- The GO Train Station will be relocated from its existing location 1.5 km east of Campus on Canarctic Dr. to the Sheppard West Station; York University GO Train shuttle will be

stopped and passengers will be required to transfer to the subway and travel north to one of the stations on campus

Currently, these passengers only pay one fare to commute from their home to York University by public transit. If fare integration is not in place when the TYSSE enters into service, passengers will have to pay multiple fares. This would represent a significant cost increase.

To illustrate: a student commuting from Ajax to York University would have to pay GO Transit $6.45 and then pay the TTC $3, for a total of $9.45 per trip, an increase of 47% over what they currently pay for the same trip.

Alternatively, that student could use a monthly GO pass from Ajax which costs $168 and then use a TTC pass, which costs $99, totaling $267 per month, an increase of 159% over what they currently pay for the same trip. As a result, many York University staff, faculty and students may decide to drive to the University instead of using public transit.

The resulting increase in vehicular traffic will have a negative impact on the University and surrounding roads, as it will also increase congestion and gridlock. York University, with a current population of over 65,000 people (staff, faculty, students, and Seneca@York), has the second largest number of daily commuters in the GTHA behind Pearson Airport, representing a significant impact on the region's road network. Today, approximately 65% of the community uses public transit to commute to the University – a significant improvement from the late 1990s when 70% of commuters to York used private vehicles.

The success of the TYSSE must rely, in part, on the adoption of an integrated fare payment/collection system. To the extent possible, the system should be designed so that riders do not pay appreciably more than they do at present. There are programs currently used in many major cities and urban regions in North America, Europe and Asia, ensuring that it is the easiest and most efficient means of payment and line transfer for all users.

Fare integration across a number of different transit operators in one region has been implemented in a number of jurisdictions. For example, in London, UK, the Oyster Card is used to pay for more than 80% of daily trips on Transport for London (TfL) services. This is a pay-as-you-go system, in which users are charged for every zone they travel through. As of January 2010, Oyster Cards are accepted at all 350 London Rail commuter rail stations within Greater London. Decision makers in London understand that if they want more people to take public transport, it must be as convenient and seamless as possible. Because Oyster Card users are guaranteed they will be charged the lowest fare per trip, commuters benefit not only from the convenience of using one payment method, but also pay lower fares than 155 they otherwise would be charged. Within the GTHA there already are integrated fare agreements. York Region and GO Transit riders can pay a $0.50 fare for a York Region bus to take them to GO Transit

Stations. As well, with the deployment of PRESTO, there is an opportunity to further enhance the smart card technology to implement fare integration.

The implementation of a regional fare integration system is integral to the creation of a sustainable, attractive, and efficient transportation network. The benefits of the move to a smartcard system will support the development of further infrastructure and will make the regional transportation network more customer-friendly, hopefully leading to greater use of the network and ultimately assisting in the alleviation of regional congestion and gridlock.

Recommendations
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Through Metrolinx, work with the regional transit operators to implement an integrated fare structure for the GTHA regional transportation system.

2. Implement this new fare integration system, at the latest, in conjunction with the opening of the Toronto-York Spadina Subway Extension.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

M. Increasing Value and Spurring Innovation through Public Sector Procurement in Transportation

Authored by the Thunder Bay Chamber of Commerce

Issue

The Province of Ontario should increase value to taxpayers and spur innovation by leveraging public sector procurement to support Canadian manufacturers and drive the development of innovative products for highway projects, and urban rail and transportation equipment.

Background

The Greater Toronto and Hamilton Area is facing a serious challenge with traffic congestion and an over-crowded transit system. Metrolinx has outlined a 25-year, $34 billion plan it calls The Big Move that will address these problems through the expansion and development of roads, rail and transit systems.

The GTHA is not the only area with transportation challenges – every area of the province is struggling to deal with insufficient or crumbling transportation infrastructure. As an example, Northern Ontario Chambers have long called for the four-laning of the TransCanada Highway where there is no alternate Canadian route, to reduce the frequency of highway closures and ensure the continued flow of goods.

Efficient ground transportation of people and goods is vital to a successful and vibrant economy across the province. Progress has been made in some areas but billions more will be needed to improve roads, bridges, rail and transit systems. These investments will be funded, at least in part, from provincial coffers. This provides an opportunity for implementation of a procurement policy that places a priority on increasing value to Ontario taxpayers by spurring innovation and supporting job creation in Canada.

Legal opinion has been obtained from international trade experts outlining that "the Province of Ontario may accord a ten percent preference to Canadian value-added economic activity to procurements that are not subject to the Canada-United States Procurement Agreement or will not be subject to Revised World Trade Organization Agreement on Government Procurement of the Canada-European Union Comprehensive Economic Trade Agreement, once those agreements come into force. This preference may include research and development activities conducted in Canada in relation to the goods and services being procured." This preference can be applied as a price preference (those bids that propose to supply Canadian value added would be nominally reduced by ten percent for evaluation purposes) or through provision of extra points in the evaluation of bids for including Canadian value added.

The Province of Ontario should utilize every opportunity to leverage public sector procurement in transportation and transit development to spur innovation and support job creation in Canada.

Recommendation

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Implement public sector procurement policies that increase value to the Ontario economy and spur innovation by according a ten percent preference to Canadian value-added economic activity including research and development and/or engineering activities on transportation and transit related procurements that are not subject to international trade agreements.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

N. Reinstate MTO Connecting Link Funding

Authored by the Sault Ste. Marie Chamber of Commerce

Issue

The purpose of this resolution is to address the Provincial decision made in early 2013 to cancel the Connecting Link funding program. This is a critical funding program for many border communities and the funding is needed to maintain infrastructure that supports the Provincial transportation system.

Background

For many decades, the Province has acknowledged its responsibility to assist municipalities that do not have highway by-passes, making it necessary for through provincial traffic to travel on municipal streets.

In Sault Ste. Marie this support dates back to 1961. Some border communities are particularly affected by this program cancelation, as they have a connection to the U.S. Interstate Highway system in their downtown core. Each community has a negotiated, mutually agreed-to list of roads, including bridges, designated as Connecting Links.

In 2012, MTO provided no indication of program cancellation. MTO only referred cities to the Municipal Infrastructure Investment Initiative (MIll) funding program, and provided a reminder that in accordance with the Public Transportation and Highway Improvement Act, Connecting Links remain under the jurisdiction and control of the City and it is their responsibility to maintain them.

MTO has cancelled the Connecting Link program with apparently no consultation with municipalities. It is estimated that this effectively reduces the volume of road reconstruction and resurfacing by 10 to 15% annually in Sault Ste. Marie alone. That is a major hit to road rehabilitation efforts, and the local construction industry. While there are many municipalities that have designated connecting links, for those that do, their citizens will be responsible for 100% of the cost of maintaining connecting links from now on.

MTO is suggesting that Cities apply to the MIII program for connecting link funding. That program is accessible by all municipalities, for a wide variety of infrastructure types, not just those with connecting links. There is no doubt considerable competition for these funds, which amount to $90 million for the entire province.

If the Connecting Link program has been permanently cancelled, then MTO should be asked to assume portions of our connecting link system so that they are a provincial responsibility.

Recommendation

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Reinstate 75% funding program for municipal connecting links in continued recognition of the Province's responsibility to assist municipalities that service through traffic, with particular emphasis on the extensive impact it will have on affected communities.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

O. Support for TransCanada's Energy East Project – new jobs, investment and growth for Ontario

Authored by the Greater Peterborough Chamber of Commerce, with the Belleville Chamber of Commerce, the Sarnia Lambton Chamber of Commerce, and the Thunder Bay Chamber of Commerce

Issue

All Canadians should benefit from Canadian oil. Energy East is a rare nation-building opportunity that will move oil from the West to refineries and terminals in the East, creating jobs and economic growth in Ontario, while reducing our reliance on foreign oil.

Background

TransCanada is proposing to build a critical new piece of energy infrastructure that will directly connect western Canadian oil with eastern Canadian refineries and ports for the first time.

The $12 billion Energy East Pipeline will draw upon Ontario's vast resources of skilled tradespeople, professionals, manufactured goods and services – including the 1,100+ businesses in Ontario that currently supply Canada's oilsands – with communities across Ontario seeing significant economic benefits.

According to the Conference Board of Canada, Energy East will support more than 4,200 direct and indirect full-time jobs in Ontario during the seven year planning and construction phases of the project. In addition, Energy East will generate nearly 1,400 full-time jobs in Ontario during the first 20 years of operation.

Most recently, GE Canada's heavy motor plant in Peterborough was awarded a contract by TransCanada to build 85 large electric motors for some of the 72 pump stations which will be built along the pipeline. That's 250 jobs in Peterborough and their central Ontario supply chain, if Energy East is approved.

Over the past 18 months, TransCanada has spent more than $30 million for supplies and services related to the Energy East project in Ontario.

In addition, the Conference Board predicts Energy East will generate $2.6 billion in additional tax revenues in the province during the construction phase and the first 20 years of operation. Ontario's GDP will get a major boost, estimated at $15 billion over the same period – by far the largest share of any province along the pipeline.

Energy East will also add $20 million per year in new property tax payments to municipal governments along the route in Ontario.

Energy East has already garnered significant support from a diverse group of stakeholders across Ontario, including the Canadian Manufacturers and Exporters, Ontario's Building Trades and three organizations representing over 120 municipalities across Northern Ontario. All recognize the rare, nation-building opportunity Energy East represents.

As with any national energy project, Energy East must first be approved by the independent National Energy Board. This review will have extensive public participation and will ensure the project is in the national interest based on economic, consumer and environmental considerations.

Recommendation
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Support the Energy East project before the National Energy Board provided there are guarantees that the project will not have any negative cost or supply impacts on natural gas customers particularly in the affected areas of the existing natural gas pipeline between North Bay and Ottawa.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

P. Bridge the Broadband Gap

Authored by the Ajax-Pickering Board of Trade and the Aurora and Newmarket Chambers of Commerce

Issue

Inadequate access to ultra-high-speed internet is compromising the ability of communities across Ontario to attract and retain businesses. The provincial government has an important role to play in bridging the "broadband gap" by supporting provincial working groups and working collaboratively with the federal government.

Background

According to the Government of Canada, broadband is internet service that is always on (as opposed to dial-up, where a connection must be made each time) and offers higher speeds than dial-up service.

Over the last several decades, ultra-high-speed internet has become a crucial success factor for cities to attract and retain business investment. Many Canadians consider broadband internet a standard public utility rather than a luxury. Canada ranks 33rd in the world when it comes to available speed as outlined in the 2012 York Region Economic Development Action Plan report. Some examples of speeds today in Ontario cities that have invested are Stratford (Business 1 Gbps Residential 50Mbps) and Toronto (Business 10 Gbps Residential 250 Mbps).

Peel, Halton, Durham, York Region and others from across the province have limited access to speeds that are primarily available in Toronto. Allowing this disparity to continue heightens the risk that Ontario's economic base could eventually be concentrated in two or three heavily populated urban centres, rather than having economic competitiveness stretch across Ontario.

In 2014, the federal government launched its Connecting Canadians program to address gaps in the delivery of high-speed Internet. It is estimated that by 2017, the federal government will have invested up to $305 million to address gaps in the delivery of high-speed Internet at speeds of at least 5 megabits per second (Mbps) in rural and remote communities across the country.

While Connecting Canadians was a good start, its funding was insufficient to create the incentives necessary to facilitate cable operators' investments in broadband infrastructure. The new federal government has pledged $125 billion for infrastructure investment, but has not yet signaled what percentage of those funds will be dedicated to digital infrastructure.

To help create the case for local investment, a number of Mayors' and Wardens' groups have been established to identify regional broadband infrastructure needs. They would benefit from provincial supports.

The Town of Newmarket's own economic development impact report from Sandel and Associates on the implementation of a gigabit corridor indicates that an investment of between $300,000 to $1.1 million could support the addition of 17 firms in the area, creating an estimated 205 jobs in phase one of the project. An additional 126 indirect jobs would also be generated from phase one.

The Ontario Chamber of Commerce supports the CRTC decision to promote competitive access to next generation fiber broadband networks that are integral to the success of Ontario businesses in the 21st century.

Recommendations

The Ontario Chamber of Commerce urges the Ontario Government to:

1. After conducting its due diligence, support the funding requests of regional bodies (Mayors, Wardens groups, etc.) for better access to broadband infrastructure without detrimental impact on existing service providers.

2. Facilitate the creation of additional regional bodies that can help build the business case for federal and private sector broadband investment.

3. Encourage the federal government to fund a successor initiative to Connecting Canadians. This funding initiative should fund the need for wired and wireless infrastructure for the expansion and extension of broadband connectivity to underserved businesses.

4. Benchmark Ontario's internet speeds and access versus competitor jurisdictions and consider 5 year targets of: Business 1Gbps and Residential 50Mbps and 10 year targets of Business 10 Gbps and Residential 250Mbps.

5. Consider broadband as a piece of infrastructure.

6. When assessing funding requests, establish requirements that high speed broadband connectivity to the last mile is a priority.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

Q. Addressing Ontario's Infrastructure Deficit through Alternative Financing and Procurement (AFP)

Authored by the Greater Kitchener Waterloo Chamber of Commerce

Issue

To meet local, provincial and national infrastructure demands, all levels of government will be required to apply innovative financing models.

Alternative Financing and Procurement (AFP), or public-private partnerships, are a highly viable option for risk sharing on major infrastructure projects and should remain a priority across Ontario.

Background

Ontario's expanding population and economic base requires major investments into new and upgraded infrastructure. The provincial government has allocated $130 billion over ten years for this portfolio, however rising demands will require new and innovative sources of financing beyond unilateral public funding.

An increasingly popular option for Ontario infrastructure projects is Alternative Financing and Procurement (AFP), or public-private partnerships, where the risks are transferred from the taxpayer to the private sector. This method allows projects to be managed with a higher level of certainty for cost, schedule, quality, availability and service. The result is significant opportunity for innovation in design, construction, financing, asset management and delivery of construction services.

The 2014 Annual Report of the Auditor General of Ontario was highly critical of the AFP model. Auditor General Bonne Lysyk estimated the province could have paid $8 billion less if large infrastructure projects were managed exclusively by the public sector and completed on-time and on-budget.

However, recent experiences indicate that public projects are rarely completed within these parameters. The Union Station revitalization project was 24 percent over budget, the St. Clair Right of Way was 63 percent over, and hospitals in Thunder Bay and Sudbury were off budget by 75 and 154 percent respectively.

The 2014 Auditor's report ignores the primary benefit of the AFP model, which as noted above is to shift risk from the taxpayer to the private sector. The report also assumes that any government possesses the capacity to deliver 100 percent of projects on time and on budget. In reality infrastructure projects are often over budget which, in the AFP model, places the cost on the private sector.

Recommendation

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Continue with the application of Alternative Financing and Procurement (AFP) projects to address Ontario's infrastructure challenges.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

R. Expanding Natural Gas Service in Rural Ontario

Authored by the Greater Kitchener Waterloo Chamber of Commerce and the Chatham-Kent Chamber of Commerce

Issue

The expansion of natural gas service into rural Ontario will create significant economic development opportunities.

Background

In their 2016 pre-budget submission to the Standing Committee on Finance and Economic Affairs of the Ontario Legislature, the Ontario Federation of Agriculture (OFA) indicated that expanding the natural gas pipeline network across rural Ontario will lead to significant savings and generate millions of dollars in new disposable income. Natural gas access will fuel new economic growth.

The 2014 Ontario Budget provided a commitment of $200 million through the Natural Gas Access Loan and the $30 million Natural Gas Economic Development Grant to attract new industry, create jobs, and lower energy costs for businesses and consumers.

The OFA has also indicated they are disappointed that the Ontario government has not implemented these programs. As outlined in their pre-budget submission, $30 million in grants and $200 million in loans provides a limited incentive for expanding natural gas service. More investments are needed to achieve wider access.

An April 25, 2015 news release from the Ontario Ministry of Economic Development, Employment and Infrastructure noted that in the upcoming year, the provincial government will consult with rural communities to seek input on the design of natural gas programs and encourage them to partner with utilities for expansion plans. The Ontario Energy Board (OEB), at that time, also asked natural gas utilities to propose new approaches to expanding rural natural gas infrastructure.

On July 23, 2015, Union Gas was the first and remains the only utility to have submitted a community expansion proposal to the OEB. This proposal would provide expanded natural gas access to 29 new rural and First Nation communities and contains other mechanisms designed to increase rural access, specifically to those living in proximity to the existing system.

The OEB deferred any decision on the Union Gas proposal in January 2016 and has alternatively conducted a generic hearing on community expansion which has delayed natural gas service to more rural communities.

As noted in a July 23, 2015 news release from Union Gas the current regulatory framework is a barrier to the expansion of rural natural gas infrastructure and makes the cost to expand to rural and First Nations communities unworkable. Union Gas President Steve Baker noted that prices have declined dramatically in the past five years due to the delivery of new supplies and are actually lower than ten years ago. These economics are driving the requirement to increase access.

Increased access to natural gas can also be achieved through funding partnerships with the federal government. The expansion of this infrastructure, according to the OFA, is the most significant rural economic development program that either level of government can initiate.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Ensure the OEB expeditiously conducts generic hearings and subsequently issues a decision on the new regulatory framework related to community expansion so that utilities can begin investing in expanded rural access;

2. Finalize and implement the criteria and application process for both the Natural Gas Access Loan Program and Natural Gas Economic Development Grant and ensure funds are flowing by the end of the 2016 calendar year;

3. Continue to make a priority of expanding rural natural gas access to ensure Ontario rural communities remain competitive and viable in terms of energy costs.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

S. Modernizing the Connecting Links Funding Program

Authored by the Sault Ste. Marie Chamber of Commerce and the Timmins Chamber of Commerce, Co-sponsored by the Greater Sudbury Chamber of Commerce and the Thunder Bay Chamber of Commerce

Issue

Municipalities struggle to adequately address the true cost of maintaining portions of provincial highways that have been downloaded by the Government of Ontario, particularly in light of chronic underfunding or outright cancellation of provincial partnership programs.

Background

Already facing numerous infrastructure funding challenges, the 77 municipalities to which the Province has downloaded the responsibility of maintaining 350 kilometres of Connecting Links – portions of provincial highways traveling through municipalities – are under particular financial duress.

The Province has long recognized its responsibility for assisting in that maintenance through the Connecting Link funding program, which provided an annual $15 million to cover up to 90% of project costs until 2013; however, communities still face considerable struggles to address these additional responsibilities. For example, the City of Timmins faces an estimated $100 million of repairs over 10 years for its 24 kilometres of Connecting Link. Moreover, municipalities cannot use capital funding from any other provincial program for projects funded under the Connecting Links program.

These challenges became pronounced in 2013, when the Province cancelled the Connecting Link program, urging communities to turn to the Municipal Infrastructure Investment Initiative (MIII). With less than $100 million, MIII was open to 350 municipalities for a broad range of projects, leaving many Connecting Link projects without funding as a result of competition. While the Province recognized this and reinstated the program in 2015 – and in Feb. 2016 committed to raise it to $30 million by 2018 – the loss of $30 million in funding over two years forced communities to defer much-needed maintenance, adding to already substantial costs. This includes the City of Sault Ste. Marie, whose roads budget took a “significant hit” of $3 million in that time.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Provide a one-time, $30-million enhancement of the Connecting Links fund as a transitional measure to assist affected communities in addressing the two-year gap in which the program was discontinued;

2. Work with the federal government to determine joint opportunities to improve funding for the Connecting Links program; and

3. In conjunction with the affected communities, develop a strategy to annually revise the Connecting Link funding envelope and criteria to more accurately reflect the development of high-priority projects as they arise.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

COMPETITIVENESS

A. Business Regulations and Enforcement – Expanding 'Open for Business' Focus to Municipal Service Delivery

Authored by the Whitby Chamber of Commerce

Issue

As evidenced by the launch of the 2009 "Open for Business" initiative, the Province of Ontario has identified the need to reduce the red tape and regulatory burden on businesses. These efforts to date have focused primarily on the areas where businesses interact directly with the province. It is often overlooked that the Municipal level of government has many direct impacts on businesses across the province and maintains many of the touch points with businesses. There exist many inflexible and unfriendly business policies, approval policies and regulations at this local level which have debilitating negative effects on businesses. These multitude of local bottlenecks all contribute to holding back our provincial business community from reaching its maximum potential for growth, employment and contribution to Ontario's GDP.

Background

As noted in other Ontario Chamber of Commerce policies, some progress has been made provincially with improving the government to business relationship, however much work still remains to be done. Specific objectives identified in "open for business" include:

- Create open and responsive collaboration between government and business.
- Reduce the burden of government regulation on business.
- Implement enhanced, single access point services and products, coupled with service guarantees.
- Create a modern regulatory environment that fosters competitiveness and welcomes new business.

The Ontario Chamber of Commerce appreciates the Government's recognition of these above objectives as being key to fostering a vibrant business climate in Ontario. We feel, however, that applying these objectives only to the Provincial government and not extending them to the Municipalities, which are creatures of the province, represents a half measure.

As municipalities have limited means to generate revenue, there is an inherent pressure for them to use fees, permits, licensing and user fees in order to boost municipal income to avoid raising taxes. While these costs alone can be a disincentive to business, if the enforcement and administration functions built around them are also cumbersome this can place a truly excessive burden on businesses.

It is also our understanding through member polling that local businesses are withholding feedback that would be both constructive and critical to their local municipalities due to a fear of reprisal from specific municipal departments. Not only does this create a relationship which does not foster open collaboration and productivity, it also prevents the municipality or individual departments from gaining valuable feedback on how to improve the climate for business.

However, we feel that the Ministry and Minister of Municipal Affairs and Housing has the ability to exercise their powers to encourage significant progress across Ontario's Municipalities. Specifically in ensuring that the processes municipalities create to generate revenue from businesses are fair in both their cost and application so as not to stifle business growth and expansion.

We feel that the recommendations below will also help the various Heads of Council meet their responsibility under the *Municipal Act, 2001* to: "participate in and foster activities that enhance the economic, social and environmental well-being of the municipality and its residents. 2006, c. 32, Sched. A, s. 101."

As well as help the CAO fulfill their obligation under the same act of: "exercising general control and management of the affairs of the municipality for the purpose of ensuring the efficient and effective operation of the municipality."

Recommendations
The Ontario Chamber of Commerce urges the Government of Ontario, through the Ministry of Municipal Affairs and Housing, to:

1. Use its advisory powers to request all municipalities subject to the *Municipal Act, 2001* to put a particular focus on reducing the regulatory burden on Business by adopting and embracing the below objectives and building measurement metrics and service standards around them where appropriate:
    a. Create open, proactive and responsive collaboration between municipal government and business.
    b. Reduce the burden of municipal government regulation on business.
    c. Implement enhanced, single access point services and products, coupled with service guarantees.
    d. Create a modern regulatory environment that fosters competitiveness and welcomes new business.

2. Use its powers of investigation and general inquiry to require municipalities to annually report on their year over year progress and achievements against the above objectives – showing continuous improvement.

3. Compile and publish public reports, by way of a municipal scorecard, outlining the performance of Ontario Municipalities specific to these business friendly initiatives.

4. Require municipalities to develop and enforce a policy allowing for local businesses to issue comment or complaint regarding issues that work contrary to the objectives outlined in Recommendation 1 without fear of reprisal from the municipality or departmental staff.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

B. Creation of a Development Charge Framework

Authored by the Oakville Chamber of Commerce, Milton Chamber of Commerce, and Halton Hills Chamber of Commerce

Issue

Critical infrastructure benefits an entire community. It is time to rethink the way infrastructure is built today versus years ago.

In order for Ontario to be healthy and prosperous, municipalities need to better align with the province's strategic goals. Currently, development charges, particularly in the industrial, commercial, institutional (ICI) sectors, can be a barrier to economic prosperity and job creation within a municipality. Development charges need to be transparent, accountable and predictable with the objective of supporting equitable contribution for all.

Background

Since the passage of the Development Charges Act in 1997, municipalities have interpreted the Act beyond its intended scope, raising revenue in ways that go beyond the legislated requirements of the Act. Development charge by-laws have increased disproportionately to tax increases or cost-of-living increases.

To ensure equitable distribution of development charges, the government should not expand the scope of the original legislation to further include costs requested by the municipalities.

Costs for services that the municipalities add (specifically due to new growth development) benefit existing residential and non-residential sectors. The burden of cost should not rest solely on the new development sector. Therefore, the current mandatory, legislated discounts for new growth development should not be removed, in particular, the industrial expansion exemption.

Businesses pay significantly higher taxes and use fewer services than residents, yet continue to pay a disproportionate share of municipalities' development charges. As Ontario shifts towards a knowledge- and service -based economy, municipalities need to provide employment and non-residential sectors with services based on this type of growth rather than historic growth patterns.

For Ontario to increase its global competitiveness, the province must be attractive and economically viable for global investment. This competitiveness is in part dependent on growth-related taxes, such as development charges. Businesses need consistency and predictability to operate successfully.

As the Hon. Minister of Municipal Affairs and Housing Linda Jeffrey said, "Ontario succeeds when our communities are able to grow and prosper in a way that is effective and well-managed." We couldn't agree more. We believe, in order for all our communities to be healthy and prosperous, the Ontario Government should create a framework for municipalities to administer consistent, transparent and equitable development charges.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Ensure that industrial, commercial, institutional (ICI) sectors remain attractive for investment in Ontario by creating a development charge regulatory framework for use by municipalities that is accountable, transparent, consistent and predictable in its execution, including:
   - Maintaining the current scope of development charges as outlined in the original Act;
   - Keeping the mandatory, legislated discounts and exemptions as set out in the Act;
   - Including a standard methodology for the calculation of benefit to existing sectors.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

C. Year Round Greenhouse Growing Operations

Authored by the Windsor-Essex Regional Chamber of Commerce

Issue

Currently, many of the greenhouse growing operations only have seasonal production and are unable to provide year-round operations. This places Ontario greenhouse growers at a competitive disadvantage compared to producers such as those located in the south of the United States and Mexico.

Background

The greenhouse industry is one of the most important economic sectors in Ontario. The latest census figures note that Ontario has 12.5 million square meters under glass or plastic. The growth of this key agri-food sector over the past several years has exceeded most other sectors in the economy. The future of the sector is also one of the areas of potential economic growth andone of the strongest links to achieving the Government of Ontario's goal to double the Province's agri-food exports, creating 120,000 jobs by 2020.

In many instances, however, the Ontario greenhouse industry can only produce product for nine months of the year. In order to be competitive and sustain the jobs and the economic benefits of the sector, year round production is becoming critical. This lack of a full year production places Ontario greenhouse growers at a competitive disadvantage compared to producers such as those located in the south of the United States and in Mexico.

Knowing that the growth in the greenhouse industry is conditioned by the business climate and the access to reliable and affordable energy it is imperative that the government address the issues of competitiveness in input costs such as energy and preserving a competitive tax environment for the greenhouse industry.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Work with industry on adequate access and supply of electricity and other forms of energy to the greenhouse producers to allow year round production to be viable.

2. Work with the greenhouse industry on strategies for greenhouse and Agri-Food businesses that expand their operation for a year round production.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

D. Implementation of a One Business Number

Authored by the Hamilton Chamber of Commerce

Issue

Government programs serving the business community require a means of establishing and managing client identity. In Canada, the multiplicity of business-government interfaces at each level of government its associated programs has resulted in various numbers and types of business client identifiers assigned to an individual business.

The Business Number (BN) provisioned through the Federal Government has been adopted in various provinces for various uses, with its implementation resulting in reduced red tape and cost savings for businesses.

The Province of Ontario (through Service Ontario) has engaged with municipalities over the last decade on the prospect of adopting a common business number to ease government red tape and reduce inefficiencies. The BN is currently being utilized in Ontario for a limited number of purposes.

We would like the government to explore and implement or fully implement use of a singular BN in collaboration with interested municipalities.

Background

Any business owner in Canada deals with all three levels of government separately. These interactions, especially for business startups have plenty of overlap leading to paperwork redundancy.

In Ontario, ServiceOntario is the Ontario government's primary public-facing service delivery organization, with responsibility for delivering information and high-volume routine, rules-based transactions to both individuals and businesses.

The national Business Number was developed by the Federal Government in the 1990s to enable both business and government to streamline operations and realize efficiencies. With the BN, businesses are assigned a single registration number for their dealings with various participating public sector programs.

In Ontario, the BN is currently used by businesses for taxation returns, occupational health and safety, employment standards and labour disputes. However, in other provinces the BN has been successfully implemented for registries, licensing, procurement, application for permits and reception of government benefits.

A number of municipalities including City of Ottawa, London, Hamilton, Windsor, and Toronto have also officially declared an interest in pursuing a singular BN, some of them even signing MOU's with Service Ontario. While in other jurisdictions, official governmental reviews have recommended the adoption of a BN. Alberta happens to be the most prominent recent jurisdictional example with the passing of Bill 12: Common Business Number act on March 25th 2015 paving the way as a model for Ontario to follow.

Recommendations
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Explore the Implementation of a common BN for an expanded set of applications, including but not limited to the following:
    - Registration
    - Licensing
    - Procurement
    - Permit Application
    - Benefits

2. Explore the implementation of BN in collaboration with interested Municipalities.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

E. Increasing Democracy and Promoting Entrepreneurism in Small Construction Workplaces

Authored by the Greater Sudbury Chamber of Commerce, with the Timmins Chamber of Commerce

Issue

The Labour Relations Act, 1995 creates a legal regime which unduly favours certification of construction employers in Ontario by construction trade unions. The card-based certification system introduced in 2005 results in construction companies becoming certified by large construction unions and subject to expensive, province-wide collective agreements, without a vote and often without regular employees of the business having the opportunity to participate. This system creates a disincentive for tradespeople to enter into business and often results in business closures, bankruptcies and out-migration of tradespeople from the province.

Background

Prior to 1977, every province abided by card-check certification as the means to recognize a union where certification was complete once a specified majority signed union cards, without a vote being necessary. Since then, many provinces have implemented mandatory secret voting, which requires employees to cast a private ballot before certification can proceed. Some provinces such as B.C., Manitoba and Ontario have alternated between the two systems over the years. Recently, Newfoundland and Labrador re-instated secret ballot voting on union certification after a move in 2012 to allow card-based certification following active lobbying efforts of the Newfoundland and Labrador Employment Council. The Supreme Court recently upheld Saskatchewan legislation (the *Trade Union Amendment Act*) that eliminates card-based certification. In the federal jurisdiction, the Canada Labour Code was amended in December, 2014 (*Employees' Voting Rights Act*) to eliminate card-based certifications for federally regulated employers.

In June, 2005, Ontario passed Bill 144, the Labour Relations Statute Law Amendment Act. This bill re-established the card-based certification system for the construction sector in addition to the existing vote system. The card-based system means that certification of a union may be ordered by the Ontario Labour Relations Board without a certification vote, where more than 55% of the employees have signed membership cards to join a union. This amendment only applies to the construction industry.

There are a number of concerns with the move away from secret ballot voting. Card-based certification makes construction employers particularly vulnerable as certification is based on those working on the date of application. This means that automatic certification will apply even where 55% of the employees at work constitute a minority percentage of the employers' actual total workforce. The system is open to abuse as the wishes of only a few employees, can dictate the unionized status of others. Two employees could certify an entire workforce. Card-based applications may be brought by unions on a Saturday for strategic reasons when few employees are working. Union strategies can also include the use of “salts” (individuals sent by the union to seek employment for the sole purpose of bringing a union to the workplace) to certify companies against the will of regular, longer-term employees by bringing forward applications on a day where it is known that only a few employees are working.

Certification based on membership cards removes the employee’s right to vote on whether or not they choose a union. Secret ballot voting safeguards employees from intimidation or pressure from union organizers and employers and helps ensure their true opinion is represented. While a secret ballot vote is conducted in a neutral environment by the Labour Relations Board, the collection of signatures on union membership cards is controlled entirely by union leadership. Under the current legislation, there is no means to address abuse and fraud by union organizers during an organizing drive.

Card-based certification also eliminates an employer’s opportunity to communicate with their employees about the union certification application prior to a vote. In a card-based certification, the employer is usually unaware that a union organizing drive is taking place, until the application date has passed, at which time the cards are signed and cannot be revoked.

Once a workplace is certified by a construction union, the employer will become automatically subject to a province-wide collective agreement, which provides for a high level of wages and benefits for its members, particularly in the industrial, commercial and institutional sector (non-residential). The business loses its ability to negotiate individually with its employees or to negotiate its own collective agreement with the union. This places an unfair burden on small construction companies and those who are striving to become established and grow. It also creates a disincentive for young tradespeople to go into business for themselves.

Card-based certification introduced under bill 144 is undemocratic, threatens economic prosperity and significantly shifts the balance in favour of organized labour. Small construction employers without specialized knowledge of labour law are at a particular disadvantage relative to large union organizers. Additionally, delays in Labour Relation Board decisions on certification or status disputes can cause further uncertainty for small business as well as interruptions into their daily business activities.

Recommendations
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Eliminate the card-based certification system for small construction employers (fewer than 20 employees).

2. Require employees to be employed for at least three months before having the right to participate in a certification vote or be considered for the purpose of a certification application.

3. Allow employees to dispute the voluntariness of the signature on their union card on the basis of fraud, intimidation or coercion following a union certification application.

4. Require the Ontario Labour Relations Board to make a bottom-line decision (with reasons to follow) on certification applications or status disputes within thirty days of the matter being remitted to the Board for decision.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

F. Prioritizing Regional Cluster Development

Authored by the Hamilton Chamber of Commerce

Issue

Economic Development based on targeted funding knowledge clusters within cities and regions is an important policy tool for Ontario's economic future. The Government of Ontario should maximize its investment in regional innovation centres, and continue providing funding for targeted infrastructure programs and venture capital grants for development of knowledge clusters in the life sciences, advanced manufacturing and creative industries amongst others.

Background

Clusters by definition are geographic concentrations of interconnected companies, specialized suppliers, service providers, and associated institutions in a particular field that are present in a nation or region. They emerge from regions that have achieved critical mass in a particular area of expertise and are often anchored by strong research universities, industrial laboratories and/or entrepreneurial companies with human capital to match. Within these organizations, overlapping interests and shared benefits must be realized. This is generally accomplished through focused efforts among stakeholders, and an integration agent is often required to foster and develop collaborative opportunities between these organizations.

In many cases across the world, the integration agent tends to be a government agency that through a combination of funding and policy levers enables other regional stakeholders to collaborate. Existing knowledge clusters in Ontario are also generally centered around higher education institutions or not for profit business incubators funded through the provincial or federal government. Informational technology and digital media clusters in Waterloo and Toronto are prominent global examples.

In Ontario the best practice for fostering this model is the Ontario Centres of Excellence (OCE). This not-for-profit program was formally established in 1987 with seven independent centres that evolved and amalgamated into the Ontario Centres of Excellence Inc. in 2004. OCE aims to productive working partnerships between university and college research departments, research hospitals and Ontario industry. Through a combination of public and private funding these centre's offer services like organization and delivery of conferences, events, workshops, and programs, a higher profile, access to venture capital, provision of communication solutions; and referral of advisors, clients, partners, and projects.

These regional institutions are instrumental in translating Ontario's research and innovation capital into economic productivity and job growth through the incubation of small and medium enterprises, technology transfer, supply chain integration, increasing business productivity.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. As a minimum, maintain the funding priorities as identified by the Seizing Global Opportunities: Ontario's Innovation Agenda;

2. Increase allocated funding towards existing Ontario Centers of Excellence;

3. Explore expanding the Ontario Centers of Excellence program to create additional centers in municipalities specifically targeted at, but not limited to, Life Sciences, Advanced Manufacturing, and Creative Industries sectors.

4. To urge the newly elected provincial government to reintroduce the Business Climate Act (Partnership for Growth Act) and to work closely with chambers of commerce and boards of trade on its implementation.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

G. Promoting Innovation to Improve Competitiveness and Productivity

Authored by the Guelph Chamber of Commerce

Issue

With innovation fast becoming the key determinant of competitiveness and productivity in the global economy, Canada and its provincial economies are facing renewed pressure to address the country's consistently poor performance on key measures of innovation.

Background

A lack of commercialization financing for established companies prevents SMEs (Small and Medium size Enterprises) from investing in the long-term, intensive R&D critical to scaling up, and helps to explain why so few global companies at the cutting edge of science and technology originate in Canada. Among high R&D intensity Canadian firms, there are almost no examples of enterprises that make it past the $500 million revenue threshold. Should the only R&D financing option be to sell all or a portion of their business, many SMEs with valuable technologies opt for exit strategies over expansion.

Addressing the financing hurdle for commercial enterprises at later stages of evolution is a necessity for solving Ontario's innovation challenge, particularly because such companies have already demonstrated a strong formula for success. For companies with the highest R&D intensities, the whole model begins with customer needs – R&D is geared towards finding solutions to those needs. Small start-up firms, on the other hand, typically fail to realize successful sales, as R&D is usually based on academic, as opposed to commercially-driven, discoveries.

There is also significant room for improvement in how existing programs are designed and administered. The limited scope and complex process of applying for existing government programs are repeatedly identified by Ontario businesses as inhibiting factors to investing in R&D. When it comes to the scope of funding programs, many initiatives have a narrow definition of which sectors and/or activities are eligible. Fostering core strengths in non-traditional areas should be a built-in feature of innovation programming.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Align programs and services with company evolution from start-up to mature company and ensure funding and resources are available at each step of the process.

2. Streamline the process between the federal and provincial governments to better co-ordinate and focus innovation-related programs.

3. Simplify program support and expedite the funding process to ensure that government programs and services allow innovation to occur at the speed of the market, across all communities in Ontario.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

H. Canadian Nuclear Innovation

Authored by the Greater Oshawa Chamber of Commerce

Issue

Canada's nuclear industry must have continued investment in nuclear science and technology and its applications that benefit both the environment and the Ontario economy.

Background

The current restructuring of Atomic Energy of Canada Limited and the need for an innovation mandate for Canadian Nuclear Laboratories (CNL) create an opportunity for the Federal and Ontario governments along with nuclear industry partners to play a lead role in fostering nuclear innovation by leveraging CNL's S&T capabilities. The parties should develop a new collaborative approach for defining nuclear science, technology and innovation priorities and for establishing program funding that will enable Ontario's nuclear industry to be competitive and sustainable in world markets.

Recommendation

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Through its Energy, Research and Innovation and Economic Development ministries work with federal government counterparts and Ontario nuclear industry leaders in establishing a joint government–industry nuclear science, technology and innovation program that will ensure that Ontario and Canada retain their leadership position in the global nuclear industry.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

I. Promoting Greater Transparency in the 'Open for Business' Initiative

Authored by the Mississauga Board of Trade

Issue

With the passing of the new Better Business Climate Act, 2014 and the recent renewal of the Open for Business initiative, the Ontario Government has established a framework for a more responsive regulation of Ontario's business environment. However, there are still unaddressed transparency issues in the mandatory review process for government-wide regulation reduction and currently there are no requirements for ministries or their agencies to publish their findings.

Background

The Ontario government's Open for Business (OFB) initiative came into effect in 2009. Since 2009 it has seen two renewals, the first through the Open for Business Act, 2010 and more recently through the Better Business Climate Act, 2014. Through these initiatives the Ontario government seeks to engage in government-wide regulatory burden reduction and service modernization. Its role is to help improve Ontario's business climate by reducing burdens, streamlining regulations, and creating smarter and faster government-to-business services.

Since the implementation of OFB initiative, Ontario ministries have made some progress over the past ten years in reducing the time and cost to businesses involved in dealing with government. Approval processes have been streamlined, more online services have been introduced, and paperwork has been reduced or eliminated. Through Open for Business, ministries have eliminated 80,000 regulatory burdens — a 17 per cent reduction in regulatory requirements. However, this is 8 per cent less than the original target of 25 per cent set in 2009 by the government.

The recently passed *Better Business Act, 2014* claims that it will create a better business climate by reducing burdens for business. The Government has proposed that the Act will accomplish the following:

- Each year, ministries would identify, measure and report on at least one initiative that can help further reduce the regulatory burden on businesses.

- Through this initiative, the government would help stakeholders save millions of hours and $100 million in costs by 2016–17.

In 2012, the Ontario Chamber of Commerce's Policy Resolution "Business Regulations and Enforcement – A True 'Open for Business' Environment" included six key recommendations to improve the effectiveness of the Open for Business initiative. Since then the Ontario government has made progress on some of these recommendations however, there are still some remaining issues, particularly with government accountability, transparency and compliance, and a lack of public input and review of cost-benefit analysis on proposed regulations.

Recommendations
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Ensure that there is public disclosure on the regulations review process and that accountability mechanisms are clear.

2. Require Ministries to publish reports and provide details of the review of their respective regulations.

3. Conduct a review on compliance levels of Ontario ministries to the Regulator's Code of Practice in devising new regulations.

4. Conduct a robust cost-benefit analysis of all new regulations, to determine their impact on Ontario's competitiveness and disclose the findings of the cost-benefit analysis to the public.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

J. Permanent Protection of Industrial Fibre Supply

Authored by the Thunder Bay Chamber of Commerce, with the Greater Sudbury Chamber of Commerce and the Timmins Chamber of Commerce

Issue

There is a need to establish in law that 26 million cubic meters of accessible wood fibre will be available for industrial use. The government must also commit to conducting socio-economic impact analyses on all proposed legislation, regulation and policy in a transparent manner prior to any final decisions being made in keeping with the three pillars of sustainability – economic, social and environmental.

Background

Due to the global recession, Ontario's forest products sector has faced enormous challenges in recent years; however, as the market recovers the sector is witnessing tangible signs of a rebound. Greater demand for wood products, increase U.S. housing starts, and a lower valuation of the Canadian dollar are all contributing to the recovery of the forest products sector. Ontario forestry companies harvested over 14 million cubic metres in 2013, an increase from 10.5 million cubic metres in 2010. During the Ontario Election in June 2014 in her written response to a survey from the Ontario Forest Industries Association, Premier Wynne stated that 'a Wynne administration will fully support our forestry industry in utilizing the full available harvest (26 million m3 /yr)'.

Ontario's forestry companies are investing hundreds of millions to upgrade and renew operations, increase capacity, employment and production, and build brand new facilities. According to Natural Resources Canada, Ontario's forest products sector supported 55,600 direct jobs in 2012, an increase of 2,100 jobs since 2011. The Ministry of Natural Resources and Forestry data states that each direct sector job in Northern and rural Ontario supports 3.05 indirect jobs in the Province.

These growth opportunities cannot be realized without the permanent protection of a predictable, affordable and accessible wood supply. Far too often the Government of Ontario has developed its environmental policies with little regard for social or economic consequences – an action that leads to unbalanced and unsustainable policies. As a result, many communities are feeling the impacts of policies that focus solely on environmental concerns at the unnecessary expense of social and economic factors, including the loss of economic development and employment opportunities.

This required 26 million m^3/yr can be derived on an annual basis from 26 million hectares which provides a wood supply objective that must be pursued within the context of all three pillars of sustainability – economic, social and environmental.

FAST FACTS

Each one million cubic metres of sustainable industrial fibre:

- Supports 196 direct employees;
- Pays $800,000 in provincial income tax per year;
- Spends $13.4 million annually on goods and services; and,
- Generates $40 million in tax revenues annually for all three orders of government.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Permanently establish through regulation a minimum of 26 million m^3/yr of accessible fibre for industrial use and support the forest industry in fully utilizing allocated wood supply.

2. Conduct and publicly release socio-economic impact assessments of all legislation, regulation, and policies that could reduce the provincial fibre supply and/or reduce access to the land base/natural resources. These assessments must consider all three pillars for sustainability (social, economic and ecological) in protecting Ontario's productive forest land base within the Area of the Undertaking (AOU).

Effective Date: May 2, 2015

Sunset Date: May 2, 2018

K. Reduce the Cumulative Regulatory and Cost Burden on Ontario Employers

Authored by the Halton Hills Chamber of Commerce

Issue

Ontario employers face rising costs as a result of new provincial programs and regulatory changes. Government seems to be taking a piecemeal approach to program and regulatory changes, with little consideration of their cumulative impact on Ontario's business climate.

Background

Ontario employers are facing volatile foreign exchange rates and energy costs. Ontario employers are also facing rising costs including some of the highest workplace safety insurance rates in the country, the highest minimum wage in the country, and a new standalone provincial pension plan. Meanwhile, regulatory changes to the Employment Standards and Labour Relations Act are imposing further costs on businesses. Many of these issues place Ontario employers at a disadvantage compared to their peers in other provinces.

There is no indication that the provincial government is approaching their program and regulatory reforms with an eye to the total cost these changes impose on employers. Government should be taking a broader view as there is a strong correlation between regulatory effectiveness and employment growth. There is also a strong correlation between a jurisdiction's business climate and the amount of foreign direct investment it receives.

Ontario is taking some steps in the right direction. In 2013 they expanded the Regulatory Registry to allow businesses and the public the opportunity to provide feedback on regulations. The province's new Burden Reduction Reporting Act establishes a framework for more responsive regulation. However, there is no indication that government is considering the cumulative impact that new programs like the Ontario Retirement Pension Plan are having on Ontario's overall business climate.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Cease its piecemeal approach to the introduction of new programmatic and regulatory changes that are negatively impacting Ontario's business climate and instead adopt a principled approach that aims to reduce the total regulatory and cost burden on Ontario employers.

2. Conduct a robust and public cost-benefit analysis of all new regulations to determine their impact on Ontario's competitiveness.

Effective Date: May 2, 2015

Sunset Date: May 2, 2018

L. WSIB Reforms for a New Generation

Authored by the London Chamber of Commerce and the Greater Sudbury Chamber of Commerce

Issue

The foundation of the current WSIB system is the principles established by Chief Justice Sir William Meredith during his 1910-1914 review. In order to ensure the sustainability of an injury/illness disability program, fundamental changes that are more reflective of today's workplace within an increasingly difficult business climate are urgently required.

Background

The Ontario Chamber of Commerce supports a workers' compensation scheme which fairly compensates and assists workers if they are injured/ill due to their work. However, the current WSIB scheme faces a number of compelling issues which concern employers including the unfunded liability, costly premium rates, structural governance flaws, and service delivery.

The Ontario Chamber of Commerce has recommended that the WSIB system adopt a set of modernized principles including *accountability, transparency, client-focus, independence, and efficiency*.

To its credit, the WSIB has recently taken a number of important steps.
Responding to the Auditor General's report which addressed the unfunded liability, efforts have been undertaken to move towards the requirement, now set in the Workplace Safety and Insurance Act, to have a fully funded system by 2027.

The most recent reported unfunded liability (June 30, 2014) was $9.6 billion - down significantly from prior year figures in the $12.0 to $14.0 billion range.

In order to stabilize WSIB finances, the WSIB financial plan calls for full funding of current and future claim costs as part of annual premium setting.

The **Doug Stanley report* issued in 2013 recommended to the WSIB that employer cost-based experience rating should be retained but the retrospective program should be replaced by a prospective system. The WSIB has targeted the transition for 2016.

In 2013 and 2014, while WSIB revenues have increased due to a 2.0% increase in insurable earnings, benefit entitlement payments have decreased. In 2014, year over year, *loss of earning payments* decreased by 12.4%, *worker pensions* decreased due to mortality, and *future economic loss benefits* decreased reflecting the growing number of claimants reaching age 65 (when payments cease).

While the Government of Ontario continues to strive for the right balance between supporting the protection of workers and supporting the need for sustainable, profitable businesses in Ontario, its own Ministry of Labour agenda now includes consideration for the removal of the 72-month lock-in provision, enhancing survivor benefits, and implementing a long term strategy to fully index benefits for partially disabled workers. The Government of Ontario has also recognized the impact of mental health in the workplace and has indicated it will seek to address this emerging entitlement issue.

Recommendations:
The Ontario Chamber of Commerce urges the Government of Ontario to:

<u>**Accountability and Transparency**</u>

1. **To ensure WSIB's ongoing accountability to its stakeholders it is recommended that:** The WSIB system should be included in the Auditor General's reports until the unfunded liability is fully retired. The Auditor General should provide an independent review of the status of the unfunded liability and assess the degree to which the WSIB has complied with the statutory requirement for a phased in retirement of the debt.

1.1 The WSIB should hold an annual meeting in Toronto and regional meetings (3-4) to provide an update of financial, administrative and policy issues.

1.2 The WSIB should provide separate operational manuals for each of: benefits and health care; financial issues; and rehabilitation/return to work.

1.3 The WSIB should ensure that the operational manuals establish the Board's interpretation of the Workplace Safety and Insurance Act and Regulations and replace other decision making tools such as administrative guidelines.

1.4 The WSIB should ensure that circumstances for government intervention in the rate-setting process are clearly specified.

2. **To ensure that WSIB issues management is not undertaken in a vacuum it is recommended that:**

2.1 The WSIB work in coordination with other Ministries, Agencies, Boards and Commissions especially on management of health care and return to work/job strategies. WSIB benefits should be better co-ordinated with Ontario Works and the Social Assistance Program.

<u>**Alternative Delivery Model**</u>

3. **To ensure broader competition for insurance services for employers it is recommended that:**

3.1 The WSIB co-operate with and fund an Ontario Chamber of Commerce study on comparable WSIB delivery models including options such as full and/or partial privatization.

3.2 The WSIB should amend the Workplace Safety and Insurance Act to exempt construction employers who have obtained comprehensive 24/7 insurance coverage from coverage under the WSIB scheme.

3.3 The WSIB should study the inclusion of an insurance deductible model for Schedule 1 employers. This would allow employers to fully pay the first two (2) weeks of a claim for a worker while continuing to comply with statutory accident reporting requirements. These costs would be excluded from experience rating.

<u>Financial Issues – WSIB Specific</u>

4. To ensure the best possible use of WSIB funds it is recommended:

4.1 The WSIB maintain an employer cost-based experience rating program to encourage return to work and hiring disabled individuals.

4.2 The experience rating program should continue to exclude long latency claims and claims which were beyond the control of the employer.

4.3 The WSIB should adopt and implement the Doug Stanley report and move as soon as possible to the implementation of a prospective experience rating model.

4.4 The WSIB should recommend to the Minister of Labour the inclusion of a policy on Second Injuries in the Workplace Safety and Insurance Act. The current Second Injury and Enhancement Fund (SIEF) policy should be renamed Second Injuries. The new Second Injuries policy should be harmonized with other WCBs.

4.5 The WSIB should establish and apply clear criteria (scientific evidence and objective medical findings) to presumptive benefit entitlement and ensure that the statutory requirement for a “personal injury by accident arising out of and in the course of employment” is met.

4.6 The Ministry of Labour should not enhance benefit entitlement, especially using presumptive legislation.

<u>Occupational Health & Safety & General Health Care Costs</u>

5. It is recommended that the WSIB should support the recommendations from the *Harry Arthurs and Doug Stanley reports:

5.1 The WSIB should recommend to the Minister of Labour the need to correct the overpayment caused when WSIB covered employers fully fund the Occupational Health and Safety program of the Ministry of Labour (OHS Branch, Health and Safety Associations, Chief Prevention Officer etc.) while occupational health and safety applies to all Ontario based employers. In other words 70% are paying for 100% of these costs.

5.2 The WSIB should recommend to the Minister of Labour a study be undertaken to address the unfairness and manner of health care charges levied against Ontario employers. Specifically, the study should address the fairness of charging employers a payroll tax levy for HST and WSIB health care costs.

Mental Disability

6. **Given the recognition and emergence of mental health issues in the workplace it is recommended that:**

6.1 The WSIB should undertake a policy review, with stakeholder consultations, of physical-mental, mental-mental, and mental-physical conditions. This is timely given the recent Workplace Safety & Insurance Appeals Tribunal (WSIAT) decision on traumatic mental stress.

Asset Management

7. **To ensure that WSIB resources are utilized in the most cost efficient manner it is recommended that:**

7.1 The WSIB should review the efficiency and effectiveness of the current Board organizational structure including the value to the WSIB system of a Toronto-based head office and regional/satellite offices.

7.2 As part of this review the WSIB should consider the business case for relocating Head Office functions and staff to other Ontario Municipalities with the correct mix of infrastructure labour force requirements. This relocation would free up costly Toronto office real estate which could be rented at Simcoe Place as a revenue generator and lower Head Office costs due to the price differential in other, more affordable Ontario Municipalities.

**Doug Stanley: Special Advisor to the WSIB Chair; Former Chair of the WCB of New Brunswick Private Consultant on contract to the WSIB to review Financial issues Capacity: Contracted to review specified financial issues, consult with stakeholders and submit report. Report Title: Pricing Fairness: A Deliverable Framework for Fairly Allocating WSIB Insurance Costs*
**Harry Arthurs, former president of York University*

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

M. Eliminate Interprovincial Trade Barriers Before CETA Takes Effect

Authored by the London Chamber of Commerce

Issue

As noted in the Ontario Chamber of Commerce's Emerging Stronger document, "Ontario's ability to trade with its provincial cousins is hindered by complex regulatory obstacles. Provinces should continue progress on eliminating inter-provincial trade barriers as a means of diversifying their trade partners." (Emerging Stronger, p. 35)

The recent Comprehensive Economic and Trade Agreement (CETA) between Canada and the EU will serve to escalate these internal obstacles to trade unless these barriers are removed within the next two years – before CETA comes into force.

Background

As explicit tariffs between provinces are forbidden under section 121 of the Constitution Act of 1867, most interprovincial barriers are the result of differing rules, regulations, licensing requirements and regional programs. These barriers to internal trade are often enforced by provincial legislation in attempts to protect local interests.

The overall effect of such legislation however, is that it has cost the Canadian economy an estimated $14 billion per year. (Government of Alberta 2008 "FAQs on the Agreement on Internal Trade") To address this, an Agreement on Internal Trade (AIT) was signed by the provinces and territories and federal government in 1994 in order for "parties to reduce and eliminate, to the extent possible, barriers to free movement of persons, goods, services and investment in Canada, and to establish an open, efficient and stable market" (Government of Canada. 2007 "Agreement on Internal Trade: Consolidated Version").

Despite the AIT, however barriers in many sectors of the economy still exist. One reason for this is that the AIT has never been backed up by a powerful dispute-resolution system or even monitoring and reporting that might expose provinces that fail to live up to the agreement's spirit.

The proposed system for settling disputes under the Canada-EU would provide recourse for companies that feel they have been unfairly treated to take action directly against the offending state. Such recourse is not offered under the AIT.

This means that unless the provinces take action now to eliminate internal trade barriers, European companies bidding on Canadian government work will gain an institutionalized edge over Canadian businesses trying to win similar contracts outside their home province once CETA is enforced.

Recommendations

The Ontario Chamber of Commerce urges the government of Ontario to:

1. Pursue trade liberalizing agreements with other Canadian jurisdictions through the use of Article 1800 of the AIT, that allows interested parties to move forward when consensus is not possible.

2. Encourage all the Parties of the AIT to conduct a full review and renegotiation of that agreement in order to eliminate barriers to trade, investment and labour mobility by 2015. A new agreement should:
   a) Cover all sections of the economy including ministries, crown corporations and regional and local governments.
   b) Institute a dispute resolution mechanism that includes access to a panel with binding and enforceable powers and contain significant fines for non-compliance.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

N. Accelerating Growth by Enhancing Ontario's Tourism Product Offering

Authored by the Greater Niagara Chamber of Commerce

Issue

The Ontario craft beer industry is emerging as a strong contributor to Ontario's economy and a key element to its tourism product offering. While the government has taken active steps to support tourism product development, there is a need to overcome obstacles preventing Ontario's craft brewers from fully realizing their ability to contribute to the Ontario's tourism marketplace.

Background

Making Ontario a top tourism destination requires forward-thinking policy innovation that supports new and emerging tourism products, destinations and niches. Tourism is good for Ontario's economic strength, good for businesses that choose to invest, and good for sustaining communities across the province. The economic contribution of tourism is significant to Ontario's GDP and economic wellbeing. The tourism industry ranks 7th among Ontario's export industries and contributes $22.1 billion yearly to the Ontario economy. Tourism employs over 194,000 Ontarians directly, an additional 113,000 indirectly and accounts for 18 percent of all Ontario businesses. Each $1 million spent by visitors to Ontario creates 14 jobs and generates $553,400 in wages and salaries in the province.

In 2009, the Ontario Government released Discovering Ontario - A Report on the Future of Tourism. The document was designed to provide a roadmap for the government and the tourism industry to achieve a doubling of tourism receipts over the next decade. To get there, it was recommended and subsequently adopted that Ontario aim to double its tourism output by 2020. Since then a number of significant actions have taken place including the creation of tourism regions managed by Regional Tourism Organizations (RTOs). In addition, the provincial government continues to commit to the tourism sector through the Ontario Tourism Investment Strategy and Implementation Plan.

A stronger tourism industry creates room for economic renewal and a stronger provincial economic climate. To become more competitive, Ontario's tourism products must continue to be relevant and interesting to tourists, and must encourage repeat visits. One of the fastest growing industries in Ontario generating new tourist visitors and diversifying Ontario's tourism product offering is craft breweries.

Ontario has witnessed exponential growth in craft breweries around the province and has reaped the benefits of the inherent entrepreneurialism of the industry. Craft beer sales have increased by 10 per cent since 2004, and as much as 700 per cent in the LCBO in the same time period. Sales of Ontario craft beer reached approximately $190 million in 2010, representing a 5 per cent share of the Ontario beer market. In 2012, Niagara College offered Canada's first

Brewmaster and Brewery Operations Management program. This marked a significant step forward in supporting the workforce needs of this fast-growing industry. Additionally, as Ontario consumers become more aware for craft beer, the industry is poised for further growth. A recent study showed that awareness of Ontario's craft brewers increased from 20 per cent to 80 per cent in four years. In order to ensure the industry is able to reach its full potential and maximize its contribution to the growth of Ontario's tourism marketplace, there is a need to overcome the challenges associated with the following:

- Supply chain management and transportation based on restrictions that are put in place through the licensing process via the Alcohol and Gaming Commission of Ontario (AGCO)
- Inclusion in Ontario's overall tourism strategy
- Modernize access to additional retail opportunities by reviewing current retail agreements and restrictions

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Allow craft beer manufacturers to achieve economies of scale and supply-chain efficiency by allowing them to co-warehouse and co-transport their product

2. Allow craft beer manufacturers to offer patrons alcohol that was not produced on site (e.g., a brewery could sell another brewery's beer to a visitor)

3. Allow craft beer manufacturers to offer products for sample and sale at temporary off-site retail locations, specifically farmers' markets

4. Allow craft beer manufacturers to sell cases of 24 at the LCBO

5. Include Ontario's craft brewers as a key investment area in Ontario's Tourism Investment Strategy and Implementation Plan.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

O. Advance Ontario's Bioeconomy

Authored by the Sarnia Lambton Chamber of Commerce

Issue

The chemical industry is on the cusp of transformation: petroleum-derived chemicals will be increasingly substituted or blended with more sustainable chemicals. Ontario can leverage its strengths in advanced manufacturing to lead the way on provincial and national bioeconomy strategies that will create new businesses, high quality long term jobs and stable growth.

Background

The bioeconomy is based on using renewable resources derived from plants and waste to produce a wide range of products, such as bio-fuels, plastics and pharmaceuticals, while minimizing impact on the environment. It involves all processes including invention, development, production and use.

Multiple industries, such as health, agriculture, forestry and natural resources, as well as rural and urban communities stand to benefit from the bioeconomy. The net result is the creation of new businesses, revitalization of old businesses and more importantly - jobs.

In 2008, Canada's bioeconomy was valued at $78.3 billion dollars, equivalent to 6.4% of GDP. That seems significant, but Canada is lagging behind other industrialized countries. In the same year, the United States' biobased economy –measured in GDP on a per capita basis- was over 60% more developed than Canada's, upwards of $1.25 trillion dollars, or 8.45% of GDP.

Perhaps recognizing this opportunity, the Government of Canada created a $500 million NextGen Biofuels Fund™ in 2007 to encourage the private sector to increase production and commercialize biofuels. Natural Resources Canada is partnering with industry, research institutes and the financial sector to lead Canada's forest industry into the bioeconomy through the Bio-pathways Project.

Between 2008 and 2014 the Ontario Ministries of Research and Innovation (MRI) and Economic Development, Employment and Infrastructure (MEDEI) provided $10.5 million and Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) contributed $300,000 in funding to Bioindustrial Innovation Canada (BIC), a business accelerator located in Sarnia. BIC established Sustainable Chemistry Alliance (SCA) as an investment vehicle and provided $5.5 million for investing in start-up companies. With matching contributions from private partners, SCA leveraged an additional $143 million which has grown into $500 million in 14 investments. Up to 630 constructions jobs, 243 direct jobs and 1200 indirect jobs were created.

Despite government support, both Ontario and Canada lack bioeconomy strategies. Communities that are looking to develop their own unique clusters need support and direction through appropriate programs to foster the partnerships.

Sarnia-Lambton is building its future without the support of a provincial or national strategy. Following ten years of effort Sarnia-Lambton recently attracted BioAmber and their joint venture partner, Mitsui & Co., to build the world's largest commercial biosuccinic acid manufacturing facility. The plant will open in 2015. This US $125 million investment is creating 60 full time, high value added jobs and several hundred construction jobs. The bio-based product can be complementary to traditional petro-based chemicals.

BioAmber chose to locate in Sarnia because it is a unique bio-hybrid chemistry cluster with a skilled workforce, industrial infrastructure and world-class safety culture. Communities like Sarnia-Lambton deserve official government recognition and support so that it can grow and compete in the global bioeconomy.

Recommendations
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Develop a provincial bioeconomy strategy that builds on existing models.

2. Take the lead in working with the federal government, provinces and territories to develop a national bioeconomy strategy.

3. Continue to fund successful business accelerators, such as Bioindustrial Innovation Canada, and venture capitalists that support bioindustrial companies and projects.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

P. Drive Innovation with Affordable Energy Costs

Authored by the Sarnia Lambton Chamber of Commerce

Issue

Since 2003, Ontario has experienced a 13% increase in electricity generation while demand has declined 10%. This period of surplus electricity generating capacity has occurred during the same period of dramatically increasing electricity rates for residents, businesses and industry. By allowing industry to purchase surplus power at reduced rates, industries located in Ontario, and the communities in which they locate, gain a competitive advantage.

Background

According to Association of Major Power Consumers of Ontario's (AMPCO) latest benchmarking analysis, in 2012 Ontario had the highest industrial electricity rates among the six provinces and five US jurisdictions surveyed. Ontario was more than double that of Texas, significantly higher than British Columbia, Quebec, Manitoba and New York. Yet surplus power is being sold at Ontario's cost to competing jurisdictions in the US.

The Government of Ontario has taken positive steps to date in improving load management and the management of electricity demand through the Industrial Electricity Incentive (IEI) program, which is offered by the Independent Electricity System Operator (IESO). It is attracting incremental load and investment to the province.

Using surplus power for the benefit of the province vs. export is good policy. Ontario could benefit from large scale industrial complexes and the community of Sarnia-Lambton has been a willing host for many years. Sarnia's existing petrochemicals cluster is complemented by emerging bio-hybrid chemical opportunities. Corporate taxation rates and access to large talent pool of local skilled labour are positives to maintain and attract new investment to the Sarnia area. Sarnia-Lambton also has the strong industrial infrastructure and history, skilled workforce, labour relations and safety and environmental performance to compete globally.

However, the cost of electricity – a key input cost for petrochemical and biochemical operations - greatly limits Ontario's competitiveness. Without price certainty, investment will go to competing jurisdictions outside the province.

When existing industry and other potential new entrants are considering investment in Ontario, the projects are large, capital intensive and require a long lead time to proceed from investigation to full operation. Typically, the minimum duration from concept to full operation is often at least 5 years. While the current program, IEI Stream 3, is helpful for some smaller projects or those that have already made a commercial investment decision, its shortened implementation of three years lacks the economic development aspects that would help Ontario attract new entrants.

The IEI program should continue until the surplus power has been fully absorbed with new investment.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Re-examine the provincial power surplus after Stream 3 closes.

2. Develop another provincial surplus power program for major power consumers to attract large investment.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

Q. Energy as a Development Tool

Authored by the Greater Sudbury Chamber of Commerce, Sault Ste Marie Chamber of Commerce, Thunder Bay Chamber of Commerce, Timmins Chamber of Commerce, and Windsor-Essex Regional Chamber of Commerce

Issue

Major industrial users in Ontario have long cited high energy costs as a deterrent for growth in the province. The high cost of energy has been referenced by numerous resource companies as a critical factor in their decisions to locate facilities and business activities outside of Ontario where costs are lower.

Competitive energy prices are needed to take full advantage of new and existing economic development opportunities across the province.

Background

Ontario's primary industries are currently facing high electricity costs, uncertain demand and depressed commodity prices. Electricity costs are among the largest operating expenses for sectors such as mining, agri-food, and forestry and are set to increase.

Ontario's 2013 Long-Term Energy Plan projects a 33 percent rise in the price of electricity for industrial enterprises in the next five years and 55 percent in the next 20. New energy policies and supply decisions are implemented by the province without comprehensive assessment of the economic effects on major and minor industries, future electricity prices and the communities that support business of all types and sizes.

As Ontario enters into new economic opportunities, such as the Ring of Fire, industries will be even more reliant on energy. High energy costs however can threaten the ability of industries to advance these initiatives and remain competitive. Current power rates offer little incentive for firms to invest and conduct their business activities in the province.

For example, in 2011, Cliffs Natural Resources, a Cleveland-based company with significant stakes in the Ring of Fire area, cited energy rates as a critical factor in its assessment of locating its ferrochrome processor in Ontario: "At current provincial power rates, there isn't a location in Ontario that is economically viable for Cliffs to build the FPF. Despite this, we have named Sudbury as the 'base case' location…."

Special electricity rates for energy intensive industries would encourage companies to invest in Ontario. In terms of new and existing mining developments for example, discounted rates would provide incentives for companies to process minerals in the province itself. This would ensure profits remain in the province and taxes would be maximized thereby reducing the load on the rest of the business community. Sector specific pricing would also provide a form of security for sectors such as mining in the face of cyclical fluctuation in commodity prices.

Current provincial rebate programs, such as the Northern Industrial Electricity Rate are necessary but insufficient. Companies considering investing billions in infrastructure to access natural resources in the North, including its mineral wealth need to know what the electrical rate is 10 years from now, and short term programs will not facilitate these important investments. Further supports are needed to bolster these programs, especially for smaller businesses that face challenges in qualifying.

In addition, natural gas should be considered for remote areas as it can be compressed and/or liquefied and safely transported to easily meet the energy needs of mining and other heavy usage, including to power generators for communities that currently use diesel fuel or bunker oil for that purpose. Use of this readily available low cost and environmentally preferred fuel would avoid the need to build expensive electric transmission lines as existing winter and other road access points can be the transportation method to bring Compressed Natural Gas (CNG) or Liquefied Natural Gas (LNG) to these remote areas. This type of fuel opportunity should be encouraged.

It is important that the government capitalize on surplus energy in the Northeast and address the use of resources in the province as tools for attracting investment. The province must also ensure that adequate and sustainable power is available across the Northwest, where much of the advanced energy dependent mineral exploration and mine development takes places.

Electrical generation, transmission, distribution and energy pricing all relate to our ability to grow our economy and contribute to the financial health of the province through the use of our own resources.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Ensure a reliable, modern and efficient supply of energy to its customers at competitive rates that enable business and industry to be competitive in a global market;

2. Implement discounted electricity pricing for energy intensive sectors

3. Maintain the Northern Industrial Electricity Rate program as a permanent legislative program (beyond 2016);

4. The government should ensure the appropriate power transmission infrastructure is in place to leverage energy resources;

5. Encourage non-traditional energy sources such as natural gas that are ready-now for industry and communities that are not currently connected to the electrical grid;

6. Collaborate with the private sector, local governments and First Nations to determine the full range of social and economic impacts to be taken into account when making energy supply decisions, and to better accelerate their connection to the grid; and

7. Address the use of resources located in Ontario, including energy, as a powerful and compelling investment attraction and retention tool through the development of an energy strategy that supports economic development in the province.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

R. Ensuring Competitiveness for Ontario's Marine Transportation Industry

Authored by the Greater Niagara Chamber of Commerce

Issue

The State of New York has passed ballast water regulations in January 2013 for new vessels (vessels manufactured after January 1, 2012), and it has a significantly negative impact on Ontario's marine transportation industry. Under the new regulations, ships are required to adhere to a standard that is 1,000 times greater than current International Maritime Organization (IMO) standards when entering New York waterways. All other vessels have to be compliant with these new regulations. The regulations for existing vessels are 100 times greater than current IMO standards. The technology does not yet exist to meet the new standards set by New York State. The U.S court of appeals has currently placed a stay on the regulation, but the regulation still looms.

Background

Ballast water is part of a process that is utilized to balance a ship but it may pose serious ecological, economic and health problems due to the marine species carried in ships' ballast water.

The International Marine Organization (IMO) has worked to establish international standards for the management of ballast water and sediments.
Under IMO standards, Performing ballast water exchange must be done with an efficiency of 95 percent volumetric exchange of ballast water and ships using a ballast water management system shall meet a performance standard based on numbers of organisms per unit of volume.

In the United States, individual states can set marine standards for their respective waterways. New York State's water ballast regulations are set at a level that is 1,000 times greater than the thresholds set by the IMO. According to the Canadian Shipowners Association (CSA), there simply are no onboard technologies currently available that CSA's members could install to comply with the ballast regulations by the applicable deadline.

New York's ballast water regulations could effectively stop all inter-provincial, inter-state, and international traffic through the St. Lawrence Seaway into the Great Lakes. Also, New York's rules would also affect all cargo moving through the Port of New York and New Jersey.

The estimated overall economic impact of the industry in Ontario is $1.5 billion.

CSA asserted that the Environmental Protection Agency radically underestimated the cost of fitting regulation compliant technology at between $444,730 and $526,525 per vessel. In contrast, the Coast Guard estimated installation costs between $3.5 million to $11.7 million per vessel.

It is projected that based on the New York State water ballast regulations, the impact on the bi-national Great Lakes-Seaway economy, (which includes two provinces, eight states), could result in the disruption and abandonment of $34.6-billion of economic activity and 227,000 jobs.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Work with Ontario marine industry, and Canadian federal government, to advocate for a harmonized regulatory system for the Great Lakes.

2. Work with the government of New York State to adopt more achievable regulatory requirements that can be technologically implemented.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

S. Financial Protection for Canada's Fresh Fruit and Vegetable Industry

Authored by the Windsor-Essex Regional Chamber of Commerce

Issue

Agriculture is the largest or the second largest industry for Ontario. Historically, Canadian and Ontario agriculture businesses have been protected under a long standing preferential access to the U.S. Perishable Agricultural Commodities Act (PACA) guaranteeing protection in case of bankruptcies and when payment issues arise. This preferential access was revoked by the U.S. Department of Agriculture on October 1, 2014. The newly created situation puts Canadian and Ontario agriculture companies at a disadvantage.

Background

Canada had been the only country granted the same access as U.S. entities to the protections offered by PACA to recover payments both during bankruptcies and to recover unpaid bills outside of bankruptcy.

In order to address the gaps in protections between the two countries, the Canada-U.S. Regulatory Cooperation Council (RCC) mandate agreed to by President Obama and Prime Minister Harper in 2011 included a commitment to establishing a comparable Canadian approach for protecting Canadian and U.S. fruit and vegetable suppliers from buyers that default on their payment obligations.

Due to a lack of progress in fulfilling this commitment, on October 1st 2014, the US Department of Agriculture (USDA) revoked Canada's preferential access to the PACA.

This will have significant consequences for the fresh produce industry in Canada, putting jobs, Canadian farms and other parts of the supply chain at risk. Unpaid bills (such as those due to a bankruptcy) will increase for Canadian companies exporting to the U.S., who will have lost their previously strong leverage over their buyers. The only protection that is viable is posting of bond of double the value (200%) of their claim. Seventy-five percent of Canada's 10,000 fruit and vegetable producers are small businesses with average sales of less than $85,000 per year. Many cannot afford this and will simply have to walk away.

According to the Canadian Produce Marketing Association the changes to PACA rules will result in a permanent loss in Canada's GDP of at least $12.7 million annually. The lost production results in a permanent loss of 154 jobs and $5.9 million in labour income. Our upper bound assumptions result in losses to GDP of $38.4 million, along with the permanent loss of 464 jobs and $17.7 million in labour income.

Creating of a limited statutory deemed trust that provides financial protection for produce sellers in Canada in the event of bankruptcies will meet the U.S. requirements for a comparable Canadian system in order to reinstate our preferential access to PACA.

Recommendation
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Advocate to the Federal government to support the creation of a limited statutory deemed trust that provides financial protection for produce sellers in Canada in the event of bankruptcies. The assets available to trust creditors would be limited specifically to produce accounts receivable, and any cash and inventory from the sale of the produce.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

T. Support for Ontario Food Processors

Authored by the Greater Kitchener Waterloo Chamber of Commerce

Issue

Productivity and innovation levels are restricting growth and opportunities in the Ontario food processing sector.

Background

The 2013 closures of the Heinz facility in Leamington and Kellogg's in London generated a high volume of media attention and initiated serious concerns regarding the viability and competitiveness of the provincial and national food processing sectors.

According to a 2014 report from the Canadian Agri-Food Policy Institute and Ivey Business School at Western University, Ontario experienced 52 percent of all food processing job losses across Canada from plant closures in 2006 to 2014. However the report also notes that jobs were gained from 2004 to 2011, suggesting that openings and expansions have generally balanced the losses.

In October of 2013, Premier Wynne in her former capacity as Minister of Agriculture and Food "challenged" the provincial agri-food sector to create 120,000 new jobs by 2020 through positioning the province as one of the top five jurisdictions in North America for food manufacturing and doubling provincial exports. Statistics from 2013 indicate the Ontario food processing sector is composed of 3,000 companies employing 125,000 people, contributing over $11 billion to the provincial GDP.

Food processing ranks second to last in productivity growth among Ontario's 21 manufacturing industries, resulting in SMEs trailing larger operations in the application of technology. A complex and changing regulatory environment at all three levels of government imposes high compliance costs and restricts ability to innovate. Also, compliance with global-leading domestic food safety programs and technological applications requires significant capital and human resource investments.

The Southwestern Ontario Food Innovation and Technology Collaborative, a partnership between food processors, Conestoga College, University of Guelph, University of Waterloo and Wilfrid Laurier University, has recently been established to eliminate barriers to industry growth and expansion. In 2013, the Alliance of Ontario Food Processors (now Food & Beverage Ontario) released a report which recommended the establishment of a Food and Beverage Innovation Centre for global leading technology and business development to drive a new level of competitiveness across the Ontario industry. The centre will provide a location for industry to secure expertise and resources to improve productivity, including commercialization and accessing capital.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Collaborate with industry and educational institutions on provincial Food and Beverage Innovation Centres for elevating technology and productivity.

2. Develop a “one window” approach to provincial regulations impacting the Ontario food Industry.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

U. Creating a Competitive High Speed Internet Policy

Authored by the Richmond Hill Chamber of Commerce

Issue

There are no current standards for availability and access to high-speed (also termed "broadband") internet infrastructure in Canada at any level of government. We are, as a result of limited competition, falling behind other economic zones in this area.

In order to enact any form of standards for broadband, many levels of government, from federal down to municipal, need to collaborate to enable businesses to be competitive in an increasingly performance-demanding world.

Background

In November 2014, in the U.S.A., President Obama put forward a proposal that the Internet be classed as a utility, in part because some government services are now only available on the Internet and require continuous access. As government services are tax-payer funded, this represents legislation to enact this process. The Canadian Government has made a similar move, but has yet to establish standards or an adequate jurisdictional framework for what constitutes "The Internet".

Richmond Hill, along with other municipalities in Ontario, including business and residential areas in particular, is falling behind even rural United States, in terms of broadband access. A current standard of 1Gbps is generally available in the U.S.A. but is not contemplated here, for the near-term.

It must also be recognized that many of our residents conduct their business through the internet at their home office, whether it is their principal location or whether they are employed by a company, recognizing the potential efficiencies of this kind of set-up, so they must have the fastest possible Internet access, and not be discounted in the process. There might even be cost benefits to the Internet Service Provider in this situation, since all customers will be treated equally, and material costs will benefit from greater volume purchasing.

That there is some controversy regarding health issue for those living in close proximity to wireless-transmitters, and this increases the preference for hi-speed via some sort of wire connectivity.

Lastly, we must also recognize that technology is rapidly evolving, and this forces existing decisions and legal frameworks to become rapidly obsolete.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Follow the lead of the U.S. and class the Internet as a utility, since some tax-payer funded provincial services are only available online. Further, that the classification as a utility include a guarantee of access.

2. Establish access, performance, and reliability standards by which guarantee of access be evaluated, which are themselves competitive with neighbouring jurisdictions, to encourage competitiveness of industries that depend on access to information technology.

3. Amend the provincial building code standards to ensure that new and modified dwellings include provisioning for physical Internet access where practical.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

V. Restoring Ontario's Research Competitiveness with the SR&ED, ORDTC, and OITC Credits

Authored by the Belleville Chamber of Commerce, Greater Niagara Chamber of Commerce, and Quinte West Chamber of Commerce

Issue

In a global economy where technology and innovation are increasingly important, Canada trails most of its peer countries in innovation and research. The Government of Canada should act quickly to address this, particularly by restoring the Scientific Research and Experimental Development (SR&ED) tax credit.

Background

At the World Economic Forum, the Prime Minister stated that the world should not know Canada for its resources, but for its resourcefulness.[1] To be resourceful is to develop new solutions to both new and old problems – to innovate and to research. If Canada is to be successful in reinventing itself along these lines, it will need to be a world leader in research and development.

Unfortunately, Canada is far from a world leader. The World Economic Forum ranks Canada as 22nd in capacity for innovation, 22nd in technological readiness, and 27th in company spending on research and development (R&D).[2] Canada's R&D spending as a percentage of GDP has been declining for over a decade and is now 1.69%, compared to the OECD average of 2.4%.[3] Business spending on R&D is near the bottom of all OECD countries.[4]

Canada is the only developed country in the world with an intellectual property deficit. We spend more importing technology from other countries than we earn selling technology abroad. This gap costs $4.5 billion a year.[5]

The Government of Ontario's 2016 budget cut the Ontario Research and Development Tax Credit (ORDTC) from 4.5% to 3.5%, and the Ontario Innovation Tax Credit (OITC) from 10% to 8%.[6] When Canadian research and innovation are falling behind, cutting the programs that encourage and nurture private sector R&D can only exacerbate the problem.

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[1] CBC News, Trudeau touts Canada's diversity and resourcefulness in Davos (http://www.cbc.ca/news/politics/trudeau-davos-future-look-economy-harper-1.3412182)
[2] KPMG, *Canadian Manufacturing Outlook 2014: Leveraging Opportunities, Embracing Growth*, 2014.
[3] OECD, *Science, Technology and Industry Scoreboard 2015*.
[4] Ibid.
[5] Standing Committee on Industry, Science and Technology, *The Canadian Intellectual Property Regime – Dissenting Opinion of the New Democratic Party*
[6] Government of Ontario, *2016 Ontario Budget – Chapter V* (http://www.fin.gov.on.ca/en/budget/ontariobudgets/2016/ch5a.html)

The Government of Ontario has chosen to offset the cuts in the ORDTC and OITC with a $7-million-per-year, five-year investment towards establishing the Advanced Manufacturing Consortium, a $6.6-million-per-year, three-year college partnership for innovation, and a $10-million-per-year, five-year investment in the Perimeter Institute.[7] Reducing non-specific investment in the private sector in favour of these targeted initiatives makes Ontario less open to the sort of innovative approaches found in the market and which tend to be unpredictable (e.g. the explosive growth of sharing economy firms, which was not successfully predicted by any government).

The Government of Canada's decision to cut the SR&ED tax credit from 20% to 15% in 2014 must be also reversed.[8] The SR&ED program is the Federal Government's main R&D investment vehicle, and restoring it is a necessary step in restoring Canadian competitiveness in innovation.

Recommendations
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Restore the Ontario Research and Development Tax Credit to 4.5% as it was before the 2016 budget.

2. Restore the Ontario Innovation Tax Credit to 10% as it was before the 2016 budget.

3. Establish an Innovation Policy to encourage continuous experimentation to foster the development of new industries, products and services.

4. Request that the Government of Canada restore the Scientific Research and Experimental Development tax credit to 20% as it was before 2014.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

[7] Ibid.
[8] Government of Canada, *Budget 2012 – Scientific Research and Experimental Development (SR&ED) program* (http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa04-eng.html)

W. Improving the Process for Establishing Regulations that Impact Business
Authored by the Burlington Chamber of Commerce

Issue
New and existing regulations invoked by the Ontario Government that affect business can unintentionally place businesses in jeopardy of survival. This could arise due to failing to consult and consider the implications of a regulation to the operation of a business, it could arise due to conflicting regulations with no clarity on which regulation supersedes, or it could arise from costs being in excess of social or economic benefits to be gained.

Background
There have been instances where poorly developed laws and regulations have meant considerable expense to businesses.

A recent example involves a restaurant caught in the middle of two provincial commissions – Ontario Human Rights and the Ontario Alcohol and Gaming. Ontario Human Rights has determined that a patron has the right to smoke 'medical marijuana' at the doors of the restaurant while Ontario Alcohol and Gaming will revoke the restaurant's license if alcohol is served to an individual known to have used a controlled substance.

In this particular case the restaurant owner incurred thousands of dollars in legal fees in trying to determine what avenues were available to him in the near impossible task of meeting the conflicting requirements of the Commissions. The goal of the business was to prevent the smoking of a controlled substance within the immediate outdoor space of the restaurant while abiding by the alcohol serving rules. Additionally the taxpayers have to fund the Ontario Rights Commission and the Alcohol & Gaming Commission in them defending their respective regulations while neither have an obligation to assist in finding a solution.

In a situation like this, the cost will fall on the business to try to resolve such a situation. The real shortcoming is in the process for development of legislation.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Move to a regulatory model whereby all proposed legislation and regulations must be supported by a cost-benefit analysis and an analysis on the impact on business.

2. Move to a regulatory model whereby all legislation and regulations must be reviewed for their degree of conflict and integration with existing legislation.

3. Work with the federal government to adopt a standard of regulatory harmonization between the two levels of government.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

X. Access to Development Charge Information for Ontario

Authored by the Centre Wellington Chamber of Commerce

Issue

There is no way for online access to Development Charges from communities across Ontario.

Background

Development charges are fees collected from developers at the time a building permit is issued.

The fees help pay for the cost of infrastructure required to provide municipal services to new development, such as roads, transit, water and sewer infrastructure, community centres and fire and police facilities.

Most municipalities in Ontario use development charges to ensure that the cost of providing infrastructure to service new development is not borne by existing residents and businesses in the form of higher property taxes.

All municipalities establish and make available Development Charge information at a local level. When considering changes to these rates, most municipalities look to surrounding communities and those of similar size in the province. While it is prudent to make these comparisons, obtaining this information is laborious and time consuming.

If this information could be entered into a searchable document online, it would provide a foundation of evidence upon which municipalities can make informed decisions, and would allow for a more comprehensive third party examination of local economic competiveness across the province. The exact data required should include community name, size of community, date of revision, various categories for development charge items, and website or contact information.

Recommendations:

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Collate cross-province Development Charge information and make this information available to the public in an accessible format.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

Y. Expanding Ontario's Export Capacity by Harmonizing Agri-Food Cross-Border Trade Regulations

Authored by the Guelph Chamber of Commerce

Issue

The ability for Ontario's agri-food industry to swiftly and efficiently deliver their product to cross-border markets is hampered by cross-border trade inefficiencies.

Background

Ontario-U.S. trade is valued at approximately $180 billion annually. In 2012, Canada-US agri-food trade exceeded $44B. In 2015 Ontario-US agri-food trade exceeded $10B. Canada-US agri-food trade involves a wide range of fresh, processed and frozen foods, beverages, floral and nursery products, pre-packaged consumer foods/beverages and bulk shipments of grains, oilseeds, food oils among other products. There are differences in legislation, regulatory authority, coverage, standards, measurements and in the handling of real and perceived risks of agri-food product trade to the other nation's domestic food safety, environmental security and responsiveness to its own public. It is clear that some of these different regulatory challenges can and do limit smooth cross border movement however, the Canada/US agri-food trade is Canada's largest bilateral relationship.

For Canada/US cross border trade, it is critical that the scarce public and private resources focus increasingly on those product shipments not in line with border measures. This should, in turn, result in allowing greater amounts of trade-including agri-food trade, to flow more easily. These day-to-day operational challenges tend not to be reflected in trade policy analyses, but they do affect overall product movements between the two countries, and ultimately the competitiveness of those traded products.

On February 4, 2011 the Canada-United States Regulatory Cooperation Council (RCC) was created to facilitate closer cooperation between Canada and the USA with the objective to develop more effective approaches to regulation in order to enhance economic strength and competitiveness of both countries. As an exporting nation, Canadian businesses are dependent on smooth, fast and free trade. The RCC is an essential program for identifying impediments to trade across numerous sectors. Canadian businesses are sure to see tremendous benefit when RCC recommendations are implemented. Both Prime Minister Justin Trudeau and President Barack Obama have committed to a strong U.S. – Canada working relationship.

Currently, there are 10 inspection centers conducting food product re-inspection at the U.S. border. These privately owned businesses charge exporters large fees to conduct a second inspection of the food product, rendering one of the inspections redundant. This lengthy process costs exporters both time and money, increasing compliance cost for Ontario's agri-food industry. By harmonizing inspection protocol with the U.S. these redundant border inspections can be eliminated.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Urge the federal government to recommit to the principles of the Canada-United States Regulatory Cooperation Council (RCC) in its initiative to harmonize regulatory requirements and practices on agri-food products between Canada and the United States of America with a specific focus of eliminating the re-inspection of agri-food.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

Z. Mitigating the Risks of Cap and Trade on Business

Authored by the Halton Hills Chamber of Commerce, Greater Sudbury Chamber of Commerce, and Windsor-Essex Regional Chamber of Commerce; Co-sponsored by the Greater Kitchener Waterloo Chamber of Commerce, North Bay & District Chamber of Commerce, Sault Ste. Marie Chamber of Commerce, Tillsonburg District Chamber of Commerce, and Timmins Chamber of Commerce

Issue

The province is moving forward with a cap-and-trade system for Ontario. A proposed cap and trade must be designed in a way that reduces greenhouse gas emissions (GHGs) but that does not unfairly hurt or penalize Ontario businesses in the process, particularly in the face of growing regulatory and cost burdens.

Background

In April 2015, the Government of Ontario announced that it will implement a cap and trade system as part of its overall strategy to address climate change. This approach will enable the government to set a limit on the total level of greenhouse gas emissions (GHGs) produced by entities covered by the cap and trade system. Further, these entities will be able to purchase and trade the ability to emit GHGs. The provincial government has set GHG emissions targets of 15% below 1990 levels in 2020 and 80% by 2050.

On November 16, 2015 the province released its Cap and Trade Program Design Options paper, setting out both its program design proposal and the options under consideration for a provincial cap and trade program. The Ontario Chamber of Commerce has responded with recommendations to government regarding design options and outlining outstanding questions about a cap and trade system.

Ontario has made strides in reducing the carbon footprint of electricity by ending coal-fired generation in 2014. Additionally, the province’s emissions have fallen by 20 percent since 2005. The business community supports further efforts to reduce Greenhouse Gas Emissions (GHGs) and to fight climate change in the province. Industry is however concerned about the potential impact a cap and trade system will have on Ontario businesses in the face of increasing regulatory and costs burdens. A cap and trade system has the ability to greatly impact the competitiveness of Ontario businesses if not designed properly.

In order to mitigate the risk of a cap and trade system on industry, three important elements should be considered 1) getting the timing right; 2) considering the potential impact on electricity prices; 3) re-investing revenues collected to support Ontario industries.

Taking the time necessary to consult and develop a system that is responsive to local conditions is essential. The government has proposed that the program would begin on January 1, 2017, with the first emissions allowance auction to be held in March 2017. Ontario is attempting to develop a cap and trade legislation in 12 months while other jurisdictions such as Quebec and California took several years to develop their systems. Industry is concerned about this compressed timeframe. This short timeframe and quickly approaching start date is particularly worrisome for those industry players currently impacted by the downturn in commodities and volatility in global markets. These industries are vulnerable to the added cost a cap and trade could impose at this time. The current economic climate as well as the numerous other regulations that employers face should be factored into decisions on timing and the design of the cap and trade system in Ontario. Additionally there are outstanding questions and issues that need to be addressed before implementation can occur. Initiating the cap and trade system in 2018 rather than 2017 with a three year compliance period that aligns with that of California and Quebec is a more appropriate timeframe that would allow businesses adequate time to prepare for the system and to ensure stakeholder readiness at all levels. An extended timeframe would also provide additional time for training and outreach programs to be directed towards businesses prior to the implementation date to assist them with the transition into the cap and trade system.

In addition to timing, industry is also concerned with the potential impact a cap and trade system can have on electricity costs due to potential flow through costs of a carbon tax. Electricity costs are one of the top barriers to competitiveness faced by Ontario businesses. Over the next five years, industrial customers' bills are expected to increase by 13 percent, while rates for households and small businesses are predicted to rise by 25 percent (IESO 2014). To maximize the proportion of emissions that is covered by cap and trade, Ontario is proposing to include electricity generation and fuel distribution, as well as industrial facilities that exceed the emissions threshold. The impact of the carbon price will therefore be felt by smaller emitters and consumers through an increase in the cost of inputs, namely electricity and fossil fuels. Businesses are particularly concerned about the cumulative effect of these pass-through costs on their supply chains. By increasing the costs of production, the rising costs of inputs as a result of a carbon price could make Ontario-based suppliers less attractive to their existing customers. If these customers decide to source their supplies elsewhere, then Ontario's supply base suffers.

Being that there will be a component of electricity generation covered by cap and trade, businesses are concerned that the cap and trade system will further contribute to rising electricity prices. The government needs to factor in the potential impact to electricity prices in its decision making and consider how other policies to reduce GHGs such as nuclear refurbishment might also impact the price of electricity in the coming years. It is essential that the province carefully analyze the interaction of all these policies and ensure the cap and trade system is aligned with other programs intended to reduce GHGs. The chamber network also recommends phasing in emissions from electricity at the end of the first compliance period to ensure industry has time to adapt to the financial implications of pricing carbon.

Lastly, the revenue generated from a cap and trade system should be recycled back into the business community to facilitate industry's transition to a low carbon economy. For example, re-investing revenues in effective programs and policies that help businesses adopt new and innovative technologies to curb their emissions will enable Ontario businesses to better compete. The government should introduce incentives alongside a cap and trade system to accelerate the adaption and commercialization of more productive and less emission intensive technologies.

Taking a proactive approach to mitigate potential risks to business is essential to creating a responsible cap and trade policy that reduces GHGs but still enables business to compete in an increasingly complex regulatory environment. The government should also take further steps to create mechanisms to reward and recognize industry players that have invested in environmental sustainability and that have already reduced GHGs significantly.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Initiate the cap and trade system in 2018 rather than 2017 to provide industry adequate time to prepare and to allow the province to address the business community's outstanding concerns.

2. Conduct and publicly release an economic impact analysis of the incoming cap and trade system for Ontario, including the potential cumulative impact that cap and trade and other GHG-reduction policies will have on the price of electricity.

3. Reduce competitiveness impacts of the cap and trade system by distributing free allowances to those sectors that are most exposed to a carbon price, and to develop a set of objective and transparent criteria to do so.

4. Direct cap and trade revenue towards efforts that directly facilitate businesses' transition to a lower carbon economy, such as investments in low-carbon processes, technology, and other capital. It is important that the allocation of the revenue be objective and transparent. To increase transparency, the government should consider creating or retaining an arms-length third party organization to administer this revenue.

5. Take action to reduce GHG emissions from all major sources of emissions in the province so that businesses do not bear a disproportionate burden in achieving emissions reductions. These actions should reflect the relative contributions of different sectors to Ontario's total GHG output.

6. Recognize and reward companies that have taken early, substantial action to reduce GHGs.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

AA. Keep Ontario Competitive by Taking a Measured Approach to Changes to Ontario's Labour Laws

Authored by the Halton Hills Chamber of Commerce, Co-sponsored by the Brampton Board of Trade

Issue

Major changes to the Labour Relations Act (LRA) and the Employment Standards Act (ESA) could weaken Ontario's economy and put its businesses at a competitive disadvantage. Government must balance the interests of workers and employers as it seeks to update the province's labour laws.

Background

The Government of Ontario is undertaking a comprehensive review of the Labour Relations Act (LRA) and the Employment Standards Act (ESA), through its Changing Workplaces Review.

Several labour groups have proposed significant amendments to these Acts, many of which have caused considerable concern in the employer community:

A) **Reform the LRA to allow workers to unionize by simply signing a union card, thereby eliminating the secret ballot vote.** The secret vote is an essential component of the union certification process. It provides workers with the opportunity to make decisions free of interference and external pressures.

B) **Create a streamlined ESA that ensures a common standard for all workers in Ontario by eliminating the Act's Greater Contractual or Statutory Right provision.** In a global talent economy, employers need to have the flexibility to provide greater benefits than are provided by the ESA in order to attract top talent. By limiting employers' abilities to do so may inhibit Ontario employers from attracting and retaining top talent within the province, resulting in "brain drain".

C) **Eliminate all exemptions in the ESA.** Abolishing sector exemptions would mark a significant change from Ontario's long-standing approach to Employment Standards legislation, which takes into account sectoral differences in the organization of work and its cost. For example, exemptions in agricultural sub-sectors (including hours of work) recognize the unique nature of agricultural production, which is characterized by its dependence on external factors including weather and the perishable nature of agricultural products.

D) **Amend the ESA to require employers to post work schedules two weeks in advance.** As it stands, the Employment Standards Act does not include any explicit provisions on scheduling. This allows businesses in the manufacturing sector, for example, to adjust production in order to meet demand, without being penalized. It also allows any industry where hours are tied to customer schedules and demands such as in the business services industry to have the flexibility to meet those customer demands. Any legislated requirement that limits this flexibility will hurt Ontario's competitiveness.

E) **Through the ESA, implement a system of "reverse onus on employee status", where a worker must be presumed to be an employee unless the employer demonstrates otherwise**. The implications of the introduction of a reverse onus classification system—or an employment framework that creates hurdles to contract employment—are substantial. Contracting is a fundamental part of many employers' business models. Employers frequently rely on third parties to provide services in areas including logistics, janitorial services, security, sanitation and waste, among others. Any explicit provisions in the ESA that would force businesses to change the nature of their relationships with their contract employees would raise the cost of doing business in Ontario. This would have an especially detrimental impact on businesses in the manufacturing sector, who operate in a supply chain that uses a mix of permanent and contract employees. It is the many small- and medium-sized businesses within that supply chain that would bear the brunt of such changes.

   The contribution of independent contractors and the staffing agencies that act as their intermediaries to businesses to the Ontario and Canadian economies cannot be underestimated. The knowledge worker sector has a large component of contractors. This is because their skills are in demand. As a matter of fact, the independent contractors have no desire to work as employees of those companies. The demand for their skills creates premium rates and they wish to have the ability to take advantage of this business reality. The reason for the premium is that these skills are those that create systems that make business more efficient, grow sales and even build new markets, usually on a project basis. However, the projects that involve these systems are not activities that are long term so taking on permanent staff is not a good business decision. When the project is complete, the independent contractor moves on to a new assignment. The companies have compensated the contractor for the short term nature of the work through the rate premium thus benefitting the worker and created a cost saving to the companies. Forcing companies to take people on in an employee model means knowledge talent will go elsewhere, a clear cut issue with a recovering economy in the US.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Ensure transparency in the union certification process. Maintain the Labour Relations Act requirement for a secret ballot when attempting to certify or decertify a union.

2. Allow Ontario employers flexibility to provide greater benefits than are provided by the Employment Standards Act in order to attract and retain top talent. Maintain the Greater Contractual or Statutory Right provision in the Employment Standards Act.

3. Continue to take into account sectoral differences in the organization of work and its cost. Maintain Employment Standards Act sector and sub-sector exemptions.

4. Recognize different sectors’ abilities to foresee future capacity requirements. Do not amend the Employment Standards Act to include specific provisions around employers’ scheduling obligations.

5. Do not establish, through the Employment Standards Act, a reverse onus on employee status, where a worker is presumed to be an employee unless the employer demonstrates otherwise.

6. Refrain from making changes to labour and employment legislation that will disrupt the balance in employer-employee relations achieved through market forces, existing legislation and negotiations.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

BB. Support Ontario's Steel Industry and its Supply Chain Clusters

Authored by the Hamilton Chamber of Commerce and the Sault Ste. Marie Chamber of Commerce

Issue

The Ontario steel industry, includes steel producers as well as manufacturing industries within its value chain and geographical clusters and has long been a cornerstone of the provincial economy. Recently, a combination of regulatory burdens, instability of the global market economy and foreign competition from industries benefitting from unfair economic advantages has led to a sharp decline in their ability to compete globally.

The Ontario government needs to focus public policy and investment efforts towards supporting this important industry, clusters and the innovation it creates.

Background

Steel is a versatile material whose local production is essential to supporting local industries, consumer products, building and maintenance of our transportation and physical infrastructure. It is also a major component of the evolution towards sustainable energy planning in Ontario through its utilization in the construction of traditional and renewable energy systems.

The rise of the steel industry was integral part of Canada's development as a world-class economy in the 20th century. From Algoma in Sault Ste Marie to Dofasco and Stelco in Hamilton, Ontario firms especially distinguished themselves as centers of excellence and advancement in new varieties of steel. According to a study by Informetrica[9], the steel industry has a multiplier of approximately 3.3:1; that is, there are 3.3 jobs outside of the steel industry for every direct job within the industry, other approaches suggest that the multiplier may be larger; In the auto industry, a recent projection for the Ontario Manufacturing Council by Spatial Economics has estimated a multiplier of seven or more[10].

Given their successes (by the 1980's, Canada was seen as having the second most successful steel industry after Japan) most Ontario firms were inevitably bought out by foreign firms looking to capitalize on their knowledge and operational assets and geographic proximity to American manufacturing hubs.

Foreign mergers and other market challenges have led to the once prosperous steelmakers to experience serious crisis. Essar Steel Algoma is currently operating under the Companies'

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[9] Warrian, Peter. *The Importance of Steel Manufacturing to Canada: A Research Study*. Munk School of Global Affairs, University of Toronto, 2010.

[10] Ibid.

Creditors Arrangement Act putting 2700 direct jobs at risk, while Stelco, after its sale in 2007 to US Steel, entered creditor protection in 2014, with over 7000 local of pensioners left owed pension funds and millions in creditor backlog[11]. Many related SME companies and suppliers have downsized or gone out of businesses across Ontario due to the challenges experienced by this industry.

According to the Canadian Steel Producers Association[12], Canada has the most open steel market in the world, placing domestic producers in fierce competition in domestic and export markets. Steel producers by principle agree to compete against imports on a fair commercial basis but are in global competition against foreign government subsidies, state-owned enterprises, and other forms of support that run counter to the trade rules. Market conditions are jeopardized by an ongoing violations of WTO practices, the ineffectiveness of trade remedy laws and lack of full reciprocation within trade treaties.

While the majority of media coverage has focused on the decline of the industry, foreign competition and oversupply in the existing market, experts remain optimistic that fundamental forces, which if harnessed, will continue to support the prosperity and global demand for Ontario steel.

While challenges related to international markets remain a federal issue, the province can still play a critical role in:

1. Supporting investments for organizations to invest in new technologies under various funding envelopes;

2. Working with the federal government to negotiate more equitable trade regimes and adjudications processes;

3. Incentivizing the development of a skilled workforce equipped to participate in the transition towards advanced manufacturing;

4. Easing goods movement infrastructure bottlenecks, especially near trading hubs;

5. Incentivizing the development and participation of steel industry clusters and value chains.

Recommendations

[11] City of Hamilton. U.S. STEEL CANADA Economic Impact Study. 2015. http://www.thespec.com/newsstory/5278638-hamilton-would-take-50-million-annual-hit-if-u-s-steel-canada-fails-report/

[12] Canadian Steel Producers Association. Public Policy Agenda. 2014. http://canadiansteel.ca/newsmedia/supporting-documentation/

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Taking inspiration from the European Steel Technology Platform and "Framework for American Manufacturing" by the United States, work with the federal government to develop a coordinated steel manufacturing strategy that especially prioritizes investment in trade-enabling infrastructure near major clusters.

2. Explore the legislated and voluntary expansion of procurement tools to include fair and preferential treatment for Canadian steel products where the exported alternative doesn't meet or exceed Canadian and provincial environmental, health and safety regulations and does not allow similar, fair and equal access to their markets for the same product.

3. Given their role as suppliers of high-performance material in the manufacturing supply chain and in flowing down R&D improvements[13], prioritize allocation of cap and trade revenue to help energy-intensive businesses like steel industry to invest in low-carbon processes, technology and innovation and other capital investments.

4. Given that steel manufacturing is one of Ontario's trade-exposed industrial facilities, maintain and evaluate expanding the free allowance coverage under cap and trade as well as additional concessions for fixed process emissions within such industries.

5. Strongly encourage that local suppliers and domestic steel content be used in all provincially and federally funded projects if the materials can be supplied from domestic sources.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

[13] Birnbaum, Cohen, Harris and Warrian (2009) Ontario Manufacturing, Supply Chains and Knowledge Networks: A Report to the Toronto Regional Research Alliance (TRRA), Toronto: TRRA October 2009

CC. Regulating the Sharing Economy for a Competitive Ontario
Authored by the London Chamber of Commerce

Issue
Technology is leading to innovations that are disruptive to the status quo and the sharing economy is one area where the evolution in the marketplace is moving at an exponential pace. Our province's economy has been stagnant for some time and many Ontarians are naturally looking for ways to boost their incomes. One such method that has become popular in recent years is participating in the sharing economy.

By working with the sharing economy providers, rather than against them, our province can become a leader in this sector, grow our economy and help Ontarians grow their incomes thereby increasing the provincial tax base. We must change outdated structures and legislation to make the most out of these opportunities while maintaining the safety of the public.

Background
The past several years have witnessed the rise of new models of consuming and accessing goods and services, often referred to as the "sharing economy".

Fueled by companies such as Uber, Autoshare, and Airbnb, the sharing economy enables individuals to obtain rides, accommodations, and a wide range of other goods and services via online platforms in exchange for monetary and non-monetary benefits.

The sharing economy has had—and is expected to continue to have—a significant economic impact at the global level. PwC estimates the global revenue from sharing economy companies in 2015 will be $15 billion, with the sector expected to reach global revenues of $335 billion by 2025 (2014). Sharing companies bring significant economic, environmental, and community benefits, including better use of existing resources. In 2013, Forbes estimated that the revenue flowing through the sharing economy directly into peoples' wallets surpassed $3.5 billion (Geron 2013). The evolution of the sharing economy presents a number of opportunities and challenges for governments.

Some of those challenges are exacerbated by the threat, whether real or perceived, that sharing poses to established operators. This threat has created tension between established operators and new market entrants—with government often caught in the middle. While some jurisdictions are beginning to harness its economic potential and tap into its benefits, others have banned companies operating in the space outright. No jurisdiction has landed on a comprehensive approach. Ontario is no exception.

It is paramount that we encourage innovation and the opportunity for entrepreneurship without compromising public safety. Ontario has the potential to be a leader and leverage these types of technologies to support current and future entrepreneurs while at the same time providing a reasonable offset compensation during any transition period.

Recommendations
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Produce regulatory criteria for sharing economy entities in the business of transportation so that the public is protected while not being too burdensome that the provisions limit the provider and the consumer from creating adequate value. It being noted that criteria in other jurisdictions should be considered so as not to create an uncompetitive environment with other markets.

2. Modernize legislation to address the unique nature of the sharing economy. This new legislation should focus on specific areas in which the sharing economy is already thriving such as lodging, and transportation while remaining flexible to address the sharing of other personal property or services as new platforms arise.

3. Make provisions to ensure existing businesses are not unduly harmed by the sharing economy. Opening a closed market penalizes entrepreneurs who sought to build a business within the confines of the legislation at a given time.

4. Implement a fair tax system within the sharing economy. The creation of internet based solutions that coordinate services locally without a physical local presence reduces municipal tax revenues as a result of both reporting deficiencies and the absence of a local tax base for the coordinating entity. A system must therefore be devised by which fair portion of local taxes to be collected from platform administrators.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

DD. Positioning Ontario to be a Global Leader in Smart City Development

Authored by the London Chamber of Commerce

Issue

Ontario cities are in a race with other cities throughout the world to become "Smart Cities".

A Smart City can be defined as a city that uses new forms of information and communication technology (ICT) to tackle challenges such as traffic congestion, fighting crime, providing social services, fostering economic growth, and improving the delivery of city services.

The diminishing cost of IT infrastructure has created the potential for an "Internet of Things" – a ubiquitous network of connected devices, smart sensors, and big data analytics. The ability to collect instantaneous feedback through smart devices allows for the creation of Living Labs, which can give members of the community direct input concerning municipal services and assist in continued research for the development of even more efficient and effective uses of technology.

Background

While Smart Cities are a relatively new phenomenon, they are predicted to soon become the norm. Already, the White House administration in the United States has committed to an investment in Smart Cities Initiatives of over $160 million in federal research.[14]

A study commissioned by the UK government estimated that the commercial value of Smart City solutions and services could reach more than $408 billion per year by 2020 and estimates by analyst firm Frost and Sullivan put the combined market potential for energy, transportation, healthcare, building infrastructure and governance at $1.5 trillion globally.[15]

In order to stay competitive, attract business and encourage entrepreneurship, Ontario cities must employ Smart City strategies such as implementing ICT infrastructure and business intelligence tools.

This must be done with the understanding that Smart Cities are developing organisms consisting of numerous small projects rather than out of a single monolithic program. Research centres, P3s, and similar initiatives will play a major role as governments cannot do it alone.

It should also be noted that since all modern cities are moving toward this, it's the early adopters who stand the most to gain. Effective marketing therefore, will be a key component of reaping the rewards of such initiatives.

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[14] https://www.whitehouse.gov/the-press-office/2015/09/14/fact-sheet-administration-announces-new-smart-cities-initiative-help

[15] http://www.probrand.co.uk/news-and-media/press-releases/Realising-the-benefits-of-smart-cities-sooner.aspx

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Commit to funding and/or tax incentives to assist Ontario municipalities engaged in Smart City initiatives which have already been proven to enhance competitiveness and improve quality of life. Emphasis should be placed on incentives involving P3s.

2. Identify qualified cities/neighbourhoods within Ontario which the government can support in the creation of research/testing environments. This may include testbeds for “Internet of Things” IoT applications, Living Labs, and multi-sector collaborative models.

3. Once the Government of Ontario has programs underway to facilitate the creation of Smart Cities, it must then leverage its position to attract new business and investment by marketing Ontario globally as Canada’s first “Smart Province.”

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

EE. Investing in Tourism Promotion

Authored by the Greater Niagara Chamber of Commerce

Issue

Tourism is a hugely important sector for Canada and Ontario. However, the number of visitors is declining and Canada's place in the world as a tourist destination is slipping. The Ontario government should work with the federal government to reverse this trend.

Background

Tourism contributes almost $85 billion to the Canadian economy every year, accounting for 4.5% of national GDP, over 600,000 jobs, and $22.7 billion in tax revenue.[16] In Ontario, every $1 million spent by visitors creates 14 jobs and generates $553,400 in wages and salaries for Ontarians.[17] However, despite this importance, Canada has declined from the 8th most visited country in the world in 2002 to 17th in 2013, and the number of visitors has declined from 19.6 million to 16.3 million in the same time period – almost 20%.[18]

Some of this is due to factors beyond our control, such as the thickening of international borders in the post-9/11 era, or the global economic downturn. Some, however, is due to decreased marketing for Canadian tourism. Over the past decade, the core funding for the Canadian Tourism Commission has been slashed by almost 50%, from $100 million in 2001 to only $58 million in 2013/2014.[19]

With tourist markets in countries such as Mexico, Brazil, India, and China (including Hong Kong) growing rapidly, it is imperative that full funding for promoting Canadian tourism be restored since Canada must work to build its brand in these emerging markets. That requires investment in marketing.

Recommendation

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Work with the federal government to ensure funding is restored to the Canadian Tourism Commission, for the purposes of marketing, to at least $100 million per year.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

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[16] Canadian Chamber of Commerce, *Top 10 Barriers to Competitiveness 2015* (http://bit.ly/1mVFhfY)
[17] The Ontario Competitiveness Study, Discovering Ontario – A Report on the Future of Tourism, 2009 (http://www.mtc.gov.on.ca/en/publications/Discover_
Ontario_en.pdf).
[18] Tourism Industry Association of Canada, 2013 Annual Report.
[19] Canadian Tourism Commission, 2013 Annual Report.

FF. Ensure the Competitiveness of Farm Businesses in Ontario
Authored by the Northumberland Central Chamber of Commerce

Issue
Farming entails many risks, most of which Ontario farmers can and do manage quite successfully. However, in order to remain sustainable, competitive and rise to meet the Premier's Agri-Food Challenge[20], government support is essential in some key areas, most notably helping producers manage risks that are beyond their control, such as fluctuating costs and market prices.

Background
Ontario has over 5 million hectares of farmland, including over half of Canada's Class 1 soils[21]. The gross value of farm production, food processing and manufacturing in Ontario is estimated to be $53.7 billion[22], and an OMAFRA study further estimates that total sales revenues from Ontario agriculture in primary, processing and retail activity accounted for $158.6 billion in 2011.

The Risk Management Program (RMP) was announced in the 2011 Ontario budget and is among the suite of business risk management (BRM) programs available to farmers in the Province of Ontario. It responds to the well identified need for producers to manage the risks associated with the volatility of market prices for agricultural commodities. In a 2015 report commissioned by the Ontario Agricultural Sustainability Coalition[23], 62% of respondents suggested that without RMP they would not be able to maintain current on-farm employment and 36% of producers suggested that without RMP they may have downsized their operation or left the industry[24]. With respect to how RMP might support new farmers, 72% of respondents indicated that RMP was very important or extremely important for them when recommending new farmers to begin or to continue farming.

Despite the proven success of the RMP in mitigating the impact of these risks on Ontario farmers, the province capped contributions to the RMP at $100 million per year in the 2012 Budget. This cap severely limits the program's capacity to respond to risk, transferring an unmanageable portion of the risk onto individual Ontario farmers[25].

Producers indicate that the business risks they face are increased by the imbalance in financial support provided through supply management and in other jurisdictions. Without access to the

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[20] To double annual growth rate and create 120,000 jobs by the year 2020
[21] Farmland Preservation Research Project, "Farmland in Ontario – Are we losing a valuable resource?" (2004)
[22] "Dollars and Sense Report" (2015)
[23] Harry Cummings & Assoc., "Measuring the Economic Impacts of the Ontario Risk Management Program" (2015)
[24] 2011 Census of Agriculture Data, Ontario is losing over 140 hectares of farmland daily
[25] OFA, Submission to the Ontario Standing Committee on Finance and Economic Affairs (February 2016)

RMP, it is reasonable to expect contractions in economic activity and employment. A sensitivity analysis determined that a modest 5% contraction in economic activity and employment of RMP enrolled producers would result in a loss of approximately $780 million in total sales revenue and 3250 jobs from the Ontario economy. A more significant 15% contraction by RMP producers would amount to a loss of over $2 billion in total sales revenues and nearly 10,000 jobs.

In order to ensure the sustainability and encourage growth of Ontario's agricultural sector, the Ontario government must ensure that the RMP is oriented and empowered to meet its stated objectives of predictability, bankability and sustainability to ensure that the full benefits of the program are realized.

The federal and provincial governments share jurisdiction on agriculture. There is an opportunity for the federal government to support Ontario farmers by contributing to the RMP. The Ontario Chamber Network, in conjunction with chamber members that are active in the agri-food sector, will continue to engage the provincial and federal governments as we work to secure the future prosperity of Ontario farmers.

Recommendations
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Raise the Risk Management cap of $100 million to $175 million over the next three years ($25 million per year increase) to enable more adequate risk management capacity.

2. Continue to work with the federal government to ensure the sustainability of the Risk Management Program (RMP).

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

GG. Ensure the Trans Pacific Partnership (TPP) Creates an Equitable Trade Environment for Ontario's Auto Sector

Authored by the Oakville Chamber of Commerce, co-sponsored by the Greater Oshawa Chamber of Commerce, the Tillsonburg District Chamber of Commerce, and the Windsor-Essex Regional Chamber of Commerce

Issue

The recently negotiated Trans Pacific Partnership (TPP) creates some serious challenges to the future competitiveness of the Ontario auto sector. Specifically, the agreement creates a misalignment between Canada and the U.S. with respect to the phase-out of automotive tariffs. It also fails to address currency manipulation and it dilutes the automotive content provisions in the North American Free Trade Agreement (NAFTA).

Background

Ontario's auto industry is a top economic driver in the province, contributing more than $16 billion to the economy and supporting over 100,000 direct manufacturing jobs. Growth in this industry has been fostered by a highly integrated relationship with the U.S and the provisions contained in the North American Free Trade Agreement (NAFTA). Auto trade under this agreement is $100 billion annually, or more than 20 percent of total Canada-U.S. trade.

If ratified by all member countries, the TPP risks jeopardizing this critical trading relationship and will put Canada's auto industry at a serious disadvantage relative to its competitors. This comes at a time when Canada is already struggling to attract new auto investment.

Under a ratified TPP, Canada's phase-out of tariffs on Japanese automotive vehicle imports would be misaligned with that of the U.S. While Canada's 6.1 percent tariff would be eliminated over a five-year period, the auto tariffs in the US will be eliminated after 25 years for cars, and 30 years for trucks. Due to the highly integrated and competitive nature of the North American auto sector, it is essential that both countries be subject to the same provisions.

Also, the content requirements for vehicles and vehicle parts have been reduced from current levels. At present, to be traded duty-free under NAFTA 62.5 percent of the value of that vehicle, and 60% of the value of auto parts, must originate from a member nation. Under the TPP, this requirement would be set at a much lower level of 45 percent of originating content for vehicles, and a range of 35% - 45% for auto parts. In addition, the TPP includes a larger number nations of 12 countries compared to NAFTA with just 3 countries. For many members of the auto parts manufacturing community in Ontario, these changes present a significant risk to their business by exposing them to competition from low-cost jurisdictions.

The TPP does not contain any enforceable measures to prevent currency manipulation, where a country devalues its currency for the sole purpose of gaining an export advantage. Without such enforcement mechanisms, Canada's competitors could be tempted to devalue their currency to gain an unfair advantage over Canadian produced vehicles, both in Canada and in Canada's export markets around the world.

Canada was the first country to undergo a federal election since the TPP was announced however other TPP countries like the US will undergo a federal election in the coming year which will result in a regime change that could alter their perspective on the TPP.

Recommendations:
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Work with the Federal government to:

    a) develop a targeted and coherent intergovernmental strategy for Ontario's automotive sector that should include both globally competitive investment strategies and a manufacturing-based trade strategy to create meaningful new export markets for Canadian-produced vehicles, parts and knowledge capital;

    b) work with the Federal government to identify opportunities to improve terms in the TPP that negatively affect the competitiveness of Ontario's auto sector as the ratification process unfolds; and

    c) Look for opportunities to better align TPP parts Rules of Origin content rules with existing NAFTA content rules.

2. Ensure that Canada's phase-out of tariffs align with those of the U.S.

3. Ontario and Canada should look for opportunities to include strong enforceable currency disciplines to offset the advantages of currency manipulation.

4. Encourage the Government of Canada to delay debate of the TPP in Parliament until after the 2016 US federal election to ensure that we have maximum flexibility.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

HH. Identify the Cost-Drivers behind Electricity Prices

Authored by the Greater Peterborough Chamber of Commerce

Issue

The lack of clarity and full information on the cost drivers behind electricity prices in the province of Ontario is hurting business competitiveness.

Background

In order to understand the true cost of electricity, Ontario businesses must have all the information as to the cost-drivers behind the price on their bills. This is particularly true for the many medium-sized businesses who are not eligible for the Industrial Conservation Initiative (ICI) and not included under the Regulated Price Plan and time-of–use pricing. The Independent Electricity Service Operator (IESO) is predicting industrial electricity prices will rise 13 percent over the next five years and the cost of electricity service will rise to approximately $20.2 billion by 2018, signaling that a decrease in hydro rates is not expected in the near future.[26]

Companies across the province identify electricity costs as a close second to labour in the list of the hard costs of doing business. The Ontario Chamber of Commerce's report "Empowering Ontario: Constraining Costs and Staying Competitive in the Electricity Market" notes that 1 in 20 businesses in the province expect to close their doors in the next five years due to rising electricity prices. In addition, 38 percent will see their bottom line shrink, with the cost of electricity delaying or canceling investment in the years to come.[27]

Late in 2015, the provincial auditor reported that the price of provincial government decisions around electricity cost Ontarians $37 billion. However, despite disputing the numbers in the Auditor General's report, the provincial government has not released a formal cost breakdown of its own.

Currently hydro bills are broken down between distribution and generation. Included in the distribution cost is the Global Adjustment (GA) which is defined by the Ministry of Energy as the regulatory mechanism that makes up the difference between contracted costs and wholesale revenues. How this cost is passed down to business is also problematic as it is a flat rate that is applied to consumption, which fluctuates from month-to-month.[28]

The IESO and the provincial local distribution companies (LDCs) have put a significant amount of time and money into promoting and encouraging businesses to participate in conservation programs, however, saving on the consumption side is only one part of the commodity price. In

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[26] OCC Empowering Ontario 2015 pg 5
[27] OCC pre-budget survey, January/February 2014, n=987
[28] Ibid

April of 2015, the average hourly price for electricity was 1.65 cents per kWh, while the GA was 9.56 cents per kWh.[29]

There are many factors that make up the distribution cost from, but not limited to, labour, contracts with local distribution companies, GA, FIT contracts and investment decisions. On the generation side, the IESO currently provides how much energy is generated by nuclear, gas, water, wind and solar, but we do not know for example how the cost of the FIT programs is factored into the price of generating the electricity from those sources.

Along with a lack of clarity in the breakdown of electricity bills, Ontario businesses have yet to see an apples-to-apples jurisdictional comparison of electricity prices from the provincial government. Such a comparison will allow for better understanding of the position of Ontario to its surrounding neighbours and competitors for business investment.

While the recommendations suggested below will not necessarily serve to see an immediate decrease in electricity rates, they will provide a better understanding of the true cost of electricity, which could lead to programs that are better designed to mitigate constant price increases.

Recommendations

The Ontario Chamber of Commerce recommends that the Ontario government:

1. Make public the full breakdown of the cost-drivers behind electricity distribution and generation and how investment decisions have impacted electricity cost.

2. Complete and make public a jurisdictional comparison, along with Class A, Class B and Time of Use pricing for small business, that can be used to better understand how Ontario stacks up to its neighbours and competitors for business investment.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

[29] Ibid

II. Support Commercialization for New Technologies

Authored by the Sarnia Lambton Chamber of Commerce

Issue

The potential for new jobs, through proven new technology is not being achieved in Ontario as gaps continue to exist to fund important final stages of commercialization development.

Background

The Ontario Innovation Demonstration Fund was a program offered through the Ministry of Research and Innovation that covered 50% of eligible expenses to a maximum of $4 million as forgivable loans, repayable loans or royalty agreements. The program supported pilot scale projects until it was suspended in 2013. No government funding was or has been made available for building demonstration plants - the next stage of commercialization.

The first step in moving from a lab/pilot scale to a demonstration facility is to perform the detailed engineering to develop a commercially viable plant design and the detailed work required to prepare an accurate estimate of the capital cost of the facility. To do this could cost more than $1 million. This level of information is required before the proponent can approach any 'commercial' funding bodies (bank, angel investor, larger company, etc.).

The problem that communities face is the repurposing of multi-billion dollar facilities through new technology or process development. Funding for these demonstration plants may or may not be available and is a major deterrent to commercialization. Demonstration level funding should be available for innovative manufacturing processes.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Work with the federal government, financial institutions and innovation clusters to develop loan guarantees that fund:

    a) The detailed engineering and cost estimating required to approach funding bodies; and
    b) The assistance needed to assemble funding to actually build the demonstration or commercial plant.

2. Reintroduce the Ontario Innovation Demonstration Fund and promote it through area economic development offices.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

JJ. Supporting Ontario to Become a Leader in Global Mining Innovation

Authored by the Greater Sudbury Chamber of Commerce, Co-Sponsored by the Timmins Chamber of Commerce, the North Bay & District Chamber of Commerce, and the Sault Ste. Marie Chamber of Commerce

Issue

The current commodity downturn is impacting the competitiveness of Ontario's mining sector. Strategic government investments in areas such as mining research and innovation is needed to stimulate this sector in a challenging economic time and to position the province for success when global mining fortunes begin to turn for the better.

Background

Mining is a competitive advantage for the province. In 2014, mining and quarrying activities generated over $8.3 billion in real GDP in the province. The Ontario Mining Association estimates that each additional $1 billion of mineral production in Ontario contributes $858 million to the province's GDP and creates nearly 4,500 jobs. Ontario's expertise in mineral production, mining supply and services, finance and innovation are in global demand.

With the current commodities downturn however, it is essential that the government take active steps, such as investing in innovation, to ensure the mining sector's continued role as an economic driver in the province. In face of a difficult economic environment, innovation and creative ideas are needed more than ever to reduce costs and increase production. Mining innovation allows for the development of new technologies, products, and business processes necessary for Ontario firms to stay competitive. With mines becoming deeper and more remote, research and innovation is increasingly essential to developing new tools and techniques to address these challenges.

Ontario is home to a number of nation-leading mining research and innovation groups and initiatives, including the Centre for Excellence in Mining Innovation (CEMI), the Mining Innovation Rehabilitation and Applied Research Corporation (MIRARCO), the Northern Centre for Advanced Technology (NORCAT), and important mining programs at postsecondary institutions including those offered at the recently established Goodman School of Mines. The Northern Ontario Mining Supply and Services Association (SAMSSA) also represents the largest concentration of expertise in mining supply/products and services including innovation.

Despite the importance of research and innovation, Ontario mining firms have been scaling back on investments in these areas in recent years and focusing on core operating priorities due to the difficult economic environment they are facing. Direct government investment is needed to fill this gap. Although we are encouraged by the 2015 Ontario Mineral Development Strategy which includes innovation objectives, we believe specific and measurable action items are needed to bring this vision to reality. Improved funding flows and ratios as well as a broader vision of innovation will both contribute to sustaining mining innovation throughout the downturn and enhancing Ontario's mining innovation expertise on the global stage.

The success of mining innovation is impacted by the time it takes for funding to flow and the government to industry ratio of funding. In some jurisdictions proposals can take over a year to be processed and it can take another year before approved funding begins to flow. The time required impacts the momentum of the project as a whole, available talent and resources, as well as the delay in the potential economic impact and adoption. It also impacts the willingness of management within industry to commit to funds. Most managers and business heads are willing to commit to funds for projects that accrue benefits within their "lifetime" within a particular position, generally between 1-3 years. This incents shorter term thinking, unless the commitments are approved at the highest levels.

Generally, Ontario mining companies and government contribute research and innovation funds on a 1:1 ratio. Matching investments are provided regardless of the type of project. With fewer resources available from industry, this skews investments towards cheaper and lower-risk research projects, and away from the innovation and commercialization projects that are necessary to realize productivity gains in the sector. In order to attract funds and partnership from global mining companies, the Government of Ontario needs to consider adjusting its funding ratios and consider options such as increasing ratios to 4:1 or 5:1 to provide incentives to support larger-scale, longer-term, visionary provincial mining innovation projects given that the projects have a strong business case and a high return on investment. Increasing the relative-government-to-industry ratio for innovation and commercialization projects will incentivize greater industry investment in higher risk projects and boost productivity enhancing activity in Ontario during this downturn in the mining cycle. The chamber network encourages the province to work with the federal government to enhance funding ratios in mining innovation to better leverage private sector funds.

Further, for innovation to work, it must be adopted. Mining innovations need to be demonstrated and implemented as workable beyond the theoretical, but also show commercial viability. The lack of commercialization is one of the reasons why so little of the funding for mining research has impacted mine operations. The majority of funding in the province is targeted at research in academia that may not necessarily translate into industry-relevant innovation or commercialization. While university-based research is essential, research in operating mines and with suppliers is equally important. The Research, Demonstration and Implementation (RD +I) approach to focus on practical applications, distinct from academic research was developed by the Centre for Excellence in Mining Innovation (CEMI) in 2011 and is aimed at addressing this very important issue. Mining service and supply firms also make significant contributions to the commercialization process and their efforts should be supported in an integrated manner. Funding and programming in such areas will further encourage commercialization and industry adoption of important mining innovations.

In face of the current economic environment and competition from jurisdictions with lower wages, operating costs, and less stringent environmental regulations, Ontario has little choice but to innovate. Given the relative strength and coherence of the mining industry, research and innovation organizations and our mining service and supply sector in Ontario, we have a tremendous opportunity to become a global powerhouse in this field – so long as all the factors for success are in place in which mining innovators can thrive. Conventional approaches are failing to deliver new mines at greater depths and in more remote locations; innovation is essential if we are to sustain our strength in mining. With the downturn in the global mining sector fueling the development of fewer projects, there is an opportunity for the industry to focus efforts towards innovation and developing the technologies that will increase the productivity of mining operations.

Recommendations
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Increase the relative government-to-industry funding ratio for innovation and commercialization projects, and manage funding flows as appropriate based on the size and timeframe of such projects.

2. Provide funding for mining innovation projects that go beyond academic research and incorporate the mining industry, the supply and service industry, and other cross-sector industries to support implementation and commercialization requirements.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

KK. Bending the Cost Curve of Ontario's Electricity Prices

Authored by the Timmins Chamber of Commerce, Co-sponsored by the Greater Sudbury Chamber of Commerce, the Sault Ste. Marie Chamber of Commerce, and the Thunder Bay Chamber of Commerce

Issue

As the province undertakes development of Ontario's new Long-Term Energy Plan, it must seek to incorporate business input, transparency measures, and other means of addressing escalating costs which currently render it a jurisdiction with one of the highest electricity rates in North America.

Background

At a time where rising electricity prices are consistently reported as the most pressing issue impacting the competitiveness of businesses in Ontario, the provincial government is beginning to undertake development of a new Long-Term Energy Plan (LTEP) for 2017.

As the province's blueprint for "clean, reliable and affordable energy", the LTEP will guide the government's future decisions on this file. The need to include business input as part of the process is key, as a 2015 Ontario Chamber of Commerce report indicates that not only is the province's advertised electricity rate one of the highest in North America, but industrial customers' bills were forecast to increase by 13 percent over the next five years; rates for small businesses are predicted to climb by 25 percent over that same period.

Greater transparency around these costs is also required in order to render government more accountable on any related decision-making: businesses remain unclear as to the nature and full extent of costs for such items as the Global Adjustment, as well as Ontario's annual average electricity prices.

However, the provincial government has taken some positive steps to address these and other issues, including an announcement in the 2015 budget of tax measures designed to incent voluntary consolidation of local distribution companies. As consolidation will help achieve economies of scale and improve access to capital, the effectiveness of these tax measures should be measured, with an eye on maintaining those with demonstrated success.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Incorporate business input into the development of the new Long-Term Energy Plan as an opportunity to ensure a reliable, modern and efficient supply at rates that enable Ontario businesses to be competitive in a global market.

2. Provide regular public reporting and greater transparency on the costs associated with business energy bills in Ontario, including annual average electricity prices, the allocation and breakdown of Global Adjustment fees, and other costs related to the current energy supply mix.

3. Evaluate existing tax exemptions and other incentives designed to encourage voluntary consolidation of local distribution companies with the goal of extending those which have achieved their intended purpose.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

FISCAL/TAXATION

A. Maintaining Ontario Mining Tax Rates

Authored by the Timmins Chamber of Commerce, with the Greater Sudbury Chamber of Commerce, the Thunder Bay Chamber of Commerce, and the North Bay & District Chamber of Commerce

Issue

The Ontario government is facing pressure to review the provincial mining tax system in order to increase tax rates for operating mines. This would threaten the viability of Ontario's mining sector and discourage further investment in resource development.

Background

The Ontario mining industry is a significant contributor to the provincial economy, investing approximately $4 billion every year in exploration, construction, equipment and R&D. Roughly 256,000 people are employed in Ontario's mineral cluster, generating $500 milllion annually in personal income taxes. Moreover, mining is the largest private-sector employer of Aboriginal Canadians, who account for 9.7% of all mining jobs in Ontario.

Despite these contributions, the Ontario government has recently expressed an interest in increasing the mining sector's tax burden as a means of addressing the provincial debt. In its 2012 and 2013 budgets, the provincial government indicated its intent to re-examine the mining tax regime, suggesting it would seek "fair compensation for its non-renewable resources." This would mean revisiting Ontario's Mining Tax Act, which dictates a 5% tax rate on profits from remote mines, and a 10% tax rate on profits from non-remote mines. The province's sole diamond mine – the De Beers Victor Mine – is subject to a separate 13% rate through the Ontario Diamonds Royalty, which is contained within the Ontario Mining Act.

While this idea was dropped from the 2014 budget, special interest groups such as MiningWatch Canada continue to press both the provincial government and the auditor general for a review in order to raise tax rates for Ontario's remote, non-remote and diamond mines. Other groups, such as the Canadian Centre for Policy Alternatives and the School of Public Policy at the University of Calgary, have since echoed the call and continue to apply public pressure.

However, a heavier tax burden would only threaten the vitality of Ontario's mining sector -- which routinely identifies rising costs as a major challenge -- and exacerbate the industry's existing regional challenges. Soaring energy rates and regulatory uncertainty resulting from legislation like the Far North Act have already damaged Ontario's competitiveness: ranked among the top 10 mining jurisdictions in the world by the Fraser Institute's 2006 Annual Survey of Mining Companies, Ontario sunk to 23rd in the 2015 rankings as mining firms react to government policies that impede investment and development.

Recommendation
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Maintain the current mining tax rates for remote, non-remote, and diamond mining operations.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

B. Reconsider Approach to Addressing Ontario's Retirement Savings Problem

Authored by the Halton Hills Chamber of Commerce and the Greater Sudbury Chamber of Commerce, with the Timmins Chamber of Commerce, the North Bay & District Chamber of Commerce, and the Sault Ste. Marie Chamber of Commerce

Issue

The Ontario Government is moving forward with the creation of a new, mandatory pension plan: the Ontario Retirement Pension Plan (ORPP), modeled after the Canada Pension Plan. The proposed plan runs the risk of further fragmenting the pension landscape in Canada and if implemented, will add complexity and regulatory burdens on employers. Employers cannot incur the costs associated with a standalone provincial pension plan.

Background

The Ontario government is reforming Ontario's pension system by creating the Ontario Retirement Pension Plan (ORPP). The ORPP, set to be phased in beginning in 2017, will require employees and employers to contribute an equal amount, capped at 1.9% of an employee's annual earnings up to $90,000. Employers that offer defined-benefit plans will be exempt from contributing to the plan.

Ontario businesses worry about the consequences of an added cost to employers in an already difficult economic climate. According to a recent OCC survey, only 23 percent of businesses in Ontario believe that they can afford the costs associated with increased employer pension contributions.

With so few businesses able to afford new costs, the government has a responsibility to conduct a thorough analysis on the impact the ORPP will have on Ontario businesses and Ontario's economy. To date, this type of analysis has not been made public by the Ministry of Finance.

This type of due diligence is especially important given the province's broader economic picture. Employers are facing rising costs, such as high WSIB premiums which risk stifling investment in Ontario. Many employers are also facing regular increases in labour costs as a result of reforms to minimum wage. Ontario businesses also face volatile foreign exchange rates and energy costs.

Beyond economic impact, there are several other key questions that government has yet to answer, including:

How will the ORPP impact Ontario's competitiveness vis-à-vis other provinces and states? By moving ahead with a standalone mandatory pension plan, Ontario will be adding complexity to the regulatory environment for businesses operating in Ontario. All else being equal, this added cost and regulatory requirement will almost certainly deter businesses from investing in the province.

Why are employers who offer defined-contribution plans not exempt from paying into the ORPP? By limiting the definition of "comparable" to defined benefit (DB)-type pension plans, government punishes those employers who already offer a workplace pension plan to their employees. Consider the common scenario of an employer who offers his employees a generous defined-contribution plan with an employer contribution rate two to three times that of the ORPP. In response to the new costs associated with the ORPP, employers who offer non-comparable pension plans might choose to reduce the contributions in their existing plans to offset the new costs incurred by the ORPP. Alternatively, employers might choose to scrap their plans altogether.

What is the cost to the taxpayer of administering the ORPP? The ORPP will require a considerable amount of new spending by government and the establishment of a new bureaucracy responsible for the administration of the plan. In the context of a large deficit and growing debt, where the government has already committed to significant investments in infrastructure and education, are the government's limited resources well-spent investing in an entirely new pension bureaucracy?

A significant percentage of businesses surveyed by the OCC indicate that Ontario should pursue targeted options outside the ORPP such as Pooled Registered Pension Plans (PRPPs). PRPPs are pooled, low cost and professionally managed and transferable pension plans that can provide savings opportunities for the millions of Canadians who do not currently have access to any type of pension plan at work. PRPPS are also flexible and voluntary: employers can adjust their contributions depending on their financial circumstances. Yet PRPPs are at risk of having very low employer take-up because of the introduction of the government's decision to deem PRPPs "non-comparable" to the ORPP (meaning employers who would offer PRPPs would still have to contribute to the ORPP). Further, the government should recognize the positive impact that increased financial literacy can have on savings behaviour, as well as the value of existing savings mechanisms, including Tax Free Savings Accounts (TFSAs) and Registered Retirement Savings Plans (RRSPs).

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Defer ORPP legislation if unanswered questions are not adequately addressed by date of introduction (2017).

2. Conduct a thorough analysis on the consequences the ORPP will have on employment levels, wages, and foreign direct investment. The results of that economic analysis should be made public.

3. Study the impact of the current, narrow definition of “comparable plan” and include it in the above analysis. Specifically, particular attention must be paid to the impact such a narrow definition will have on existing employer sponsored “defined contribution” plans. This element of the analysis should also be made public.

4. Carry through with advancing PRPPs as a means to offer a lower cost flexible option to employers and employees.

5. Build enhanced financial literacy programming into the school curriculum at all levels of the education system.

6. Consider options to make existing personal savings tools such as TFSAs and RRSPs more attractive to encourage wider use.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

C. Reinstate Scheduled Corporate Income Tax Rate Reductions by 2017-18

Authored by the Halton Hills Chamber of Commerce and the Greater Kitchener-Waterloo Chamber of Commerce

Issue

The Government of Ontario pledged to reduce the Corporate Income Tax (CIT) rate to 10 percent by 2013. That promise was halted in 2012 in light of the province's deteriorating fiscal situation, and so the CIT rate remains at 11.5 percent. The government has pledged to reintroduce the scheduled reductions once the budget is balanced.

Background

As part of the provincial government's 2009 comprehensive tax reform package, Ontario's CIT rate has dropped from 14 percent to 11.5 percent since 2010. It was scheduled to drop a further half percent in July 2012 and another 1 percent in July 2013. However, in 2012 the provincial government announced that it was delaying the CIT rate reduction in light of the province's fiscal challenges.

With the province pledging to balance the budget by 2017-18, it is imperative that they also commit to reducing the CIT rate to 10 percent that same year. The CIT rate reduction forms an integral part of the government's 2009 tax reform package. According to a report by the University of Calgary, once fully implemented, Ontario's comprehensive tax reform package will create 591,000 jobs and increase capital investment in Ontario by $47 billion.

In his 2012 report to the Ontario Government, Don Drummond says that once fully implemented, the government's tax reforms will make Ontario one of the most attractive jurisdictions in the industrialized world in which to invest and create jobs.

The CIT rate reduction is important to securing much needed FDI into Ontario. According to a joint study by Harvard University and the World Bank, on average, a tax rate decrease of one percentage point results in a 3.3 percent increase in FDI inflows.

By adhering to its comprehensive tax reform package, the government would send a clear message of stability to Ontario's business community, who are looking to the provincial government for a stable policy regime and responsible fiscal and economic stewardship.

Recommendation

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Reinstate scheduled corporate income tax reductions by 2017-18.

Effective Date: May 2, 2015

Sunset Date: May 2, 2018

D. Unrealized "Heads and Beds Levy" hurts Ontario's Economic Competitiveness

Authored by the Greater Kingston Chamber of Commerce and the Greater Peterborough Chamber of Commerce

Issue

There has been an unacceptable period of inaction to raise the annual payment in lieu of taxes or "heads and beds levy" (*Section 323 of the Municipal Act 2001*) on specified public institutions (i.e. provincial correctional facilities, hospitals, and universities). As a result municipalities are forced to compensate in other ways, including hiking property taxes.

Background

The payment in lieu of taxes made by the Province of Ontario on behalf of post-secondary education institutions and hospitals was $50 per student or hospital bed in 1973. This rate changed to $75 in 1987 and has not changed since.

This rate of $75 per student/bed does not reflect the change in cost of delivering services to Ontario municipalities. The result is undo pressure on all tax classes, particularly the commercial and industrial classes which are taxed at a ratio that averages about 1.5 times the residential rate.

Payments in lieu of taxes tend to be a controversial issue, but with all of the pressures on municipalities, including the arbitration system, this levy is an unrealized resource. The Ontario Chamber of Commerce (OCC) asked in 2012 to increase the heads and beds payments to $140 per student/bed to reflect inflation. However, given the current provincial financial pressures we are suggesting an increase of the levy to $100 per student/bed then attach it to the Consumer Price Index (CPI).

Using the $100 to reflect inflation:

- In Kingston, it has been estimated that an increase in the heads and beds levy to adjust for inflation would provide approximately $1 million in additional funds to the City's annual budget.

- In Peterborough, based on current expectations, an increase in the heads and beds levy would result in approximately $1.1 million in additional funds to the annual budget.

The economic impact of such funds in municipalities would be immediate.

Post-secondary institutions across the province are working on the premise that full-time enrollment numbers will continue to increase. A number of reports on health care system predict the number of acute beds will remain stagnant, but that does not mean the amount of the payment in lieu of taxes should. As a result of the levy remaining at 1987 levels, Ontario municipalities with post-secondary institutions are facing significant competitive disadvantages and ultimately, this will have an impact on Ontario's economic recovery.

The Province has seen fit to attach Minimum Wage to an economic factor such as the Consumer Price Index (CPI) based on an argument from the Ontario Chamber of Commerce Network. We feel this mechanism would be effective for the "Heads and Beds Levy" as well.

Recommendation

The Ontario Chamber of Commerce urges the Ontario Government:

1. To reflect inflation since the last levy increase in 1987, increase the "Heads and Beds Levy" to $100 per student/bed and then tie future yearly increases to the Consumer Price Index (CPI).

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

E. Enforcing Wage Restraints for Senior School Board Officers

Authored by the Greater Kitchener Waterloo Chamber of Commerce

Issue

Pay increases to officials of provincially funded school boards which are not in compliance with public sector wage restraints.

Background

In January of 2015, Ontario Minister of Education Liz Sandals ordered ministry officials to review school boards across Ontario to ensure compliance with all relevant public sector wage freezes in relation to compensation for senior officials.

A National Post article by Keith Leslie on January 13, 2015 indicated at least 21 of 75 provincial school boards provided pay increases to their directors when compensation levels should have been frozen.

Minister Sandals' decision on the aforementioned review was initiated by Toronto District School Board (TDSB) trustees who voted in favour of a motion permitting Director Donna Quan to maintain her previously awarded salary increase. Trustee Sheila Cary-Meagher, who introduced the motion, indicated during a TDSB board meeting that several other boards are ignoring provincial legislation, which resulted in a 10-7 vote in support.

A March 4, 2015 Globe and Mail article by Karen Howlett indicated the Minister of Education would be directing designated school board employees receiving raises in contravention of provincial legislation to provide repayments. However, the article also notes that many boards plan to challenge the ministry's interpretation of the legislation and apparent lack of clarity around application.

The minister has recently, through correspondence to boards, indicated the freeze applies to directors of education, superintendents, and those holding executive positions regardless of job title. The Council of Ontario Directors of Education has determined through legal opinion that superintendents should be designated in the same category as principals and vice principals who are now exempt from the salary freeze.

As noted by the aforementioned TDSB trustee remark, one board defending their practices on the premise of other boards making similar decisions is not appropriate and disrespectful to the businesses and taxpayers who fund the public education system in Ontario.

Recommendation

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Enforce the Broader Public Sector Accountability Act and other relevant provincial legislation and regulations in relation to executive salaries at provincially funded school boards;

2. Require school board officials to pay back to their employer all salary increases that were inappropriately awarded during periods of legislated wage restraint.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

F. Ensuring Accountability and Competitiveness for OntarioBuys

Authored by the Greater Niagara Chamber of Commerce and the Greater Sudbury Chamber of Commerce

Issue

The Chamber has raised concerns regarding the procurement procedures developed by OntarioBuys. Under OntarioBuys, shared service organizations (SSOs) were created. One such SSO is the Ontario Education Collaborative Marketplace (OECM). Under this SSO there are number of stipulations that are unrealistic for small and medium sized firms to meet. There are significant process changes that must be made for OntarioBuys to be a fair and open process that does not negatively impact businesses across the province.

Background

OntarioBuys is a government initiative launched in 2004 to achieve savings in the procurement of goods and services in the provincially-funded broader public sector (BPS) including hospitals, school boards, colleges and universities. The BPS Supply Chain Secretariat, part of the Ministry of Finance, is responsible for administering and managing OntarioBuys. Ontario is the only province in Canada with a formal program that provides funding and advice to BPS organizations to help them improve their supply-chain management practice. OntarioBuys encourages BPS organizations to engage in collaborative ordering, delivering, warehousing and payment of goods and services. The program has provided funding to expand SSOs (Shared Services Organizations). These are central organizations whose sole purpose is to act as one voice for broader public sector organizations and support projects aimed at helping broader public sector organizations become more efficient.

The first SSOs to be created under OntarioBuys are the Ontario Education Collaborative Marketplace (OECM). OECM is a not-for-profit corporation founded by nine educational institutions (six universities, two colleges and one school board). In 2009, the OECM released its first RFP. There were a number of concerns raised by businesses including:

- Size of the RFP
- Exclusion of a Request for Information (noted as a best practice by Ministry of Government Services)
- Length of term for award contract
- Exclusion of value added components that ensure the overall service of business to its clients, which many small and medium sized companies take pride in the high level of service provided to its clients, and it is an important competitive edge in many communities across Ontario.

Modifications have been made to the RFP process, but there is still a concern that the competitiveness of the process is unfairly balanced. This concern was echoed in a report from the Auditor General in the most recent assessment of OECM. The report demonstrated that there are significant risks that were over-looked in the creation of OECM. One of the noted concerns was low supplier participation. According to the report, SMEs are unable to access OECM due to the size of the RFPs, and the stipulations of the RFPs being issued by the organization.

While the government should be commended for seeking ways in which the procurement of goods and services is conducted in a manner that saves money and reduces expenses, the process of procurement should not be prohibitive to SMEs across Ontario. In addition there should be considerable metrics to determine the actual savings that the Ontario government is making through a modified supply-chain management process. In doing so the provincial government will be able to be both accountable and ensure competitiveness integrity when it comes to the OntarioBuys program.

Recommendations
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Include private sector representation on the boards of all shared-services organizations operating under OntarioBuys including from SME’s and regions of Ontario.

2. Immediately develop monitoring guidelines to assist OntarioBuys staff as they conduct oversight of project funding.

3. Mandate performance metrics for the OntarioBuys program and its shared-service organizations as a means to measure the actual return on investment compared to the realized cost savings and leveraged efficiencies.

4. Mandate OntarioBuys and its SSOs to create a clear dispute resolution mechanism.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

G. Essential Service Designation for Provincially Funded Transit Services

Authored by the Newmarket Chamber of Commerce

Issue

A broken arbitration system coupled with transit labour disputes are holding Ontario businesses and taxpayer's hostage. A two-pronged solution that begins with mending the arbitration system and is followed by designating provincial transit an essential service will preserve the economic stability, competitiveness and health of our province in these uncertain times.

Background

The labour arbitration system in Ontario is badly broken. Municipalities, taxpayers and businesses are paying hundreds of millions of dollars in wage settlements resulting from binding interest arbitration.

Arbitration law governing essential services in Ontario sets out five criteria which arbitrators and arbitration boards must consider when making interest arbitration decisions, including the employer's ability to pay and the economic situation in Ontario and the municipality. In most of the interest arbitration awards for emergency services in 2010, arbitrators/arbitration boards failed to establish that these criteria were considered, resulting in arbitrated settlements that typically cost employers more. "Arbitrated settlements are often based on comparisons to provincial, not regional services and to comparative professions rather than other regional workers. As a result, emergency services costs are rising faster than other municipal services, the cost of living and the rate of inflation.

Binding interest arbitration attempts to balance the loss of the ability to withhold services (through lockout or strike) with fair compensation. The arbitration process, must also balance the economic realities of the region and the employers' ability to pay. In its absence, the cost of transit goes up, and that increase is passed along to taxpayers in the form of higher fees, higher taxes or cuts to other services.

A two-pronged solution will create a sustainable, efficient and reliable regional transit system that enables the province to remain economically competitive while contributing to growth and innovation. The first part of the solution is the repair of the labour arbitration system. The labour arbitration system must be fixed (see Kitchener-Waterloo resolution for more on arbitration) to actively consider a municipality's ability to pay and provide a rationale for the award is key to mending the current system and making settlements more affordable to taxpayers and businesses. Second, transit in the province must be designated an essential service. Transit strikes prevent workers from reaching their destination, cost employers millions, and prevent small businesses from functioning. For example, the Toronto Transit Commission (TTC) strike of 2008 cost the city $50 million a day and affected approximately 1.5 million riders, while the London Transit strike of 2008 cost that community an estimated $132 million dollars. The three-month York Region strike in 2011-12 was the longest transit walk-out in Ontario history, and affected more than 44,000 commuters daily, costing millions of dollars in lost productivity.

All cities are driven by economic competitiveness of which good mobility systems are a key feature. In large regions, such as the GTHA, London, Ottawa and Windsor, it is imperative that transit functions smoothly, reliably and consistently. There are now about the same number of jobs in neighbouring GTA municipalities as there are inside the City of Toronto. Ridership on municipal transit systems serving Ontario's 15 largest urban centres was projected to increase to 833 million trips by 2013. As the Region's population grows, with the GTHA in particular reaching 8.6 million by 2031, more people will be dependent on transit. In addition to the Toronto example, many other Regions throughout Ontario have been impacted by striking transit workers, or the threat of a strike or lockout.

In 2012, York Region Residents and Businesses were impacted by a three-month transit strike that impacted 60% of its operations. The reduced level of local transit service had a tremendous impact on riders and businesses, as well as the ridership and operational costs of the Regional Government.
Essential service designation for transit in the GTHA would keep busses running, people moving and enable much–needed economic growth in these financially uncertain times.

Acknowledging the centrality of transit to economic vitality, in 2011 the City of Toronto declared the TTC an essential service. However, the TTC is one of nine transit providers in the region. The interconnectedness of our economies and the increasing prevalence of intra-regional commuting patterns highlights the need for uniform status across all systems in the region. Communities, led by local chambers of commerce and Metrolinx have implemented transit incentive programs such as SMARTCOMMUTE to encourage ridership in the business community. These initiatives are jeopardized by transit labour disputes that force people back into their cars, increasing congestion on roads and making goods movement a challenge. Ensuring stable labour relations and uninterrupted service provision reinforces our collective economic, environmental and health priorities.

Recommendations
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Reform the current arbitration system in order to mitigate the cost increases inherent in interest arbitration. Arbitrators should be required to apply local economic criteria and consider the financial 130 impact of settlements on the municipality and its wages within the context of other services and programs.

2. Subject to agreement on recommendation #1, designate all provincially supported transit in Ontario an essential service, ensuring a stable, healthy and competitive business environment.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

H. Fair Municipal Tendering

Authored by the Hamilton Chamber of Commerce and Sault Ste. Marie Chamber of Commerce

Issue

Current provisions under the Ontario Labour Relations Act severely restrict the ability of municipalities and school boards to provide open tendering for major infrastructure projects. This legislative regime potentially leads to higher taxes for businesses or reduced services in municipalities of all sizes across Ontario

Background

Public sector employers, specifically municipalities, are treated as businesses under Ontario's Labour Relations Act, 1995. As a result of this classification, the OLB, upon petition from a union, is able to apply collective-bargaining rules for construction companies to municipalities. Consequently, once an employer becomes unionized all infrastructure projects are available exclusively to companies organized by a specific union.

Municipalities are now forced to pick only those contractors that hold membership under a specific union. It is estimated that 70 percent of contractors nationally are not unionized and would subsequently be prohibited from working on designated public projects.

An example stemming from this legislation comes from the City of Hamilton. In 2005 two workers signed carpenters' union cards and were thus able to impose a union agreement on the entire city. As a result, the pool of eligible bidders for construction contracts in Hamilton was reduced by over 90 per cent. Of the 260 firms that had previously bid on city jobs, city staff calculated that only 17 were affiliated with the carpenters union.

Similarly In the Region of Waterloo as of writing, 27 companies have pre-qualified to bid on $140 million worth of regional water and wastewater infrastructure work. If a bid by the Carpenters' Union for certification is successful, the number would drop to just two.

Many firms who pay taxes in our municipalities are unable to bid on local contracts simply because their workers either chose not to unionize or chose a union other than the Carpenters or Labourers Union.

In response to concern by municipalities, Kitchener-Conestoga MPP Michael Harris tabled Bill 73, the Fair and Open Tendering Act, in May 2013. The proposed legislation provided a clear definition in the OLRA to clarify that municipalities and school boards are not construction employers. The bill was defeated on second reading despite support from by Association of Municipalities of Ontario as well as the Large Urban Mayors' Caucus of Ontario.

There are several municipalities in the Province of Ontario that are currently impacted by closed tendering rules, including but not limited to Sault Ste. Marie, Hamilton, Kitchener Waterloo, Toronto and Mississauga.

Recommendation

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Amend the Ontario Labour Relations Act to clarify that municipalities and school boards are not construction employers.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

I. Fair Government Grant Funding

Authored by the Chatham-Kent Chamber of Commerce & Owen Sound Chamber of Commerce

Issue

Municipalities of various populations, land mass and infrastructure requirements are offered provincial funding through grants. Improved allocation and qualification criteria is required to better meet the needs of all municipalities.

Background

Many provincial government grant applications are awarded through a competitive process. Some criteria limit the number and types of projects applied for while others are allocated on the basis of measures such as population base and transit ridership. Such guidelines create an uneven playing field for local governments that have multiple projects or do not meet necessary measures. Amalgamated communities often have inequities due combined mass, population or other factors.

At times provincial grants are announced on short notice whereby prompting a reactionary and time constrained procedure for local governments to administer the submission of an application with no reassurance of monetary outcome. This process can cost constituents as a result by bearing the cost of lost time and wages of local government administration.

In most cases, key projects of municipalities, such as infrastructure, still necessitate the need for completion whether or not they will receive grant funding, thus bearing the cost of such projects on local taxpayers and businesses.

An ad-hoc approach to grant applications does not promote long term strategic planning or sustainability. The practice contradicts the best use of government finances at both levels, provincial and municipal. The competitive nature does not provide equal provisions or allow for local planning through a balanced, methodical business plan.

Recommendation

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Revisit the criteria and qualifications required for local governments to submit grant applications in order to provide a more equitable and sustained distribution to local jurisdictions.
   a) Attention should be applied to implementing a sustainable funding model based on long range asset management plans.
   b) In reviewing such criteria consideration should be given, but not limited to, measures such as population served, the number or value of bridges, kilometres of

roads, water mains and sewers, etc. and be based on proven asset management plans.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

J. Lack of Transparency and Accountability of School Boards to the Property Taxpayers

Authored by the Greater Oshawa Chamber of Commerce

Issue

Currently there is a lack of transparency and accountability to the taxpayers between school boards and municipalities. This can have a negative impact on business and good municipal planning through property taxes and residential and non-residential development charges. School boards and municipal councils need to ensure they work together on decisions regarding education infrastructure so as not to undermine local economies.

Background

One area of the property tax base that has flown under the radar screen and is currently lacking accountability and transparency to the taxpayers is the education portion of the property taxes which can be 20% to 25% and the education development charges. DC's assist municipalities achieve good planning. In light of the provincial legislation these areas can be negatively impacted long term by the Ministry of Education Accommodation Review process used by the school boards across Ontario.

The province of Ontario dictates the education tax rate to the municipalities who collect the taxes and remit it to the school boards. The province gives a set base rate per student and the Ministry tops up the amount where necessary.

Currently on school closures, the regulatory requirement on surplus schools is that municipal councils and other public institutions (such as colleges or universities) effectively have right of first refusal if the school board seeks to sell a school. There is, however, a stipulation that any sale must be at "fair market value". Should the ratepayers have to pay for property they already have paid for?

Many municipalities are concerned about the negative impact that school closures are having on their community's property tax base, development charges, and the socio-economic fabric. Over 40 Ontario municipalities have past council resolutions referencing the lack of meaningful consultation between School Boards and the municipality's on this issue.

The Community Schools Alliance (CSA), a group of municipal leaders representing over 150 of Ontario's municipalities, is advocating for a 'smart moratorium' on disputed school closures. They believe that closing a school because of underutilized space may result in a significant increase in student travel time and actually have a negative effect on student academic achievement.

The Association of Municipalities of Ontario (AMO) is also concerned about the impact of school closings. In a December 2014 letter to the Minster of Municipal Affairs and Housing, they stressed that school closures have a social and economic impact and affect community and neighborhood wellbeing. AMO stressed that when a school is shut down; the entire way of life in the local area is impacted, including spin off economic impacts. AMO feels that school closures go beyond impacting educational services making it very difficult to keep and attract new families to a community or neighbourhood when a school is lost. They believe that the viability of communities and neighbourhoods is directly related to local access to elementary and secondary education.

In November 2014 the government conducted consultations on the Pupil Accommodation Review Guideline (PARG) Review. PARGs give school boards the absolute power to close a school. As part of the report the Government committed to develop/support school-community hubs to promote efficient use of public assets, build better ties between schools municipalities and other community organizations, and ensure that more viable schools are able to remain open.

However, both the CSA and AMO are concerned about the limited role that municipalities play, even under the new guidelines. Currently, there is nothing there is nothing a community or municipality can do to require a reconsideration of a closure decision.

The CSA believes that such an option should exist and that; the opportunity to appeal a closure decision to an independent third party should be created; a much better process is needed to determine changes to pupil accommodation and that the PARG now proposed will move us in the wrong direction. Until that better system is in place, the CSA is again calling on the Minister of Education to impose a moratorium on disputed school closures.

AMO members feel that the decisions to close schools has not adequately accounted for the value of the schools, the role that they play in a community's fabric, and how they strengthen communities. AMO's primary concern with the proposed changes to the PARG is about the shift in emphasis to student achievement to the exclusion of other value considerations to the community and local economy. AMO feels the proposed revisions to the PARG will only deepen the potential disconnect between school board decisions and local municipal planning priorities.

AMO is understanding of the Province's fiscal situation, and has proposed that municipalities and school boards grow schools into community hubs by consolidating school assets and integrating local programs and services, such as libraries and community centres within existing school infrastructure, where it may be practical and cost efficient for municipal governments. AMO requested that the Ministry conduct research to assess the real cost savings of closing schools to determine if the closings only bring short-term savings but entail longer term costs to human, social, and community capital.

This proposal has received popular support, and was even endorsed in an editorial in the Globe and Mail by Johnathan Scott, former vice-president of the Ontario Student Trustees' Association, and former speechwriter to Premier Kathleen Wynne.

Recommendations
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Put in place a standing committee of the legislature to review and report its observations, opinions and recommendations as it relates to the disbursement of public money on the education system collected and disbursed from the property tax base. This process would include but not limited to:

    - transparency and accountability to the taxpayers between municipalities and school boards

    - a mutually agreed upon Accommodation Review committee process for school closings to provide the opportunity for municipalities to work together with the Ministry of Education, school boards and to develop policies addressing;
        - planning for declining enrolments,
        - an appeals process for municipalities
        - a collaborative approach to pupil accommodation.

    Such findings should be based on principles that consider the broad impact, including but not limited to both social and fiscal effects, of any changes to the infrastructure on students and their community.

2. Direct the standing committee to consult with the provincial business sector, through the Ontario Chamber of Commerce, on measuring the economic impacts of school closures.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

K. Ontario's Debt and Deficit Management Strategy

Authored by the London Chamber of Commerce

Issue

Ontario's net debt, the difference between total liabilities and total financial assets, was $267.2 billion in in 2013-2014. The Ontario Government is projecting a deficit of $12.5 billion in 2014-2015 and has pledged to eliminate it by 2017-18. However, by that year, Ontario's net cumulative debt will have ballooned to an estimated $325 billion. That's more than double the $156 billion net debt of just a decade ago according to Ontario's Auditor General, Bonnie Lysyk in her December 2014 report.

In order for the Ontario Government to eliminate its deficit by 2017-2018, it will have to reduce the deficit by over $4 billion per year for the next three years.

Furthermore, Ontario has the highest debt in Canada and the second highest debt per capita. The negative consequences of this unsustainable yet seemingly insatiable and chronic appetite for debt includes huge servicing costs which divert funds away from critical government services and leaves Ontario vulnerable to interest rate increases as well the very real threat of credit-rating downgrades that lead to higher borrowing costs in future. Looking forward, apart from jeopardizing the sustainability of our public services, Ontario's debt crisis will be a drag on our domestic business confidence as well as having a chilling effect on foreign direct investment.

This massive debt also creates an intergenerational shift of the tax burden. Without a more robust plan to eliminate the annual deficit and ultimately reduce the current level of debt, we will be leaving that debt for future generations to pay for.

Background

In response to the economic downturn that took place in 2008, the Ontario government has relaxed its fiscal policy by running significant deficits year over year. While there are some arguments in favour of continuing to run relaxed fiscal policy during this year, it is imperative that the government move to credibly outline a plan to balance the budget by fiscal year 2017-18.

One useful measure of a country's capacity to borrow and repay debt is the debt-GDP ratio. Provinces (or countries) with high debt-GDP ratios find themselves having to allocate a larger share of their budgets to debt service, while having little room to borrow for future downturns in the economy and leaving no fiscal capacity at all to withstand a future recession. The forecasted debt-to-GDP ratio will be at 41% for 2015/16 up considerably from just 26% in 2008.

For its part, the Ontario Chamber remains concerned about the way that the Federal Government allocates $62.5 billion worth of transfers to other levels of government in Canada and sees it as a major disadvantage for Ontario.

While the gap between what Ontarians pay in federal taxes and what they receive in the form of program spending and transfers is $11 billion, or 1.9 percent of the province's GDP, the Federal Government has nevertheless delivered a strong message in response - namely that it (the Federal Government) has no intention of resolving Ontario's debt/deficit crisis particularly in light of their (Ontario Governments) mismanagement of cancelled gas plants, the Ornge Air Ambulance fiasco and questionable commercial real estate deals in Toronto.

So while it appears unlikely that any relief will be forthcoming from the Federal Government, the burden of responsibility must then lie squarely on the shoulders of the Ontario Government to get its fiscal house in order.

In order to eliminate the Provincial deficit and eventually start to reduce the debt, the Ontario Government must either increase revenues, decrease spending, or the most likely scenario – it will consider a combination of both.

In its efforts to find an additional $4 billion plus dollars per year however, the Ontario Government must ensure that it is not utilizing harmful strategies which may in effect damage the economic recovery further. In other words, the Government must not use strategies which will impede Ontario's business community from that recovery or severely damage vital sectors of our economy.

During the fall of 2014, Deputy Premier and President of the Treasury Board, The Hon. Deb Matthews announced four pillars by which the Ontario Government would address the deficit problem.

These included:

a) Tackling the underground economy
b) Maximizing assets
c) Evaluating public service compensation
d) Program review and transformation

The Ontario Chamber of Commerce believes that these four pillars are an excellent starting point for the Ontario Government to begin identifying sources to find the $4 billion per year required to eliminate the deficit by 2017-18 but, this can only succeed if the Province adopts more ambitious targets coupled with transformational changes in the way government does business. Savings targets for the government have been set to a maximum of $500 million per year, which is less than one percent of the annual budget and far less than the $4 billion per year needed to meet its 2017-2018 balanced budget target.

With a projected slower growth future for the province, combined with the growing demands of a rapidly aging population, the need to deal with the fiscal situation now becomes all the more critical.

Recommendation

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. **Expand Alternative Service Delivery (ASD)** in the health sector and replicate elsewhere where service quality can be improved and costs lowered. By opening up service delivery to the private and not-for-profit sectors, ASD models take advantage of market incentives to enhance productivity, achieve greater efficiencies, and harness new technology.

    a. Beyond its fiscal benefits, ASD accomplishes many other public policy objectives: ASD enables government to leverage private sector investment to modernize the delivery of public services. • ASD enables government to access new and innovative business models. • ASD facilitates the commercialization of government intellectual property and business processes.

    b. Utilizing ASD in specific services, such as the back-office reconciliation of Ontario Health Insurance Plan transactions and frontline services like ServiceOntario, can help the government save money while preserving (or even enhancing) its capacity to deliver valuable services.

2. **Adopt a formal policy on asset recycling**. In Ontario, asset recycling could be one method of reducing the province's large infrastructure deficit, in the context of a reduced fiscal capacity. The Premier's Council on Government Assets is a good start, but the government must adopt a broader policy that applies to more government assets and regularizes the review process. In spite of the many non-action recommendations of the Premier's Council on Government Assets, the Government must move aggressively on this recommendation if the *"Maximizing Assets"* pillar of the President of the Treasury Board is to have any meaning or impact.

3. **Tackle the underground economy to increase revenues by establishing tougher penalties for noncompliance** and a stronger focus on high-risk industries. The 2012 Drummond Commission estimated that strengthened compliance measures could yield over $500 million per year for the province. Without addressing this problem more aggressively, fewer and fewer Ontario businesses will be paying the bulk of Ontario's taxes while those that don't continue to grow.

4. **<u>Apply more rigor to regularly mandated program reviews across all ministries and departments</u>** that re-examine the programs, services, and operations of government ensuring that these are aligned with citizens' expectations of government. Furthermore these reviews should begin with the mandatory questions: Should government be engaged in this activity? Is this policy accomplishing what we want? How do we know? Are there other programs across government that are duplicative? The Ministry of Finance should consider a cash pooling arrangement within and between all departments and ministries whereby any annual budget surpluses (or unspent money) could be allocated by the Finance Minister to either pay down debt or re-allocated to other departmental/ministerial projects instead of borrowing to finance them. Departments/ministries would then be able to re-apply for that money in the next following budget year.

   These reviews should also determine how programs and services align with government priorities, help reduce spending, and where appropriate achieve savings by identifying redundancies and inefficiencies. In this way, program reviews can make government more effective and responsive. They can also be used to "rejuvenate the public service by eliminating unsuccessful programs and strengthening effective ones. By answering the questions posed above, governments can redirect public resources away from non-essential programs and services, and toward core ones

5. **<u>Establish Outcomes-based Incentives and Accountability in the Public Service Sector.</u>** Closely linking incentives and accountability for public servants to specific outcomes can increase the efficiency of government, improve program and service quality, and help the government do more with less. If the government is to move toward fiscal sustainability, it will need to take steps to enhance its return on investment and ensure that desired outcomes are being achieved at the desired cost.

   a. Public sector compensation is the most accessible tool to achieve this outcome. For example, instead of cancelling pay-for-performance incentives, government should reinvigorate them for all levels of the public service and tie them to specific and measurable financial outcomes.

6. **<u>Adopt user-pay models for government services</u>**. This means that part or all of service operating costs are met by the end user. In other words, the government puts a price on a program or service. Depending on the price, user-pay can be used to partially or fully cover the cost to government of providing the service.

   a. In Ontario, adopting user-pay models for specific government services could be a method of maintaining current service levels and quality in the context of a reduced fiscal capacity and increased demand for services. Currently, many government services in Ontario are funded entirely out of general revenue. This means that all citizens pay for these services, regardless of whether or not they use them. By appropriately applying user-pay to some of these services, government could continue to provide them, while reducing the amount of money it contributes.

b. User fees also help regulate and mitigate unnecessary or fraudulent demand and encourage more efficient use of public services.

c. Example: In 2003, Transport for London UK (TfL), London's public transit agency, introduced a congestion charge in central London. The congestion charge acts as a user fee for roads in downtown London: during working hours, motorists are charged a tariff for bringing their vehicle into a designated area of the city. As a user pay scheme, the congestion charge has successfully acted to regulate the demand for road infrastructure and raise revenues.

7. **Adopt a Means Testing provision for specific services**. Means testing means that recipients with greater means may be asked to make a greater contribution to the cost of that service. Many services and benefits in Ontario are currently available to all Ontarians at the same upfront cost (often at no charge), despite significant variation in people's financial means.

   a. Adding a means-testing provision to the price of a service takes into account an individual's 'ability to pay'. From a fiscal perspective, *means testing* can be a method by which government secures additional funds by reducing access for those with higher incomes. Individuals with greater means will pay more for a means-tested benefit or service.

   b. By varying the cost of or access to a service based on means, it can also increase the efficiency and effectiveness of government spending. Means testing reduces spurious demand, thereby increasing access to those that require the service.

   c. Example: Australia integrated means-testing into residential aged care as part of a reform package. The government reduces the amount it contributes toward the care and accommodation of individuals with greater financial means. This is one strategy that Australia is taking to increase the sustainability of aged care, in the context of an aging population similar to that of Ontario.

8. **Investigate cost saving alternatives** for the location of provincial back office functions to save on real estate, wages, and cost of living.

9. **Review the option to enhance the marketing and sale of Ontario Saving Bonds** where the return on investment would improve the provincial debt management position including the investment of surplus cash in the bond program rather than in external financial markets.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

L. Standardization of Electronic Financial Reporting for Municipalities

Authored by the Sault Ste. Marie Chamber of Commerce

Issue

Municipalities report and publish their financial statements and budgets online; however the format used to report the information and the metrics used to report the information are not consistent across all municipalities. This reality makes it very difficult and in some cases impossible for Chambers of Commerce, Boards of Trade and taxpayers in general to properly compare the efficiency and effectiveness of one municipality to another. As a result the ability of Chambers of Commerce and Boards of Trade to effectively and efficiently advocate for their members is negatively impacted.

Background

Chambers of Commerce and Boards of Trade advocate on behalf of their members for, among other things, effective and efficient government. At the local level, Chambers of Commerce and Boards of Trade need to be able to make meaningful comment and constructive recommendations to local government. To do that Chambers of Commerce and Local Boards of Trade require access to clear, consistent information that can be easily compared and contrasted all across municipalities in the province.

The majority of municipalities in the Province of Ontario publish their annual budgets and financial statements online. Local Chambers of Commerce and Local Boards of Trade are best suited to advocate at the municipal level of government on behalf of business in the areas of competitive taxation rates, government efficiency and economic growth.

Municipalities are not currently required to use standardized reporting formats and metrics when they publish budgets, financial statements or other financial information that is consistent with all municipalities, thereby preventing users of the information from being able to easily, efficiently and effectively compare and contrast the performance of one municipality to another on items such as but not limited to:

- Total municipal (ie not education) expenditures/household;
- Total expenditures/$100,000 of assessment;
- Total assessment roll/household, ie the value of all property assessed in a municipality compared to the number of households;
- Full time equivalent municipal personnel by department per household;
- Full time equivalent municipal personnel by department per $100,000 of assessment;
- Total taxation levy per household;
- Total taxation levy per $100,000 of assessment;
- Total provincial financial support (ie OMPF and Uploading) per household and per $100,000 of assessment;

- Assessment rates per type of assessment, ie residential, commercial, industrial etc;
- Assessment value per type of assessment, ie the value of properties taxed under each assessment rate.

Recommendations
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Request that the Ministry of Municipal Affairs and Housing develop a Standardized Municipal Financial Performance Reporting e-Document that will, once implemented, bring about clear and transparent online financial reporting for all municipalities in the province so that all taxpayers can easily, efficiently and effectively compare the financial performance and operational efficiencies of one municipality to any other municipality; and

2. Pass legislation requiring all municipalities to adopt and utilize the Standardized Municipal Financial Performance Reporting e-Document and that all previously published financial information of each municipality be re-published using the document starting with the 2014/2015 fiscal year.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

M. Sustaining Public Sector Services by Eliminating the Public Sector's "Total Compensation" Premium

Authored by the Sarnia Lambton Chamber of Commerce

Issue

Ontario's public services are under threat as the province struggles to contain deficit spending while also carrying a growing debt burden. One of the major contributors to spending is the total compensation premium paid to public sector workers relative to those in the private sector. Intelligent and targeted policies aimed at eliminating this premium will bring fairness to employment across Ontario, increase competitiveness, and enable long-term sustainability of essential public services.

Background

Recent research has demonstrated that the Ontario public sector wage premium is 12.4 percent (AmelaKarabegoviç, et al., Comparing Public and Private Sector Compensation in Ontario, Fraser Institute, 5;). Non-wage benefits are also elevated: in 2011, 76.5 percent of public sector workers were covered by a registered pension compared to 26.0 percent of private sector workers; nearly all were covered by a defined benefit pension (compared to only 53.5 for private sector works); they retired on average 1.3 years earlier and were 10 times less likely to lose their job. Public sector workers also benefit from an implicit government underwriting of unfunded pension liabilities. The most underfunded plans include the Teachers Pension Plan (TPP), the Public Service Pension Plan (PSPP) and OPSEUPP. Many university pension plans are also underfunded. It is expected that as equity market losses in recent years impact pension funds, the funding gap will grow (Drummond Report, p. 437).

The 'total compensation' premium is unfair because it is out of line with the private sector, placing an excessive burden on the provincial budget.

Effective legislation on public pay accountability is possible. Ontario's Pay Equity Act 1990 successfully reduced sex-based wage discrimination. And legislation on public expenses successfully controls the business-related expenses of public sector employees (Public Sector Expenses Review Act 2009, etc.).

The first step is reliable data that include non-pay benefits such as pension, health benefits and job security. This would enable 'total compensation' metric benchmarking. At the moment, such data is not being collected in Canada. Canada should follow the example of the U.S., which collects data on 'total compensation' in the private sector as well as at the municipal, state and federal levels. The Ontario government should press the Federal Government to mandate this data collection by Statistics Canada. (also called for by Drummond Report, recommendation 15-12, p. 378)

Thereafter the goal should be to bring 'total compensation' in the public sector in line with that in the private sector. That includes sharing the pension liabilities with employees. We therefore recommend that the Government, in negotiating with public sector employees, implement wherever possible these strategies:

- Include both salary and non-salary benefits in all compensation negotiations
- Use total compensation metric benchmarking with the private sector when negotiating pay deals with employees
- Increase the proportion of contributions paid by employees
- Reduce pension benefits (e.g. move from best last three years to average of all years worked)
- Reduce inflation protection for new hires
- Increase the retirement age
- Close defined benefit plans to new employees and use defined contribution plans in their place

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Collect data for 'total compensation' metric benchmarking

2. Establish Ontario Public Budget Office to ensure responsible pay and benefits

3. Share the cost of public sector pension funding gap with plan participants.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

N. Transparency for Crown Corporation Divestment

Authored by the Timmins Chamber of Commerce, Greater Sudbury Chamber of Commerce, and Sault Ste. Marie Chamber of Commerce

Issue

Provincial Crown corporations may be divested without a complete, comprehensive business case or socio-economic impact study. This lack of transparency or oversight can inadvertently incur considerable costs, both short- and long-term, to Ontario taxpayers and businesses.

Background

Wholly owned by the province, Crown corporations serve particular policy needs or services that may otherwise go unfilled by the private sector.

This means that policy shifts within the Government of Ontario may lead to the divestment of a Crown corporation; however, this can occur without first requiring a rigorous business case or socio-economic impact study.

Government officials are therefore able to make divestment decisions without being fully informed about their impact, potentially generating a host of unforeseen costs.

A key example of the uncertainty that can result from this lack of oversight is the ongoing effort to divest the Ontario Northland Transportation Commission (ONTC). This Crown agency provides telecommunication, rail refurbishment, freight rail and passenger motor coach services, primarily throughout northeastern Ontario.

In March 2012, the provincial government announced the divestment of the ONTC as a cost-saving measure. This resulted in an immediate outcry from many, including industrial firms who indicated the lack of freight rail would pose steep financial and operational challenges.

However, a December 2013 report by Ontario Auditor General Bonnie Lysyk revealed that the government only built an initial business case four months after the divestment announcement, and subsequent iterations of the business case continue to lack details around the true cost of the move.

This after-the-fact business case study indicated that the projected short-term savings of $265.9 million would instead represent an immediate cost in excess of $820 million. Moreover, the Auditor General's investigation into the divestment found that "there may well be socio-economic benefits to justify subsidizing the ONTC."

Though the provincial government has since relented somewhat in this particular case, the ongoing uncertainty resulting from the lack of adequate information in the government's decision-making process has harmed business' ability to operate with confidence in Ontario.

Recommendation

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Commit to divesting a Crown corporation only after producing a comprehensive business case and socio-economic impact study, subject to stakeholder review.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

O. Using the Private and Not-for-Profit Sectors to Deliver Public Services

Authored by the Ajax-Pickering Board of Trade

Issue

Ontario is facing challenges that will weigh heavily on its fiscal capacity. The economy is projected to grow sluggishly for the next 20 years. The province's debt-to-GDP ratio is rising to worrying levels. Ontario's population is aging, placing increased pressure on public finances.

In order to preserve government's fiscal capacity and to continue to deliver the services upon which Ontarians rely, Ontario must find ways to deliver services more efficiently.

Background

Governments around the world are increasingly adopting public-private service delivery partnerships (alternative service delivery or ASD). Norway, for example, allows private firms to operate publicly funded hospitals. The bulk of Denmark's emergency services are provided by a private, for-profit company. Much of Australia's public auditing is provided by private sector providers. The state of Maine has hired a private service provider to improve the state's child immunization rate.

Ontario was once a leader in service delivery innovation. In the past, governments of all political stripes partnered with the private, not-for-profit, and broader public sectors as a means of meeting fiscal challenges while maintaining overall service levels. For example, all three political parties signed onto or renewed the government partnership with Teranet, a private company, to operate Ontario's Electronic Land and Registration System (ELRS). Under the terms of the contract with Teranet, the government received an initial payment of $1 billion and a 50 year stream of royalty payments in exchange for exclusive electronic land registration and writ services.

Since deals like Teranet, however, the pace of innovation has slowed. Some within government are reluctant to use ASD models because of the misconception that ASD is ideologically motivated and is nothing more than an effort to reduce the public sector's overall wage bill. However, these are neither the objectives nor the consequences of the vast majority of ASD arrangements. ASD is a means by which governments can leverage the capital, technology, specialized skills, and expertise of its partners in order to meet specific public policy objectives, address complex social problems, and achieve better outcomes for their populations.

Plenty of opportunities for ASD exist within Ontario's broader public sector, including the provision of IT services and back office functions, the operation of government service interfaces like Service Ontario, and a variety of logistical services in areas like health, education, and corrections.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Conduct a government-wide audit as a means of identifying service areas where the public would benefit from the introduction of an alternative service delivery model. Government should make the results of the audit public.

2. Build capacity within government so that it can begin to benchmark the current costs of public service delivery, and adopt new approaches to procurement, contract management, and labour relations.

3. Build an 'early wins' strategy by moving ahead with service delivery reform in areas where barriers to transformation are fewer. Any alternative delivery method should demonstrate best practices in service delivery, more effectively meet the needs of end users, and ensure that public safety is not compromised.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

P. Support for Travel Rebate Incentive Program (TRIP)

Authored by the Windsor-Essex Regional Chamber of Commerce

Issue

The Travel Rebate Incentive Program (TRIP) is a proposed tax rebate that would encourage U.S. tourists to shop in Canada. American visitors travelling into and out of Canada through a land border crossing would be eligible for a rebate of 5% (equal to the GST) on purchases made during their trip.

Background

In the past decade, the annual number of U.S. travellers to Canada decreased by 23.9%, with a particularly alarming decline of 14% in the number of travellers crossing the border by car between 2008 and 2013. The total amount spent by U.S. visitors to Canada over the same time period declined by 32.7%.

To incentivise U.S. travellers to cross the border for shopping the Frontier Duty Free Association proposed pilot project as part of the 2015 federal budget. The TRIP program initiative would give a tax rebate to U.S. tourists that shop in Canada. The initiative would be for land crossings and the amount of eligible rebate would be for 5% of the purchase price (equal to the GST) on purchases made during their trip. The applications for this rebate would be available at participating Canadian duty free stores located at land border crossings across the country.

Since then four Ontario Chambers' of Commerce expressed their support for the initiative and wrote a letter to the Hon. Joe Oliver, PC, MP, Canada's Minister of Finance urging the Minister to support the initiative. The voice of the Ontario Chamber of Commerce in support of TRIP will greatly amplify the will of our business community to support our retailers and other Ontario based small and medium size businesses.

TRIP would provide a boost to the Ontario economy and it would encourage additional spending by U.S. travellers. The falling Canadian dollar is an ideal opportunity to create a pilot project that would give our retailers an extra competitive edge.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Support the Canada wide Travel Rebate Incentive Program
2. Create its own U.S. visitor incentive program to boost visits and spending in Ontario

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

Q. Educating Ontario Businesses and Establishing an Offset Strategy for the ORPP

Authored by the Ajax-Pickering Board of Trade and the Greater Kingston Chamber of Commerce

Issue

The Ontario Retirement Pension Plan (ORPP) is quickly becoming a source of confusion. While much has been said in the press about the coming changes, government has not yet conducted any direct outreach to Ontario's employers and employees. Government should take advantage of the one year delay the first wave of ORPP implementation in order to prepare businesses and employees for its arrival.

Background

The first wave of ORPP contributors will begin making contributions on January 1, 2018.As yet, workers in Ontario have not received any direct communication from the government in relation to their obligations under the ORPP nor have their employers. The information currently available to the public is not sufficient for employers to understand what impact the ORPP may have on their business and on employee compensation.

As it stands, many employers are unable to determine whether they will have to participate in the ORPP or whether they will have to update their current compensation and retirement savings plans. In addition, there has been no indication from government as to when Ontario's employers and employees would receive this much-needed education.

Until employers are subject to a clear comparability verification process, are aware of where they fall in the government's implementation timeline, fully understand how their contributions will be invested and managed, and have sufficient information to evaluate how the ORPP may impact their business, they are unable to plan for future expenses and compensation plans.

Also unclear to employers are the near-term impacts that the new plan will have. While the government's cost-benefit analysis concluded that in the long-term, the ORPP will have a moderately positive impact on Ontario's economy, it also predicts a negative effect on the economy over the first twenty years of the plan's lifespan. At its height, real household spending is projected to decline to $2.9 billion below the base scenario, resulting in an annual GDP loss of $2.3 billion by 2023.

When the Harmonized Sales Tax was introduced in Ontario, businesses were provided with offsets in the form of a corporate tax rate reduction, the elimination of the capital tax, a reduction in the personal income tax, and transition supports for small businesses. While the government has made repeated claims that Employment Insurance and WSIB premium reductions will offset the impact of the ORPP, OCC analysis shows that the net cost to business of these combined initiatives will be a negative one.

Recommendations
The Ontario Chamber of Commerce urges the Ontario Government to:

1. Immediately establish a clear communications timeline that outlines how and when employers will receive information relating to the ORPP and any obligations they or their employees may have.

2. Work with employers to develop a strategy for educating employees about the plan and their responsibilities rather than passing that on to employers and roll out a clear communication and education plan including a place for employers and employees to direct any relevant questions.

3. Mitigate the negative economic consequences of the ORPP by introducing measures that will offset the incoming costs of the new pension plan, such as targeted SME transition supports or tax relief.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

R. Getting Ontario Back to Fiscal Balance

Authored by the London Chamber of Commerce

Issue

The Ontario Government is projecting deficits of $5.7 billion in 2015-2016, $4.3 billion in 2016-2017, and achieving balance by 2017-2018.[30] Ontario's total debt, which represents all borrowing without offsetting financial assets, is projected to exceed $300 billion in 2015-2016. According to the Fiscal Accountability Office of Ontario (FAO) economic growth in 2015-2016 is expected to be significantly slower than projected – this coupled with increasing Ontario's program spending to the 4-year average has the FAO predicting in their October 2015 report that the 2017-2018 Ontario deficit could be as high as $7.4 billion. Without a realistic plan to reduce the current deficit and ultimately the current level of debt, we jeopardize Ontario's economic recovery.

Background

In response to the recent recession, the Ontario government, like governments around the world, stimulated growth by running significant deficits. Now that Ontario's economy is regaining its footing, it is imperative that the province tighten its fiscal policy and move to credibly outline a plan to balance the budget by fiscal year 2017-2018.

The situation is approaching dire: Ontario's debt-to-GDP ratio is the highest of any province in Canada except for Quebec, and is expected to peak in 2015-2016 at 40 percent. Since the global recession of 2008-2009, Ontario's net debt-to-GDP ratio has steadily increased by 40 percent (from 28.1% in 2008-2009 to 39.5% in 2014-2015). This ratio is expected to hover close to 40 percent out to 2017-2018. Interest payments on the debt represent the province's third highest area of spending after health and education.

In late 2014 Fitch downgraded Ontario's long-term debt rating and this was followed by Standard and Poor in the summer of 2015 – both have indicated they are concerned about debt burden in Ontario. When a province's debt rating is lowered it becomes more expensive for governments, and taxpayers, to borrow money.

Rising debt not only exposes the budget to the risk of higher interest rates, as was the case in the early 1990's, but it also shifts the tax burden to future generations.

The following two principles outline the need for a credible plan for returning to fiscal balance:

First, the economy will continue to go through cycles. In order for the provincial government to maintain the option to respond to future downturns in the business cycle, it must balance its budget over the business cycle and during its current term. This can be achieved by running a surplus in good years, to finance deficits in bad years.

[30] Ontario's Fiscal Outlook, 2016

Second, the ability to borrow at reasonable rates of interest depends on the confidence of lenders. The Ontario debt-to-GDP ratio has deteriorated significantly over the past 7 years. The government must commit to a plan that will reverse this trend, ensuring that current credit ratings are improved thus preventing risk premiums from being added to Ontario's interest rate.

It is also worth noting that projected demographic changes are beginning to put increased pressure on provincial budgets. Growth rates of those greater than 65 are projected to increase from 14 percent in 2011 to 24 percent by 2036, placing increased pressure on future health care costs.

Ontario needs a comprehensive and practical plan to eliminate the provincial deficit without sacrificing economic growth. We believe that this is the most appropriate time to implement a defined formula for Ontario's provincial deficit strategy, now that federal/provincial stimulus initiatives are well underway and a time table established.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Provide an accurate accounting and recovery plan that will clearly communicate the government's intention to be in surplus by 2017-2018. The government should update this plan in all future budgets and economic statements.

2. Enhance the efficiency of health care spending, by ensuring that international best practices are adopted at the strategic and operational levels. Alternative service delivery models should be pursued where a cost-savings can be achieved without compromising service quality.

3. Look to spending restraints but not:
    a. Reduce its deficit through cuts to existing municipal transfer payments, nor reducing investments in education and training and needed infrastructure which will promote our competitiveness and economic growth in the future.
    b. Reverse tax-cut reforms or investment decisions which are creating an internationally competitive business environment.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

S. Strengthening and Modernizing Workplace Defined Benefit Pension Plans

Authored by the Sault Ste. Marie Chamber of Commerce

Issue

The current solvency funding model in Ontario is out of date and highly uncompetitive for private sector employers that sponsor traditional Defined Benefit Pension Plans. Due to the use of historically low interest rates, it is causing financial difficulties and putting retirement plan security at risk as the plan sponsors compete with neighbouring jurisdictions that have much lower pension costs as a result of pension funding reform such as Quebec and the US.

Background

Global businesses see Ontario as one of many geographies where they can conduct business, however, they will not invest where pension regulations impose such a heavy burden on a company's cost structure. In addition to this competitive disadvantage, funds allocated by Ontario businesses to pension funding cannot be used to invest in operations, improve productivity or create jobs. It has been their experience that lenders charge more, or simply refuse to lend to businesses whose cash flows are committed to pension solvency funding. This drives up the cost of capital for businesses due to reductions in free cash flow available to the company's creditors, investors, including shareholders and bondholders, after the company has made all investments necessary to sustain its ongoing operations.

Ontario's strict solvency funding requirements, introduced in the late 1980's in a high interest rate environment, have paradoxically decreased retirement income security in Ontario today. A 2015 Statistics Canada Report indicated the proportion of private sector pension plan members in Defined Benefit Pension Plans has decreased from 72% in 2003 to 47% in 2013. Statistics were not readily available, but almost all private sector plans were defined benefit in the 1980's.

The burden of pension funding has caused a dramatic decline in defined benefit pension plan coverage as companies have closed their plans, replacing them largely with defined contribution plans. They have also reduced the competiveness of the remaining defined benefit plan sponsors, contributing to a decrease in Ontario business investment and employment opportunities, as profoundly evidenced in the large scale manufacturing, industrial, automotive and service sectors. For example, the following table compares the estimated, projected Ontario, U.S. and Quebec funding requirements for a Defined Benefit Pension Plan as at April 1, 2017:

FULLY FUNDED DEFINED BENEFIT PENSION PLAN COMPARATIVE			
	ONTARIO	**QUEBEC**	**UNITED STATES**
Assumed Interest Rate	3.5%	4.5%	5.5%
Assets ($M)	1,124	1,124	1,124

Liabilities ($M)	1,409	1,255	1,154
Deficit ($M)	285	131	30
Amortization Period (YRS)	5	7	10
Amortization Contribution ($M/YR)	**61**	**22**	**21**

Many long standing organization now face significant global competitive pressures from jurisdictions that have no or significantly lower pension solvency burdens, environmental and overall cumulative cost associated with the regulatory environment in Ontario. Further reform of the legislation will allow for a freer movement of international capital to sponsors that are faced with potential negative operational viability as a going concern. Acquisition of those sponsors is made less attractive by significant pension liabilities attached to DB pension solvency rules and makes share valuations difficult in mergers and acquisitions, and especially difficult when contemplating mergers and acquisitions that can remedy sponsor insolvency.

A viable pension plan requires a viable plan sponsor and that is the best security for pension benefits. When unaffordable pension costs threaten that viability, those funding requirements no longer serve their purpose. Through improving sponsor viability and profitability the Ontario Government will benefit from increased tax revenue directly, indirectly from the supply chain and from the reinvestment of available cash flows into innovation and productivity improvements.

In May of 2014 the Association of Canadian Pension Management produced the document “DB Pension Plan Funding: Sustainability Requires a New Model”. In this publication there are 5 recommendations that would lead to the economic benefits that Ontario needs, they call for the following reforms in:

I. The Discount Rate
II. Provisions for Adverse Deviations (PfADs)
III. Amortization Periods
IV. Benefit Improvements
V. Portability

As announced in the Ontario Budget 2016 the government indicated that it is putting together a stakeholder reference group to review the current solvency rules and make recommendations to the Ministry of Finance regarding proposed funding reforms. While a step in the right direction it is critical that the Ministry of Finance realize the importance of the need for immediate reform and for Ontario to reap the economic benefits thereof by moving forward with constructive draft reform regulations in the Fall.

The Sault Ste. Marie Chamber of Commerce urges the Ontario Chamber of Commerce to strike a Task Force to actively participate in the solvency funding review consultation process that will be launched in Spring 2016.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. To move quickly in consultation with DB Pension Plan Sponsors, employers, industry associations and the Ontario Chamber of Commerce, giving consideration to the recommendations made by Association of Canadian Pension Management as defined in the document “DB Pension Plan Funding: Sustainability Requires a New Model” along with others, for example the Canadian Institute of Actuaries and the Canadian Manufactures and Exporters.

2. Move quickly from review to reform by expediting the consultation process with the goal of submitting draft regulations by the Fall of 2016.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

T. Fixing the Arbitration System for Fire and Police Services in Ontario

Authored by the Greater Kitchener Waterloo Chamber of Commerce

Issue

The Ontario government has continually, for the past decade, failed to address the deficiencies in the provincial interest arbitration system.

Background

Interest arbitration is the only legal mechanism available to Ontario municipalities for settling disputes from contract negotiations with essential services such as police, fire, and designated paramedics.

The 2016 Pre-Budget submission from the Association of Municipalities of Ontario (AMO) on January 19 notes that emergency service costs have been increasing at three times the rate of inflation annually since 2002. Annual policing costs are projected to exceed $5 billion this year while fire service is growing at a comparable level. Salaries are a major driver of these cost increases.

In a March 10, 2014 letter from the Ontario Chamber of Commerce to former Labour Minister Yasir Naqvi, four reforms were proposed for changing the interest arbitration system:

- The process should be streamlined by adopting the single arbitrator model for all hearings, imposing limits on pre-hearing processes and post-hearing submissions and mandating a maximum period of one year for arbitrators to complete their work;
- Arbitrators must be provided with clear, measurable criteria upon which to base their decisions, particularly with respect to the fiscal health of the community;
- Arbitrators should be required to provide a written explanation of their decisions, with clear assessments of the mandated criteria for arbitration, and must give priority to how the fiscal heath of a community was considered when making a decision; and
- The ability to pay criteria used in interest arbitration decisions should be broadened to include the wider economic and fiscal environment.

With respect to mandating time limits for decisions, municipalities are often dealing with retroactive settlements that require immediate correction and can only be addressed through tax increases. This predicament is not sustainable.

AMO also claimed in their pre-budget submission that new research has revealed that had police force and fire personnel received the same economic adjustment as other municipal employees from 2010 to 2014, the cumulative savings would have been $485 million. This includes $72 million in fire service savings and $111.6 million in police savings for 2014 alone.

These extraordinary sums are, according to AMO, the true cost of the failure of Queen's Park to address interest arbitration reform.

The costs incurred from these settlements are adversely impacting municipal fiscal stability and ultimately the competitiveness of the provincial economy.

Recommendations
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Before the end of the 2016 calendar year reform the provincial interest arbitration system to reflect the capacity of Ontario municipalities to pay increased service costs;

2. Ensure that pay increases for essential services are relatively consistent with non-essential public services.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

SKILLS

A. Creating Pan-Canadian Training and Certification Standards

Authored by the Mississauga Board of Trade

Issue

Each province and territory develops their own training standards and certification for various occupations, creating duplication and waste.

Background

Under the Canadian Constitution, education and training are the responsibilities of the provinces and territories (referred as jurisdictions). This has resulted in a distorted legacy, wherein each province and territory creates its own training and certification standards for various occupations. This is a costly duplication which also constrains labour mobility of both journeypersons and apprentices, negatively impacting on businesses and the economy, particularly when there are growing skilled shortages in many occupations.

Recent efforts at harmonizing existing training standards have created the “Red Seal” program which is an onerous, duplicative and expensive superstructure. The Red Seal program currently covers 55 trades across Canada, and to be eligible, a provincial/territorial certification must first be successfully completed. These provincial/territorial certifications can often be different from one province/territory to another, and having to “pass another test” limits many from attaining the national standard and benefits that go along with it.

As an example, given that electricity works the same across the country, it is counter-intuitive that variable training standards for electricians are required for different geographies. Other bi-lateral harmonization efforts between certain provinces seem to be a poor use of limited resources, when a national approach would be the best option. This is consistent with and supports the Internal Agreement on Trade and the Canadian Regulatory Harmonization Initiative.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. In concert with other provinces/territories, migrate to developing Pan-Canadian training standards for various occupations where certification is required.

2. Address any unique geographical requirements for an occupation, by treating as endorsements over and above the Pan-Canadian training and certification standards.

3. Encourage individual provinces to take a lead in developing training and certification standards for a particular occupation. There would need to be a definitive time-line and a speedy resolution method to manage any dissenting viewpoints.

4. Consider alternatively, a third-party with relevant, world-recognized expertise, like the Canadian Standards Association, be contracted to develop the Training Standards on behalf of all the provinces.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

B. Engaging Mature (45+) Displaced Workers

Authored by the London Chamber of Commerce

Issue

There has been a great deal of attention about a looming skills shortage both provincially and nationally. The Conference Board of Canada published "The Need to Make Skills Work: the Cost of Ontario's Skills Gap" in June 2013 which highlighted the fact that there is a significant skills gap that is emerging. Other reports from 2013 such as TD Economics "Jobs in Canada: Where, What and For Whom?" have claimed more of a mismatch than shortage but the issue is fundamentally the same; the labour market is not providing the workforce that business and the economy needs. Mature workers (45 years +) provide one possible solution to this gap.

Mature workers possess the experience and loyalty that employers require. However, many of these mature workers may lack upgraded skills, or if they have the needed skills, find themselves underemployed, in an extended state of transition or unemployed because of the inability to effectively link them with the labour market. This underemployment represents a lost opportunity for the business community, under productivity for the economy and a class of workers that is not fully realizing their potential or utilizing their skills and experience.

Background

The 2008 recession was felt by all ages, all industries and all occupations. Displaced workers in Ontario came from every sector. The economic recovery has seen many workers back on the job after a period of uncertainty. However, not all of the workers that have re-engaged with the labour force have done so in the most productive way for both themselves, and the economy. Many mature workers have had a particularly difficult time transitioning and many are still in transition.

There is an acknowledged skills shortage/mismatch that can be partly addressed by utilizing mature workers:

- "Emerging Stronger" highlighted the need to build a 21st century workforce and address skills and labour shortages in key sectors. (Ontario Chamber of Commerce, Mowat Centre for Policy Innovation, Leger Marketing)
- The Canadian Chamber of Commerce identified skills shortages in their 2013 publication "Top 10 Barriers to Competitiveness"
- The Conference Board of Canada states that there is a looming skills gap in some sectors in Ontario because of a variety of factors including mismatch of education, technological change and demographic trends (The Need to Makes Skills Work: the Cost of Ontario's Skills Gap, 2013)
- TD Economics publication "Jobs in Canada: Where, What and For Whom" disputes the notion of a widespread skills shortage but they do acknowledge some regional mismatch and shortage.

- Given that many employers have a hard time hiring qualified workers with relevant skills and experience, mature workers provide an opportunity to help them develop the workforce they need to prosper. This will require some flexibility:
- Mature workers can help turn education of new workers into on-the-job skills through mentoring, coaching and established work ethic.
- In his 2013 study “No Shortage of Opportunity” published by the Institute for Research on Public Policy, Cliff Halliwell argues that many of the labour market programs are out of date because they were originally created when there was a much younger population dynamic.
- Halliwell also states that the share of the workforce that is 55 years and older will continue to increase as people work longer and that this is an issue that needs to be brought to greater attention (“No Shortage of Opportunity”, 2013)

Mature workers often represent a highly skilled and educated portion of the labour force.

- When looking at all unemployed persons in the labour force in Ontario, the 45+ year’s age category has a higher educational attainment than workers in the 15-44 years category according to figures from the National Household Survey, 2011.
- At the regional level of Elgin, Middlesex and Oxford, the 45-64 years category has the highest proportion of the unemployed labour force with the educational attainment level of ‘College, CEGEP or other non-university certificate or diploma’(National Household Survey, 2011)
- Mature workers are value added employees who can provide meaningful contributions to the workplace. They have a wealth of knowledge gained from both work and non-work experience. (Rethinking Social Policy for an Aging Workforce and Society: Insights from the Life Course Perspective, 2013)

At a local level, mature workers are accessing employment services to help re-enter or stay connected to the workforce but this process takes time. According to Community Employment Services, Fanshawe:

- Over half of mature clients took more than 3 months to access services and a quarter of clients took over a year.
- Mature clients who accessed services within 6 months had 60% employed outcomes. Those who took longer than 6 months had 46% employed outcomes.
- As age increases, so does the percentage of clients who took longer than 12 months to access services.

Recommendations

The Ontario Chamber of Commerce urges the government of Ontario to:

1. Renew and expand the Targeted Initiative for Older Workers (TIOW) to include all mature workers and larger communities that are currently excluded from TIOW.

2. Using the Ontario Government's Job Creation Partnerships create an opportunity for mature workers to pass on their knowledge to younger workers by specifically targeting mature workers through this program.

3. Continue the Second Career program and allow more flexibility in the application process in Second Career for upgrading and retraining mature workers.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

C. Driving Innovation through Experiential Learning

Authored by the Greater Sudbury Chamber of Commerce, Timmins Chamber of Commerce, and Sault Ste. Marie Chamber of Commerce

Issue

Performance in strategic sectors of the economy requires individuals equipped with the specialized skills to leverage new technologies and develop new applications that respond to emerging opportunities in the marketplace. Research shows that these specialized skills can best be conferred through experiential, hands-on learning that provides students with exposure to – and an opportunity to learn in – the business environment. The provincial government has an opportunity to propel Ontario to the forefront of innovation by adopting policies that specifically address the demand for experiential learning in Ontario.

Background

The Ontario economy is in constant transformation with the development of new technologies and innovations. A highly skilled workforce of individuals with advanced education and specialized skills is needed to support these advancements and to leverage new technologies that respond to emerging opportunities in the marketplace. A labour force equipped with the skills and competencies to fill in-demand roles is a key pillar of innovation. A responsive education system that enables students to achieve specialized skills through experiential learning opportunities is key to addressing labour market needs.

Employers from both urban and rural parts of the province identify a deficit of technical, entrepreneurial, and management skills among recent graduates as a significant barrier to seizing new business opportunities.

Evidence suggests that the skills required to capitalize on new opportunities in the marketplace can best be acquired through applied learning opportunities which supplement classroom instruction with firsthand experience of the business environment and business culture. Experiential learning programs deliver positive impacts for students, businesses and local economies, helping to address the ever-increasing demand for workers with higher levels of education, skills and experience. Ontario businesses view work-integrated learning as an important strategy in addressing the skills mismatch and improving productivity.

The number of workplace based opportunities offered is currently insufficient to meet the demand of students. Smaller cities and more rural areas of the province also at times lack the resources that urban centers have to expand experiential learning programs in their respective communities. The Government of Ontario offers certain incentives to increase experiential learning opportunities across Ontario. For example, the Ministry of Education requires all school boards to offer school-work programs, and high school students can use up to two cooperative credits towards their diplomas. The Ministry of Finance offers financial support to businesses that want to take part in co-operative education and apprenticeship programs in the form of tax credits. However, there is much more the government can do to expand experiential learning opportunities.

A 2013 Conference Board of Canada Report states that many employers face challenges in providing meaningful experiential learning opportunities. These challenges include insufficient time or resources to invest in student training, excessive administration and “red tape” as well as a lack of awareness and understanding of the benefits of experiential learning. Educational institutions are also faced with inadequate resources to nurture relationships with employers and manage student work placement logistics.

The government’s policy-framework needs to recognize that experiential learning begins with kindergarten and continues all the way through to post-secondary education. Ontario must invest in and reinforce the importance of all types of experiential learning opportunities such as mentorships, apprenticeships, field experience, co-ops, internships, applied research and service learning in order to more strongly align educational outcomes with current labour market needs.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Better equip employers with the tools they need to support and understand the benefits of innovative experiential learning opportunities at the secondary and post-secondary levels by:
    - improving and expanding incentives and hiring subsidies such as the Co-operative Education Tax Credit (CEDT) to encourage more businesses to offer work placements to students;
    - implementing a province-wide communications strategy, targeting both employers and students, to foster greater awareness about the benefits of experiential learning and the incentives available to businesses that hire students.

2. Work with educational institutions at all levels to improve the design of work-integrated programs and allocate additional resources to experiential learning programs such as internships, mentorships and co-op placements. Additional resources should allow educational institutions to:
    - establish better connections with employers, investors and community partners to increase the number of experiential learning opportunities available;

- expand the number of programs at the college and university levels that offer the option of experiential learning and increase mandatory work placements for some programs;
- improve the design and organization of experiential learning programs to target specific labour market needs and skill shortages;
- streamline experiential learning programs to reduce administrative burdens for participating employers;
- enhance and introduce new facilities and equipment required for students to engage in applied research at their educational institution;
- offer adequate support and advice to employers seeking to hire students and ensure placements are relevant to students' education;
- track learning outcomes of these programs for continuous improvement;
- improve strategies to connect students from underrepresented groups to work placements and corporate mentorship opportunities.

3. Ensure underserviced and more rural areas of the province receive adequate experiential learning resources:
    - expand opportunities such as the Northern Ontario Heritage Fund (NOHF) internship program that targets businesses outside of large urban centres to allow them to take advantage of experiential learning opportunities through wage subsidies and other incentives.

4. Through the Ministry of Education, work with education professionals and the employer community to identify opportunities and determine funding requirements for further integrating business education and employer mentorship programs into curricula and extra-curricular activities at the elementary and secondary school levels.

5. Lead by example through the creation of inter-disciplinary experiential learning opportunities within the Ontario Public Service (Ministry of Research and Innovation; Ministry of Economic Development, Trade and Employment; Ministry of Education; Ministry of Health; Ministry of Finance; Ministry of Community and Social Services, etc….).

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

D. Effectively Integrating Skilled Immigrants into the Ontario Workforce

Authored by the Greater Sudbury Chamber of Commerce and Mississauga Board of Trade

Issue

The skills gap is one of the top barriers to competitiveness in Ontario and Canada. There exists a significant disconnect between the skills needed and the talent available. The changing demographics of the province with an aging population, increased retirees and low birth rates means that our economy will be almost entirely dependent on immigration for net labour force growth.

Currently, immigrants account for nearly 30% of Ontario`s labour force. The Government of Ontario must support these immigrants as well as future newcomers to the province so that they can succeed and contribute fully to our economic prosperity. The province must ensure that effective programs and services are available to help improve settlement and integration for all immigrants.

Background

In the coming years, immigrants will account for 100% of net labour force growth. Looming labour shortages and the skills mismatch in different geographic locations and sectors of the Ontario economy also makes it increasingly important to hire skilled immigrants and foreign trained workers. Integrating internationally trained professionals and trades people will be integral in supporting future economic growth and addressing Ontario's workforce challenges.

In 2012, Ontario announced its first ever immigration strategy which seeks to raise the proportion of economic immigrants to 70%. With these changes, Ontario will be home to a greater proportion of Canada's economic immigrants in the coming years. Providing a clearer path for immigrants seeking the recognition of their foreign credentials will be vital in ensuring the effective economic integration of newcomers. Many immigrants in regulated professions struggle to fully participate in Canada's workforce as a result of not having their foreign credentials recognized.

The Red Seal Program allows apprentices and qualified tradespersons to practice their trade in any province or territory in Canada where the trade is designated without having to write further examinations. Red Seal, however, does not assist foreign trained apprentices or certified journeypersons. Many newcomers need specific short-term training rather than years of re-education to adapt to Canadians standards. A number of regulatory bodies such as engineers and architects have negotiated mutual recognition agreements (MRAs) with foreign counterparts to accelerate the licensing processes for internationally trained individuals. These MRAs represent great progress in certain sectors, however significant challenges remain.

As of 2010, only a quarter of immigrants in Ontario were working for professions in which they were trained; the unemployment rates of newcomers were also among the highest in the province. Although future changes to the immigration system will help immigrants obtain an employment offer prior to their arrival, there remains a significant proportion of immigrants in Ontario currently who are unemployed or underemployed.

The province will also be affected by federal efforts to reduce the Federal Skilled Worker backlog which potentially impacts 280,000 people who have been waiting years for a decision on their immigration application status; it is estimated that 70% of these applicants were destined for Ontario. These people must not be ignored; efforts will also need to be made on the part of the province and employers to help facilitate the transition of these immigrants into positions that match their skills with the labour market needs of Ontario.

Increasing bridging programs will be essential in facilitating the transition of newcomers into the workplace. Additional supports must be provided to employers and educational institutions for enhancing tools such as training, mentorships and internships that allow immigrants to gain the experience and skills needed to better integrate into the Ontario workforce. Post-secondary institutions will also have a vital role to play in helping international students access the services and training they need to advance their career development in the province.

The government of Ontario should also revamp its efforts in communicating the benefits of hiring skilled immigrants and having a diverse workforce to Ontario employers. Employers may want to hire temporary foreign workers or international students for example, but do not have the dedicated human resources or staff to deal with the additional administration that may come with not only hiring immigrants but also facilitating their smooth integration into a new work environment.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Reduce barriers for internationally trained professionals and trades people by continuing to work with key partners such as professional regulatory bodies, Ontario's Fairness Commissioner and Professional Immigration Networks to improve the assessment and credentials recognition of foreign trained professionals.

2. Expand funding/supports for both employers and educational institutions for bridge training, internships, mentorship and professional language programs, with added emphasis on "soft skills" training. This will require increased coordination between the various ministries, funders and service providers that manage selection and integration related services.

3. Increase supports for employers to promote the benefits of hiring immigrants, enhancing cultural diversity awareness, and effectively integrating and managing a culturally diverse workforce.

4. Develop and fund a post-secondary education process for the integration of immigrants that would include accessible labour market information as well as counseling and advisory services.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

E. Ensure post-secondary graduates in applied programs of study at Ontario colleges have credentials that recognize their world-leading competencies

Authored by Colleges Ontario & the Ottawa Chamber of Commerce

Issue

Employers are demanding more and more highly skilled individuals to address current and future labour market challenges. As the labour market becomes more complex, it will be increasingly important to ensure that our post-secondary credentials can address the needs of employers in Ontario.

Background

The Conference Board of Canada estimates that skills gaps cost the Ontario economy up to $24.3 billion in foregone GDP—as well as $4.4 billion in federal tax revenues and $3.7 billion in provincial tax revenues—annually. There is much that Ontario's stakeholders— employers, educators, governments, and students— must do to address these looming skills gaps and power business growth, innovation, and prosperity in the province.

Ontario needs more career-focused, degree-credentialed people in the workforce to address the increasing skills gap. Increasing numbers of employers want graduates with degrees who also have career-specific skills and qualifications, and degree programs are attractive to students and parents. Students who are completing degree-level programs deserve to earn credentials that reflect their achievements and strengthen their ability to compete for rewarding careers. Strengthening the knowledge and skills of Ontario's workforce will yield a net positive benefit to the provincial economy and will make Ontario more competitive globally.

Recommendation

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Support the Ontario government's review of post-secondary credentials to ensure that our graduates can meet the needs of the economy now and in the future.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

F. Facilitating Employers' Role in Immigration in a Changing Landscape

Authored by the Greater Sudbury Chamber of Commerce and Mississauga Board of Trade

Issue

The immigration system will be drastically changing on both the federal and provincial level in the coming years with the introduction of the Expression of Interest (EOI) system. With these changes, employers will have a more direct and active role in the immigration system than ever before. Employers will not only have more input in selecting employees from abroad, but also the future residents and citizens of the nation.

Ontario must take a leadership role in working with the federal government and employers to design and implement the EOI to be a fast and responsive system that reflects the immigration needs of employers, large and small, as well as Ontario's complex labour market realities.

Background

Drastic changes are ahead for Canada's immigration system that will transform the way the nation administers and selects immigrants. In early 2015, a new application management system will be introduced for selecting and processing immigrants, the Expression of Interest (EOI) system. This system will create a pool of pre-qualified candidates ready to become permanent residents and work in Canada. The goal of the EOI is to reduce processing times and allow employers and government to better select immigrants based on the specific skills they need.

Given these changes, Ontario will no longer be a passive actor in the immigration system as it was in the past. Ontario will have the ability to take the lead in the selection of immigrants based on labour market realities. The EOl however will only be successful if it responds to the need for a fast and easy to use system that treats both employers and prospective immigrants as customers. Ontario must work hand in hand with employers and municipalities in designing the EOI and helping them use the system more effectively for their hiring purposes. The unique skills shortages of different sectors and geographic/linguistic communities such as Francophone and rural regions must also be taken into account.

One way to ensure this system is attractive to employers is to allow them to have a role in assigning the selection criteria and enabling them to effectively tap into the pools of skilled candidates created by the new system. Preliminary federal plans have indicated that the EOI system will not allow employers direct access to the pool of candidates; rather an automatic matching mechanism will be used. Ontario must urge the federal government to allow employers first-hand access to this pool to enable them to search for the specific criteria and candidates that best reflect their needs.

It is also vital that the EOI captures what currently works in the immigration system and allow employers to continue to make use of their existing recruitment strategies. Some employers use third party intermediaries abroad to help facilitate the process of recruitment or immigration consultants to assist in the pre-screening and vetting of candidates according to the specific needs of their business. The EOI should allow for these third party actors to access the EOI pool in order to reduce overall costs to employers.

Under the new EOI system, there should be a recognition that some employers will continue to need the temporary aspect of hiring foreign workers to fill short-term vacancies. Changes to the immigration system should be coordinated with existing foreign worker/immigration programs and align to both the temporary and long-term needs of employers. Although the EOI is premised on recruiting advanced skills, the system should also allow some room for assistance to those employers having difficulty filling lower and semi-skilled positions.

Many employers currently do not access the immigration system as they may not fully understand the benefits of hiring from abroad to meet their skills shortages or lack the time and necessary resources. Only a small percentage of SMEs for example use the immigration system for their hiring needs. The EOI must be marketed both internationally to prospective immigrants and domestically to employers to encourage broader participation and understanding from both ends. A support system will need to be in place for employers to help them understand the new changes and to navigate through them. There will be a role for organizations such as local chambers of commerce to act as an interface, providing information to employers on how to access the system as well as raising awareness of the benefits of hiring skilled immigrants.

Changes to Canada's immigration system, including the EOI, will only be successful in Ontario if they result in a reduction of red tape and administrative burdens on employers. A more responsive and client focused immigration system will remove employers from the sidelines and position them as active drivers in the global competition for talent.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Consult and work closely with employers in the design and implementation of the EOI, including development of selection criteria and a successful process for employers to access the pool of candidates.

2. Actively collaborate with and urge the federal government to a) allow employers direct access and indirect access (through third party employer representatives) to candidate profiles in the system b) allow for flexibility in the system to address temporary and semi-skilled needs of employers c) vigorously market and promote the system to ensure employer awareness and uptake.

3. Work with the federal government and partners to keep the administrative burden for employers low by significantly reducing processing times and ensuring users are able to easily access the online system via a 'one-window" information and submission portal.

4. Create an effective support system for employers and communities to help them understand and navigate through the EOI system, including:
   - support employer organizations such as chambers of commerce to act as an interface, promoting and explaining the system and its benefits to employers;
   - connect with local intermediaries such as immigration service providers and local immigration partners to help propel the EOI and to raise awareness among employers of the advantages of hiring skilled immigrants.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

G. Good Governance at the College of Trades

Authored by the Greater Kingston Chamber of Commerce

Issue

There is uncertainty among Ontario businesses and the Chamber Network about the value of the Ontario College of Trades. Many concerns coalesce around the College's governance structure.

Background

The Ontario College of Trades was legislated into existence in 2009 with the mandate to lead the promotion, regulation, and governance of skilled trades in Ontario. The College is also responsible for reviewing and setting all journeyperson-to-apprentice ratios within the province.

The independent appointments council is responsible to the Minister of Training, Colleges and Universities. They make appointments to the governance structure, including the board of governors, divisional boards, trade boards and adjudicators for review panels.

The Divisional Boards are comprised of twenty (20) members appointed by the Appointments Council, in accordance with the following:

1. Four (4) members selected from each of the construction, industrial, motive power and service sectors. Two of the members for each of the sectors are selected as employee representatives and two selected as employer representatives.
2. One (1) member selected from the Board of Governors from each of the construction, industrial, motive power and service sectors as the chair representative.

Many view the College as an unnecessary bureaucratic and financial burden on employers and trades people. Employers and workers need to know what they are getting for their money. Public discourse regarding the ratio review process and the College continues to be negative. Ontario has appointed former Secretary of Cabinet and Head of the Ontario Public Service, Tony Dean, to review the College. We need to ensure the following points are a priority in moving forward.

- The College must have a fair, balanced and inclusive governance structure which generates a level economic playing field across the province must be maintained for more businesses to accept the College and its mandate.
- Member-based organizations like the College must provide the basics in transparency and openness to its members, (holding an AGM, and allowing members to elect its Board of Governors). The democratic election of a Board would have a positive impact

on subsequent appointments of critical review panels for trade classification and ratio reviews.

- Meeting this threshold would require review panels to be comprised of a representative sub-sample for each trade, to invite and make publically available input from all interested stakeholders, and to base all decisions on a quantitative and qualitative analysis of economic impact.

Recommendations

The Ontario Chamber of Commerce urges the Ontario College of Trades to:

1. Address the governance issue. The College Board should be nominated and elected by its membership in a transparent, fair manner. Directors should represent the diverse makeup of all skills from both union and non-union trades, and include representation from both large and small business. In addition, any Director and subsequent member of a Divisional Board must include representation from both rural and urban communities. The members of ratio review and trade classification panels must represent small and large enterprises and reflect the diversity of the trades they are reviewing.

2. Fix the perception problem. The College needs to create a strategic communication and outreach plan to fill the gaps in misinformation and improve transparency.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

H. Reforming the College of Trades

Authored by the Greater Kitchener Waterloo Chamber of Commerce

Issue

The ability of the Ontario College of Trades to adequately reflect employer requirements across all regions of Ontario, particularly rural and northern areas.

Background

The Ontario Chamber of Commerce report Caution – Work Ahead (October 2013) notes that provincial employers could potentially support the Ontario College of Trades if the organization incorporated the capacity to effectively address and resolve chronic labour shortages in the skilled trades.

The Work Ahead document also indicates that the current ratio review process is biased against small and rural-based businesses. High journeyperson-to-apprentice ratios provide a disproportionately negative impact on the economies of rural communities who generally lack large employers and SMEs who employ a limited number of journeypersons.

The Ontario Home Builders Association (OHBA), in an October 23, 2014 news release, notes there are tremendous opportunities across rural, urban and northern Ontario that are not being utilized because the Ontario College of Trades is too Toronto-centric with outdated regulations. The OHBA release was issued in response to an announcement from Queen's Park that former provincial cabinet secretary Tony Dean will be leading a review of the College.

A Waterloo Region Record letter to the editor on December 18, 2014 from Steven Harris of the Waterloo Region Home Builders' Association notes that at the very least, the review by Tony Dean needs to visit areas outside of Toronto so tradespeople who pay into the college from all across Ontario have input into its future direction and mandate. People working in the skilled trades deserve better.

Recommendation

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Review the mandate of the Ontario College of Trades to ensure that workplaces in all areas of the provinces are incorporated in the decision-making process and institutional operations.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

I. Small Business Access to Student Loans

Authored by the Sarnia Lambton Chamber of Commerce

Issue

A small business, which re-invests its net income into the business to create Ontario jobs and improve productivity, is penalized when it comes to the Canada-Ontario integrated student loan application. The offspring students of such owners are at a disadvantage with respect to regular employees of other Ontario companies.

Background

The objective of student financial assistance is to assist eligible students who do not have the resources to meet the costs of post-secondary education. The intention is to promote equality of opportunity for post-secondary studies by providing financial assistance for educational costs and basic living expenses where students (and their families) do not have the resources to meet these costs.

The purpose is to supplement, not to replace, the financial resources that students and their families, if applicable, are expected to contribute. Assistance is based on financial need as established by the federal and/or provincial governments and as determined by the ministry through assessment of Ontario Student Assistance Program (OSAP) applications.
A number of our small business owner members have indicated that their student children applicants have been turned down for the Canada-Ontario integrated student loan. (OSAP is the application point for the loan.) It appears that the net income of the small family business is considered family income. Rather than re-invest in the business and create local jobs and grow the economy, the small business is expected to liquidate its income and give it to the student for their education.

While there has been significant improvement to communicate the criteria upon which the loans are assessed, there remains an imbalance between students whose parents are employed and students whose parents own and operate a sole proprietorship or partnership. Small business owner families are being held to a different standard and expectation than families of regular wage earners.

OSAP is a loan. If the government truly is “committed to ensuring that all qualified students continue to have access to high-quality educational programs that will provide them with the skills and expertise they need for future success”, then it should look for ways to minimize barriers and provide equal access.

Recommendation

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Identify the owner’s draw from the business as his personal net income and remove the requirement to include business assets in the student loan application process.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

J. Strengthening Labour Market Information for Business Competitiveness

Authored by the Greater Sudbury Chamber of Commerce

Issue

The province is currently operating in a data vacuum. Insufficient labour market information (LMI) limits effective funding, policy making as well as program design and delivery.

Background

Labour market information is a shared responsibility between federal, provincial and territorial governments. Although the federal government has retained the responsibility of being the primary producer of LMI, provinces have had a greater role in LMI following the devolvement of labour market programs to the provinces/territories that came as a result of bilateral Labour Market Development Agreements (LMDA).

In Ontario, the Ministry of Training, Colleges and Universities (MTCU) is the lead on LMI for the province. The MTCU site provides information and reports on trends in the labour market. MTCU also works with Service Canada and Social Development Canada to advance Ontario Job Futures, an online publication providing information on current trends and the future outlook of around 200 occupations common to Ontario. There also exists a network of 25 workforce planning boards across the province that address local labour market concerns, conduct research and work with community partners in advancing issues pertaining to labour market development.

A primary concern for Ontario employers is the lack of available local and occupational level LMI. There are significant gaps in information on job vacancies across the province; currently data can demonstrate when a province is experiencing shortages but not precisely where labour is needed within regions or what specific skills are in demand. In Don Drummond's 2014 report on LMI, he cites that one of the biggest challenges is that labour market survey results are often only available on a provincial basis and are aggregated into a small number of industries, masking dissimilarities between individual occupations.

It is essential that Ontario advocates for better and more localized information. Recently the federal government announced changes to two Statistics Canada surveys, expanding the sample sizes of both the quarterly Job Vacancy Survey and the National Wage Survey to report at the level of economic regions, rather than provincial and territorial levels. However, economic regions are as large geographically as the province of Prince Edward Island and will not provide data at a local level. The example of the UK Commissions' Employer Skills Survey should be examined and advanced by the province to the federal government. The first survey in 2011 gathered answers from more than 91,000 businesses across different sectors, giving the UK government local, reliable and timely information.

There is also a need to make provincial data more accessible. Information is not always coordinated or shared in an easily accessible and digestible manner for employers, job seekers and decision makers. Ontario may benefit from British Columbia and its WorkBC website; the site contains a list of job openings across the province, analysis of the provincial labour market, and the results of job surveys among post-secondary education graduates (including information on where jobs are in demand). BC also has a distinct strategy of partnerships and strong networks across the province to improve coordination of LMI including a cross-ministry LMI roundtable committee bringing together various ministries involved in LMI. The work of this committee has allowed for strengthened provincial provision and dissemination of LMI.

Beyond a lack of internal collaboration in the province, there is insufficient intergovernmental coordination and sharing of information between the province and the federal government. The timeliness of data would be enhanced if provincial and federal governments were willing to extract LMI from the wealth of data already collected from Canadians for other purposes while ensuring the protection of private information. This includes evidence from income tax, employment insurance (EI) and social assistance purposes. Provinces do not have access to postal codes and National Occupational Classification (NOC) codes for EI recipients. This type of information regarding which regions and occupations are experiencing changes in employment would allow Ontario to build more responsive training programs.

Labour market policies and programs also suffer from a lack of common performance measures linked to employment outcomes. Based on existing metrics, it is difficult to evaluate program effectiveness. Both the province and the federal government need to collaborate to establish a new governance framework to address deficiencies in the quality and sharing of information and strive to adopt a common set of performance measures that can be applied to all government-funded employment services.

Reza Moridi, Ontario's Minister of Training, Colleges and Universities has recently indicated that the province intends to provide strengthened labour market data to better match student choices to business needs. The government has also announced that it intends to pilot Local Employment Councils to support strategic engagement in local workforce planning and to improve access to quality LMI. Better labour market information is a necessity for addressing skills mismatches and labour shortages, one of the top barriers of competitiveness faced by the province.

Recommendations
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Work with the federal government, with input from the business and education sectors, on an intergovernmental strategy to establish a new governance framework to address deficiencies in the quality and sharing of LMI and one that aims to create a set of common performance measures for program evaluation.

2. Advocate for the collection of more granular LMI and localized data in all future federal surveys on labour vacancies.

3. Promote existing LMI more actively and enhance public awareness of what is available.

4. Enhance interprovincial collaboration on LMI and consider the establishment of a cross-ministry committee to improve coordination on LMI efforts.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

K. Workforce Development in Ontario Agriculture and Food Processing

Authored by the Greater Kitchener Waterloo Chamber of Commerce

Issue

Employers across the Ontario agri-food industry, one of the province's two largest economic sectors, are facing chronic and threatening skills deficits. The provincial post-secondary system requires expansion to meet escalating demands.

Background

A 2011 study compiled by the Food Processing Human Resources Council estimated that the number of student spaces in agriculture and food post-secondary education programs will not meet future employer requirements. A University of Guelph report in 2012 subsequently indicated that industry demand far exceeds the supply of post secondary graduates, where three jobs exist for every degree graduate and two positions for every diploma graduate.

Within the food and beverage processing industry across Canada, 1.5 percent of the total workforce retires annually. As processing facilities become more automated and advanced technology is applied in primary agriculture, the skills demands of employers have significantly transformed. Research conducted by the Food Processing Human Resources Council through employer surveys indicates that recruitment in general is a challenge for all positions and the relatively "low profile" of Ontario's agri-food sector is a factor in this continuing challenge.

A 2014 report from the Canadian Agri-Food Policy Institute and the Ivey Business School at Western University indicated that between 2004 and 2011, the food sector nationally lost 5,281 manufacturing jobs while gaining 8,783 non-manufacturing positions. In interviews, food executives expressed concern over where they were going to find workers for their plants, particularly employees with the skills for sophisticated equipment.

The range of positions in the Ontario agri-food sector is significant. The provincial biotech/bioproducts sector employs more than 6,000 people, including 700 scientists, and invests $166 million annually in research. Ontario ranks in the top three jurisdictions across North America in terms of workforce and R&D expenditures in the ag-biotech sector.

The Canadian Meat Council (CMC) has noted that a shortage of butchers, meat cutters and labourers is restricting industry expansion and growth opportunities in rural municipalities. Rates of pay in this sector have generally been increasing faster than inflation with larger employers offering generous benefit packages.

Skills development in the provincial agriculture and food sector absorbed a serious setback with the University of Guelph's decision, in 2014, to terminate programming at both their Kemptville and Alfred campuses in eastern Ontario. College Boreal in Sudbury and La Cite Collegiate in

Ottawa assumed delivery of French language programs at Alfred, however Kemptville will not be accepting any new students into their agricultural programs for fall 2015

The Kemptville College, opened in 1917, has been an important institution for rural economic development across eastern Ontario. The 2015 Regional Economic Outlook compiled by the Credit Unions of Ontario and Ontario Chamber of Commerce notes that “one trend not expected to change soon is the dominance of a metropolitan area in a region relative to rural centres. In some regions, economic and population trends are considerably less positive in those rural areas.” This gap cannot be closed by cutting funding to institutions and programs that serve businesses outside the GTA and other major southern Ontario urban centres.

Following the University of Guelph’s decision on closing Kemptville in March 2014, the Ontario government provided $2 million to maintain training in construction and other trades. New students have been accepted into these programs however no similar funding commitments have been made by the province for agricultural education at this institution.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Increase capacity in programs that are relevant to agri-food industry skills requirements;

2. Create new programs to address gaps in the current system;

3. Immediately provide additional funding to the University of Guelph and Colleges to update agricultural and food processing programming.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

L. Workforce Development for the Agri-Food Industry

Authored by the Windsor-Essex Regional Chamber of Commerce

Issue

To meet current and future challenges the Agri-Food industry in Ontario needs to develop its workforce. Among the critical needs for the industry are training and education to develop industry specific skills and direct exposure of the potential workforce in training with opportunities in the industry.

Background

As a part of one of the leading industries in Ontario, Agri-Food businesses represent a significant share of the Province's wealth and economic prosperity. Some of the challenges in the Agri-Food industry are related directly to industry specific skills, training, education and engaging the future workforce. The solution is for the Province to support the existing employment and training infrastructure to develop a world-class labour force for the Agri-Food sector.

Workforce development for the Agri-Food industry is both a challenge and an opportunity that can provide additional employment in Ontario. Furthermore, the value of this employment is in the fact that most of the employment in the industry occurs in rural communities where the impact of the job gain is the greatest.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Work with industry to provide the necessary training and skills development programs for all significant Agri-Food regions in the Province in consultation with the Agri-Food industry and regional workforce related organizations.

2. Encourage educational and training institutions across Ontario to provide additional Agri-Food industry specific programs and courses meeting the stated needs of the regional/local Agri-Food businesses.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

M. Address the Growing Labour Force Disconnect by Creating a Stronger Business/Commerce Curriculum

Authored by the Greater Kingston Chamber of Commerce and the Sarnia Lambton Chamber of Commerce

Issue

The long-term competitiveness and productivity of the Ontario economy will largely depend on the skill level of our workforce. Financial literacy is in high demand by employers, however, the Government of Ontario has yet to introduce and mandate an essential financial literacy course in the secondary school curriculum to prepare students to make informed business decisions in the workforce.

Background

The new Ontario economy requires businesses to embrace innovation and accept globalization to remain competitive. Innovation involves investing in technology or modifying the work process to do things more efficiently, requiring less labour for the same output. Globalization makes it difficult for local manufacturing companies to compete with the labour rates of emerging economies. While the core business may remain in Ontario, much of the lower level work will be done abroad.

These trends will cause the new Ontario economy to require relatively fewer employees and more business owners. Many citizens, including people with non-traditional business backgrounds such as the trades, will need to run their own business.

Ontario's future economy will also require residents to be better money managers. Currently, middle- and high-income households are not saving enough for retirement, although most have the tools to do so, as noted by the government's 2014 Budget and Long-Term Report on the Economy. Canadian household debt hit record levels in 2015 with roughly 80% of the population in debt. Half of all consumer spending (retail and housing) occurs in Ontario and BC alone.

Including a mandatory introduction to business and commerce course with financial literacy components as a compulsory credit to obtain the Ontario Secondary School Diploma will provide all high school students with a basic understanding of how to run a business and manage household finances. Key concepts could include how the different forms of debt and investments work and how to construct a business plan and how to create a budget.

Recommendations

The Ontario Chamber of Commerce urges the Ontario Government to:

1. Create a mandatory grade eleven Introduction to Business and Commerce course from existing business and family economics curriculum and designate it as a compulsory credit to obtain the Ontario Secondary School Diploma.

2. Dedicate a specific section of the course to financial literacy. This would include but not be limited to personal and family budgeting, the value of credit, mortgages, insurance, debt management, and accountability to pay.

3. Promote in all school districts in the province, the Specialist High Skills Majors (SHSM) program in the area of business and commerce, a ministry-approved specialized program that allows students to focus their learning on a specific economic sector while meeting the requirements to graduate from secondary school.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

N. Improve Workforce Competitiveness for Rural Communities and Small Urban Centres by Creating a Flexible Apprenticeship Program

Authored by the Greater Peterborough Chamber of Commerce; Co-sponsored by the Guelph Chamber of Commerce, Greater Sudbury Chamber of Commerce, and Thunder Bay Chamber of Commerce

Issue

The economic growth, competitiveness and prosperity of rural communities and small urban centers is being hindered by the current inflexible apprenticeship system. Rural communities and small urban centers are under greater pressure to attract and retain workforce talent and the current apprenticeship system further exacerbates this scenario, negatively impacting Ontario's economic output.

Background

Expanding Ontario's skilled trades labour pool is critical to the continued transformation of Ontario's economy. Skilled trades are fundamental to creating value as a base for economic activity in all businesses in the province. However, some businesses in the skilled trades sector are at a disadvantage as the journeyperson to apprentice ratios do not reflect the reality of limited opportunities in the geographic region in which they operate. Discussion around rural and smaller urban centre opportunities vs. larger urban centre opportunities on this issue has lead to a general consensus that the need is simply different in the smaller urban centers and rural communities and the opportunity to take on more apprentices is reflective of a different workload and pace between smaller and larger communities.

In 2016, the Ontario College of Trades will be conducting another round of ratio reviews for the 33 trades that are bound by journeyman to apprentice ratios. In the past, the Ontario Chamber of Commerce and other organizations successfully lobbied to have the ratios start at 1:1. This is now true for all but one of the 33 trades subject to apprenticeship ratios.

With this next round of ratio reviews, there is the opportunity to consider different options to meeting the needs of Ontario employers. Employers, particularly those in smaller urban and rural centers in Ontario are allowed to participate in the reviews, but ultimately are looking for flexibility to help grow their businesses and to help the next generation of skilled workers. The 1:1 ratio that currently exists now hinders that process. The main trades impacted are carpentry and electrical. However, to limit the recommended pilot project to these two areas would be short-sighted as there may be a need in a rural or smaller urban centre that has not presented itself as of yet.

In Nova Scotia, where they have a 1:1 ratio, employers can apply for a ratio increase for the number of apprentices per journeyperson on a per project basis. A form is submitted online and reviewed by the Nova Scotia Apprenticeship Agency (NSAA) based on the following criteria:

- Geographic location of the employer to determine if there is a limited capability to locate and employ journeypersons;
- Steps undertaken by the employer to hire more journeypersons;
- Whether the employer has previously requested ratio adjustments and has been denied such requests;
- Whether previous ratio adjustments were cancelled because of a violation in the terms and/or conditions;
- The availability of senior level apprentices; (note: senior level refers to final level apprentices);
- The attendance of registered apprentices in technical training.

This program has been in place for over a decade and the NSSA says it receives 40-50 requests per year. While the NSAA was unable to provide statistics on the program, they did say that ratio variances are generally approved. [31]
Flexibility in the apprenticeship system is also evident in Alberta, Saskatchewan and Newfoundland where there is a one journeyperson to two apprentices ratio to reflect demand; and as highlighted in the Tony Dean Review, British Columbia has never had mandatory ratios. Nearly one in three employers are looking for skilled tradespeople and are unable to fill a job because they cannot find someone with the right qualifications."[32]

The Dean Review suggested a number of criteria that could be considered by the Ontario College of Trades ratio review panel included demographic and labour market information for the trade, and the demand for skilled trades in different regional/geographic areas of the province. While this recommendation is encouraging, under a review panel these criteria would be applied across the trade and that may not be necessary. However, an approach that allows employers to apply for a ratio increase based on specific criteria might help spur economic growth in smaller communities with geographic and regional challenges.

Currently, apprentices need to rely on journeypersons and employers to help them with their education and training, which in turn helps the apprentice to successfully write their Certificate of Qualification and to become certified in their trade. In smaller urban and rural communities where the pool of employers and journeypersons is much smaller, having a flexible ratio system is critical to workforce development in the skilled trades, and to long term and sustainable economic growth across Ontario.

Sustained changes to the apprenticeship ratio system are needed, but the proposed pilot project is an opportunity, in the short term, to gather data and assess the need of small and medium-sized employers in different regional and geographic areas of the province.

[31] Email correspondence with Kim Kennedy, Nova Scotia Apprenticeship Agency received January 7, 2016
[32] Press Release, Ontario Chamber of Commerce, November 20, 2015

Recommendations
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Implement a three year pilot project that would allow small and medium-sized employers in rural communities and small urban centers across Ontario to apply for an apprenticeship ratio increase.

2. Compile and assess the data from the pilot project to inform future ratio review discussions.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

O. Moving the Ontario Colleges of Trades from Regulator to Promoter

Authored by the Greater Sudbury Chamber of Commerce; Co-sponsored by the Greater Peterborough Chamber of Commerce, the Sault Ste. Marie Chamber of Commerce, the Thunder Bay Chamber of Commerce, and the Timmins Chamber of Commerce

Issue

The Ontario College of Trades (OCoT) is overly focused on enforcement and regulation, limiting its ability to serve the public interest in attracting and training new tradespeople.

Background

The Ontario government passed the *Ontario College of Trades and Apprenticeship Act (OCTAA), 2009* to establish the College of Trades to modernize the province's apprenticeship and skilled trades system. OCoT began accepting members in April 2013. Although one of the objectives of the College as set out in the OCTAA is to promote the practice of the trades, concern exists among industry that OCoT is overly regulatory to the detriment of its other functions such as trades promotion and training.

Employers have raised concerns about overlapping regulation and enforcement practices between OCoT and other provincial ministries. The trades is an interconnected system where a large number of other parties are involved in aspects of regulating skilled trades and apprenticeship training, alongside the College. This includes various government ministries, departments and agencies, other Ontario regulatory bodies, Ontario Colleges and apprentice training institutions. College enforcement activities should avoid overlap with existing regulatory agencies. OCOT is just one component of many. Greater co-ordination and communication between the College and these other bodies is required to avoid duplication and increasing the restrictiveness of trades regulation in Ontario. Many employers remain confused as to what ministry or body regulates what function. An integrated and coordinated regulation framework for the trades will allow employers and tradespeople to more easily navigate through the system.

Although the College is a self-regulating body, it also has the ability to regulate non-members through enforcement of compulsory trade provisions under the OCTAA. By focusing on non-members already working in the trades rather than the public at large, the College runs the risk of falling short in addressing one of its core responsibilities- skills shortages in the trades across the province. The OCC found that 30% of businesses have difficulty finding qualified candidates for job openings; this number rises in rural and northern regions of the province. Skills mismatches are predicted to cost the Ontario economy more than $4.1 billion in GDP. Over 40% of employers are seeking employees with training in the trades. Enforcement of non-members is often better dealt with by existing regimes with particular expertise in different regulatory schemes. OCoT should move away from duplicative enforcement to enhancing

Ontarians ability to access training and promoting the trades especially among underrepresented groups.

Although the College has done some positive outreach over social media and has created a new website that aims to champion careers in the trades, additional resources, focus and time should be dedicated to OCoT's promotion and training function. In addition to the promotion of the trades, OCoT should bolster its research function in order to address current and predicted skills shortages though timely and thorough advanced planning. This research can include an examination of obstacles small businesses face in hiring apprentices.

In December 2015, Tony Dean, appointed by the government to review certain aspects of OCoT's mandate, published a report with recommendations for the College. Although the College's role in the promotion of the trades fell outside the scope of the review, Tony Dean highlighted that the important role the College should have in promoting and elevating the trades, including streamlining access and providing guidance and support for those interested in apprenticeship came up in every single consultation that was held.

The value proposition of the College to employers will be improved when industry sees benefit in the form of new tradespeople, easier access to skills and economic growth.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Enhance co-ordination and communication between the Ontario College of Trades and other bodies to create an integrated regulatory framework that avoids duplication and over-regulation.

2. Work with community colleges, the secondary education sector (private and public), industry and other stakeholders to create, execute, and make public a plan to promote the skilled trades to youth and underrepresented groups such as women, persons with disabilities and Aboriginal peoples.

3. Ensure the Ontario College of Trades' website acts as an online portal and leading source of up-to-date information on current and projected labour market needs in the trades, as well as research on addressing skilled labour shortages across the province. The website should also contain clear information to help apprentices better navigate the trades system.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

P. Addressing Local Labour Market Needs through the Ontario Provincial Nominee Program

Authored by the Thunder Bay Chamber of Commerce; Co-sponsored by the Greater Peterborough Chamber of Commerce, the Greater Sudbury Chamber of Commerce, the Timmins Chamber of Commerce, and the Windsor-Essex Regional Chamber of Commerce

Issue

Employers across Ontario, but particularly in rural Ontario, are experiencing a shortage of qualified employees and a shrinking labour market.

Background

Many employers are already facing a shortage of qualified employees and communities are struggling with a shrinking labour market. The Ontario Chamber of Commerce indicates that nearly a third of Ontario employers are unable to fill a job because they cannot find someone with the right qualifications. A 2013 Conference Board of Canada report says that Ontario is losing out on over 24 billion dollars a year due to a shortage of skilled workers.[33]

One part of the solution to the skills shortage challenge is through progressive immigration policies and processes. Ontario currently receives approximately 100,000 immigrants annually, representing 40% of all immigrants to Canada each year.[34] The Provincial Nominee Program (PNP) is one area where Ontario's policies put us at a disadvantage in attracting migrants to meet our labour market needs. The list of eligible professions is narrow and does not include many of the trade professions that are experiencing shortages such as plumbers, chefs and truck drivers.

To add further challenges, the Ontario PNP requires employers to obtain a labour market impact assessment prior to offering a job to a recent migrant. This labour market impact assessment (LMIA) uses provincial information in determining whether a job can be offered to an immigrant. Employers in rural communities who are unable to attract Canadian citizens from major urban centres are often denied the opportunity to hire an immigrant because the LMIA data shows that sufficient Canadian citizens are available to fill the role but does not consider the willingness or not of Canadian citizens to relocate to that area. The elimination of the need for an LMIA and the development of a local nominee program would provide an opportunity for local needs to be identified and addressed through the Ontario PNP.

The Manitoba Provincial Nominee Program is quite different. It includes a much broader list of eligible professions, does not require a labour market impact assessment, and provides local communities the opportunity to nominate a certain number of migrants to address local labour

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[33] http://www.conferenceboard.ca/press/newsrelease/13-06-21/skills_shortages_cost_ontario_economy_billions_of_dollars_annually.aspx

[34] http://www.statcan.gc.ca/pub/91-209-x/2013001/article/11787-eng.htm

shortages. This approach has seen positive results. Each year, some 15,000 immigrants arrive in Manitoba. According to a recent survey, 85 per cent of Manitoba nominees were working three months after arrival, 76 per cent were homeowners within five years and 95 percent of families settled permanently in the community.

Recommendation
The Ontario Chamber of Commerce urges the Government of Ontario to work with the Federal Government to implement changes to the Ontario Provincial Nominee Program by:

1. Creating a local nominee program that would allow municipalities to nominate a certain number of migrants for migration to Canada to address local labour shortages;

2. Eliminating the requirement for a labour market impact assessment for communities under 200,000 population, for PNP participants to be hired in Ontario; and,

3. Expanding qualifications eligibility for the PNP to also include high demand trades professions.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

OTHER ISSUES

A. Improving Provincial Payment Times

Authored by the Thunder Bay Chamber of Commerce

Issue

The Province is placing an extraordinary burden on small business through the slow payment of invoices.

Background

The Province of Ontario has a very poor track record in paying small businesses for services they have provided to the Provincial Government. In a recent survey the Chamber could not find a single member that received net 30-day payments within 30-days. Unfortunately 60-day duration and much longer is the norm. We have been advised that some companies no longer pursue Provincial business because of this late payment practice and the negative impact on cash flow.

Companies are required to remit HST to the Canada Revenue Agency on a timely basis, which creates an additional upfront burden on small businesses.

The bottom line is that slow payments by the Province increase operating costs for small business, and the Chamber feels this is no way for the Province to conduct business.

The Province must lead by example and provide payments for services rendered in a timeframe consist with how the business community operates.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Pay invoices received within 30 days; and

2. Where payment is not possible within 30 days of invoice receipt due to processing delays, provide 25% advance payment of the invoice total.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

B. Personal Real Estate Corporations

Authored by the Tillsonburg District Chamber of Commerce and the Ontario Real Estate Association

Issue

Registered real estate salespeople are currently prohibited from incorporating due to restrictions under the Real Estate and Business Brokers Act, 2002. (REBBA). They are one of the few regulated professions in Ontario who are subject to such restrictions.

Background

Since 2008, the Ontario Real Estate Association (OREA) has advocated for the removal of statutory barriers to allow real estate salespeople to self-incorporate.

To date, the Government of Ontario has been reluctant to act on OREA's recommendation since it was initially thought that personal real estate corporations (PRECs) would reduce government revenue at a time when the province was running large budgetary deficits.

ECONOMIC IMPACT KEY FINDINGS

The Centre for Spatial Economics (C4SE) conducted an analysis of the economic impact of permitting Real Estate Brokers and Agents to incorporate:

- Personal Real Estate Corporations (PRECs) more than pay for themselves in terms of direct tax revenue forgone;
- Between 33 to 89 net new jobs will be created per year;
- Between $0.8M and $2.0M average annual additional increase in Ontario government revenue;
- Between $9M and $25M average annual increase in Ontario GDP.

Other regulated professions, including chartered accountants, lawyers, health professionals, social workers, mortgage brokers, insurance agents, architects and engineers, can all form personal corporations in the Province of Ontario.

OTHER PROVINCES

Since 2008, British Columbia, Quebec, Manitoba, Saskatchewan, Alberta and Nova Scotia have all moved to allow real estate salespeople to incorporate.

Summary Statistics of the Use of Corporations by REALTORS® (2012)

Province	Effective Date	No. of Licences	No. of PRECs	PREC Use Percent*
British Columbia	Jan 1, 2009	20,862	1,252	6%
Nova Scotia	March 1, 2012	1,919	93	5%
Saskatchewan	Sept 2, 2011	1,862	172	9%

Québec	Jan 1, 2012	16,858	653	4%

NO COMPROMISE TO CONSUMER PROTECTION
Real estate salespeople who form personal corporations will continue to be subject to all professional and ethical obligations under REBBA.

Recommendation

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Amend the Real Estate and Business Brokers Act, 2002 to allow Real Estate Sales People to Incorporate.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

C. Promoting District Energy Programs

Authored by the Guelph Chamber of Commerce

Issue

District heating and combined heat and power systems are not currently included in Ontario Power Authority energy conservation incentive programs.

Background

North America has an energy density twice that of Europe, at half the energy costs. Reducing our energy consumption to European levels would potentially reduce this key input cost to Ontario businesses by 50%. Reducing energy costs related to heating would give Ontario businesses in an excellent competitive advantage against the EU. As Canada moves toward the Comprehensive Economic Development Agreement with the EU, having an energy cost advantage will position Ontario businesses well to compete in this key market. Guelph's annual energy spend is $400M, so matching the EU presents a $200M opportunity to our community alone.

Low cost natural gas provides a huge opportunity for combined heat and power applications. Cities and businesses could centralize district heat and power, eliminating the capital and maintenance cost of furnaces, air conditioners, and process boilers.

In the last 4 years, Guelph business have invested $19M in 295 ERIP and ERII projects, at the same time receiving $4M in incentives from the OPA. 1400 small businesses, 40% of Guelph's total have participated in lighting retrofit incentives. The result was local businesses have saved 55million kilowatt hours, or between $5m and $7M savings annually. Peak load has dropped from 350 megawatts to 302 megawatts. Participating businesses have reduced consumption by 15%. At the same time, local electricians, contractors, and suppliers have benefited by the $19m in investment. $4M in incentives has been matched 5:1 with direct investment and resulted in annual savings to business exceeding the incentives provided.

Heating and air conditioning represent half of a community's energy consumption. Extending energy retrofit incentives to include district heating, insulation, and combined heat and power projects would result in similar economic impacts to those above.

Recommendation

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Include district energy, insulation, and combined heat and power in Ontario Power Authority incentive programs.

Effective Date: May 2, 2014

Sunset Date: May 2, 2017

D. Support the Proposed Great Lakes Protection Act and Monitor to Ensure Timely Creation and Implementation of Conservation and Prevention Programs

Authored by the Port Hope & District Chamber of Commerce

Issue

The Great Lakes are severely threatened by a growing population and increased run off from cities and farms. These issues affect water levels, stream flows, and the quality of water in the Great Lakes, which supplies 80% of Ontarians with their drinking water. They also impact popular beaches, fish, birds and wildlife that live in or next to the Great Lakes and St. Lawrence River Basin. The vitality of the Great Lakes is essential to many aspects of Ontario's economy including tourism, food production, manufacturing and shipping.

Background

On February 18, 2015 the Ontario government re-introduced the proposed *Great Lakes Protection Act* which was first presented in 2012. The goals of the proposed Act are to reduce algal blooms, protect wetlands, as well as monitor and report on the health of the Great Lakes. The Act also proposes to establish a Great Lakes Guardians Council which will bring together a wide range of stakeholders, including conservation authorities.

The Great Lakes provide multiple benefits:

- They provide water for many uses including: individual homes, municipalities, farms, and businesses. Over 40 million people in the region get their drinking water from the Great Lakes, waterways and groundwater.

- Many Ontarians live along the shores of all the Great Lakes and use them for fishing, swimming, boating, hiking, and cottages. In 2012, the estimated value of residential waterfront properties in Ontario Municipalities adjacent to the Great Lake shores was $28.5 billion. There are 94,000 waterfront properties along the Great Lakes shoreline and connecting channels, they support approx. 233,000 seasonal and full-time residents. The 10,000 cottages located on the Eastern and Northern shores of the upper Great Lakes contribute over $100 million to the local and regional economy. The estimated economic importance of waterfront properties in the upper Great Lakes to Canada is $39 billion (USD).

- They contribute to food production, manufacturing, hydroelectric generation, tourism and provide important shipping routes. In 2012 it was learned that Ontario's fishing industry alone has an annual economic impact of $330 million, directly and indirectly employs 1500 people and contributes $20 million in tax revenue. The Great Lakes support the world's largest fresh water commercial fishing industry. In 2010, the Great Lakes region saw 73 million tourist visits with an estimated spending of $12.3 billion (CAD). The Great Lawrence Seaway System generated $33.6 billion (USD) in direct and indirect economic activity in 2010. This contributed $4.6 billion (USD) in tax revenue in federal, provincial/state and local tax revenue in Canada and the US. In addition, over 225,000 direct and indirect jobs in Canada and the US were a result of the commercial shipping industry and harbours in 2010.

Protecting and improving the Great Lakes and St. Lawrence River Basin and their watersheds also supports a healthy economy for Ontario. Being stewards of the environment ensures a necessary resource for many important Ontario industries.

Upstream activities such as urbanization, increased water uses, pollution, and agriculture affect water quantity and water quality downstream in the Great Lakes. Recently the Ohio State Senate voted to restrict farmers from spreading livestock manure on frozen and rain-soaked fields or when heavy rains are on the way. This was a direct result of 400,000 Ohio and Michigan residents, who draw water from Lake Erie, having their water contaminated in summer 2014 by algae. This legislation is an initial step from the State to help improve water quality in Great Lakes and, as a result, Ontario. Ontario's agriculture practices already require farmer's with 300 livestock to adhere to a nutrient management plan. The farmers monitor the runoff and ensure they don't leak too much phosphorus, the algae's preferred nutrient, into the waterways.

Recommendations
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Develop programs that will promote conservation and protection of the Great Lakes to ensure healthy Great Lakes for use by residents and industry.

2. Include a representative for business on the Great Lakes Guardian Council to ensure representation for the interests of Ontario businesses.

3. Monitor upstream activities that are affecting the Great Lakes (agriculture, urbanization and pollution) and work to minimize nutrients like phosphorus in the runoff. Encourage Michigan and Ohio to also monitor phosphorus levels.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

E. Fairness for Businesses in Customer Initiated Transactions

Authored by the Brampton Board of Trade

Issue

Section 43 of the Consumer Protection Act, 2002, and its associated Regulations is overly broad and captures within its requirements businesses, trades people, and contractors who should be exempt from the provisions.

Background

Section 43 of the Consumer Protection Act, 2002 (“CPA”), deals with the cooling off period available to consumers when they enter into business contracts at a place other than the provider’s place of business. These are defined as “Direct Agreements” or “Direct Sales Contracts”. In such a situation, the customer has 10 days to cancel the contract. Generally, it is used to cover those direct energy companies who go door to door convincing customers to enter into lengthy and expensive energy contracts, or other annoying solicitors. The problem is, however, is that the legislation is worded too broadly and captures any business who attends at the customers home.

For example, a customer contacts an electrician because they have a problem. The electrician makes an appointment, attends at the customer’s home, does an inspection, and provides an estimate. If the customer accepts the proposal, the electrician will make an appointment to return on another day to complete the jobs. In the interim, the electrician is spending time making arrangements with the local utility, acquiring parts and scheduling other jobs around this one. If the customer has a change of heart before the electrician returns to complete the work, he or she can cancel it without any charges. If the electrician has started the job, the customer can still cancel and is only required to pay the “reasonable” costs of the work completed.

This is difficult for any business that relies on direct contact from the customer to initiate the sale (i.e. electricians, contractors, renovations, lawn or yard maintenance, landscape, babysitters, dog walkers, etc.). These are not businesses that rely on solicitation of the customer, such as door-to-door salesmen. Unfortunately, the legislation does not draw the distinction.

Besides the obvious inconvenience to the business in terms of lost efficiency, if the business is regulated by a government agency, the director can face severe consequences beyond those outlined in the Consumer Protection Act. For example, electricians are regulated by the Electrical Safety Authority. If the electrician is found not to be complying with the Consumer Protection Act, they can have their business license suspended or revoked.

Recommendation

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Following the BC Legislation, amend section 43(1) of the CPA and its Regulations to reflect exemption from cancellation of Direct Agreements by customers when customer or person authorized on behalf of the customer, initiates contact with business within a reasonable time period.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

F. Finding Balance in the Endangered Species Act

Authored by the Timmins Chamber of Commerce, Greater Sudbury Chamber of Commerce, and Sault Ste. Marie Chamber of Commerce

Issue

Species recovery strategies and conservation plans created under the Endangered Species Act (ESA) are not subject to socio-economic impact analyses and, as a result, may have significant negative impacts on Ontario's forestry industry and the communities that rely on its vitality.

Background

Ontario's Endangered Species Act, 2007 (ESA) prohibits damage or destruction of habitat for species classified as 'endangered' or 'threatened' on the list of Species at Risk in Ontario. Corresponding government strategies such as conservation plans and recovery strategies are not subject to socio-economic impact analyses, despite their potential impact on Ontario's forestry industry, which employs 200,000 workers across 260 communities.

The need for such analyses when developing conservation plans under the ESA is best demonstrated by the problems inherent in the Caribou Conservation Plan (CCP). Produced under the Endangered Species Act in 2009, this plan is designed to guide caribou conservation and recovery efforts in Ontario through means that include limiting access to Crown fibre.

Among the CCP's guiding principles is the "consideration of social, economic and environmental concerns in the context of long-term caribou survival." However, the action plan does not mandate the completion of a socio-economic analysis, nor has there been any indication that the government intends to do so.

As a result, the CCP has led to a severe reduction of fibre supply in many regions, a figure that will reach as high as 65% in some areas such as the Abitibi River Forest in northeastern Ontario; this will result in the loss of thousands of direct and indirect jobs, severely hampering the forest industry and the communities it supports. The anticipated blow to the economy has been denounced as "devastating" by a range of municipal and industry groups, including the Northwestern Ontario Municipal Association, the Ontario Forest Industries Association, and the Federation of Northern Ontario Municipalities.

Alternative agreements that have since been struck between environmental groups and industry, such as the Canadian Boreal Forest Agreement, demonstrate that a balanced approach to conservation can lessen fibre supply reductions while providing even stronger opportunities for caribou recovery.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Require socio-economic impact assessments for all future conservation plans to be developed under the Endangered Species Act (2007), subjecting results to public review.

2. Conduct a full review of the Caribou Conservation Plan, using a publically reviewed socio-economic impact assessment and defensible science to determine caribou range boundaries.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

G. Innovation in Human Services: Community Mobilization

Authored by the Guelph Chamber of Commerce

Issue

Community Mobilization projects have been proven to improve community safety and wellness through more efficient use of policing, social services, and medical resources.

Background

Community mobilization is a community led action which is planned, carried out and evaluated by individuals, groups, agencies and organizations within a community to improve the well-being of local residents and address complex issues. It empowers participating agencies to take part in decision making as a collaborative body, targeting at risk situations before problems occur.

This initiative (CMPA), which was originally founded in Scotland and was brought to Prince Albert by community leaders, is called the “HUB” and the “COR”. This model has now been implemented across Saskatchewan, with some Ontario communities looking to implement pilots. The “HUB” is made up of delegated personnel from participating agencies and is focused on the rapid development and deployment of short term (24-48 hour) interventions to specific cases, emerging issues and crime prevention. The “COR” (Centre of Responsibility) supports the work of the “HUB” by addressing trends, system gaps and complex issues which may require systemic change and are beyond the scope of the “HUB”.

Community Mobilization has several objectives:

- achieve a dramatic and ongoing reduction in the levels of crime and victimization,
- improve all aspects of social wellness, including reducing emergency room visits and school truancy rates;
- give citizens and families at risk the supports needed to build positive and healthy lives;
- allow youth to grow and be educated in environments free from fear and risk; and
- grant businesses a safe and positive marketplace in which to operate.

The HUB and COR models improve efficiency of service delivery, reduce policing and emergency room costs, and provide better outcomes for at risk people and their families. Having been piloted across Saskatchewan since 2009, and now having North Bay, Toronto, and Guelph investigating pilots provides Ontario examples of successful implementation to follow. Numbers of interventions are being tracked, with impact of interventions in avoiding policing and emergency room costs, truancy, and recidivism.

Recommendation

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Provide funding for lead agencies to implement community mobilization projects in Ontario, with the goal of reducing policing, social services, and hospital costs, at the same time reducing crime and improving community wellness.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

H. Ontario's Residential Tenancies Act

Authored by the Tillsonburg Chamber of Commerce

Issue

Ontario's provincial government regulations within the Residential Tenancies Act (RTA) enable tenants to take unfair advantage of the system. Other provincial residential or landlord tenant acts are more equitable; thereby making it more attractive for investment in that province.

Background

It is our view that Ontario's Residential Tenancies Act (RTA) should be changed to make it more equitable for landlords and property managers. The existing Act does not hold tenants accountable to their rental responsibilities; instead it places unnecessary financial burdens and excessive delays on landlords and property managers, and on our municipal court system. The processes in Ontario's RTA we would like to recommend changes to are in the areas of: 1) Reducing Statutory Delays; 2) Dispute Resolution Officers at Residential Tenant board offices; and 3) Amending last month's rent to a Security deposit system.

Although non-payment occurs in only 3% of cases for Ontario residential rental units the percentage is drastically higher in rental units priced under $1,000. The current provincial government acknowledges that there is a massive shortage of affordable housing options in Ontario. A major deterrent for Real Estate investors to create affordable rental units is the inequity of the RTA. Making the act more equitable will go a long way in attracting investment in our province in this sector and will eliminate the need for the government to get into the bricks and mortar business of providing affordable housing options.

Reducing Statutory Delays

Currently in Ontario if a tenant has not paid their rent, it is the landlord's responsibility to pay a $170 filing fee and schedule a hearing after waiting 14 days before being able to file with the board. In British Columbia, if the rent is not paid, the onus is on the tenant to pay a $50 filing fee to dispute an eviction. It is our opinion that British Columbia's Act places the responsibility in the right place: by making the tenant accountable for the expenses incurred to schedule a hearing when it is THEIR rent that has not been paid. Ontario's current process places unnecessary financial burdens on landlords and wastes valuable administrative time and associated costs: a tenant often does not attend a hearing nor are they likely to have a receipt proving their rent was paid when it wasn't. Currently a landlord needs to wait 14 days to file with the board, 30 days to get a hearing date, 3 days after the hearing to get the order, 11 days before filing with the sheriff and 3 days before the sheriff evicts the tenant. This amounts to 61 days to evict a tenant and the landlord losing 1 to 2 months of rent assuming the tenant paid a last month's rent deposit.

Dispute Resolution Officers at Residential Tenant Board offices

In Ontario the Dispute Resolution Officers are at the Courthouse the day of a scheduled hearing to assist with settling an issue before it is heard by a judge. However, in British Columbia, evidence can be presented by both the tenant and landlord to a Dispute Resolution Officer, and a binding ruling can be made by the Officer. This presentation can be done at a government office or by telephone conference call. This BC process avoids scheduling a hearing and using up unnecessary, valuable court time and tax dollars.

Amending Last month's rent to a Security deposit System
Under Ontario's current system a tenant pays last month's rent which covers the last month they occupy the unit. The issue with this process is that the tenant does not pay any monies on the first day of their actual last month; therefore at the end of the tenancy there is no money held by the landlord to give back to the tenant leaving no motivation for the tenants to: leave on time, leave the unit in reasonable repair and cleanliness, take all their possessions, and return the keys.

Recommendations
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Amend the RTA to reduce statutory delays by the following ways:
    a. Amend section 59. (1)(b) of the RTA to allow the landlord to give the tenant a notice of termination (i.e. issue and L1) within 5 days effective on the fifth day of termination, rather than the 14th day.

    b. Provide the Landlord Tenant Board with the one-time financial resources necessary to reduce the average hearing wait time from one month to one week and the necessary performance structure be put in place to ensure its success.

    c. Amend the RTA to return to the previous practice of requiring the non-paying tenants to file applications.

    d. Immediately stop the practice of preventing landlords from filing with the sheriff for 11 days after an order is issued and amend provincial laws (the Courts of Justice Act and the RTA) to explicitly allow private bailiffs to enforce Landlord Tenant Board orders and to require orders that have been previously stayed to be placed in priority sequence.

2. Shorten the dispute process by more effectively using the role of a Dispute Resolution Officer at the Residential Tenant Board office. This will avoid unnecessary court hearings. An order of possession can be obtained from a Dispute Resolution Officer at the Residential Tenant Board office thereby avoiding going to hearing to obtain such.

3. Amend the current process of collecting last month's rent by Landlords to a security deposit system similar to the process in the Province of Alberta. This process will include the following:
   - An inspection report to be completed by the tenant and the landlord which will note any deficiencies before the tenant takes possession of the unit.
   - Once the tenant vacates the unit, the security deposit will be returned in full when the following conditions are met:
     - If the tenant removes their personal possessions from the unit;
     - If the tenant returns the keys upon vacating the unit;
     - If the tenant reasonably cleans the unit before vacating;
     - If the tenant recognizes that any repairs required outside of normal wear and tear will be deducted from the security deposit.
     - The tenant obtains full rights to the rental property only after the first month's rent and security deposit are paid in full.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

I. Promoting Healthy Workplaces in Ontario

Authored by the Hamilton Chamber of Commerce and the Mississauga Board of Trade

Issue

To encourage healthy workplaces in Ontario, the availability of consistent messaging at the provincial level regarding recommended policies, practices, and tangible supports is needed.

Background

The impact of healthy workplaces goes beyond influencing the well-being of employees and their families. The World Health Organization states "it is of paramount importance to the productivity, competitiveness and sustainability of enterprises, communities, and to national and regional economies". According to Duxbury and Higgins, "at this point in time, governments pay the lion's share of the costs associated with poor workplace health practices through their support of the country's health care system".

Current legislation aids employers in providing work environments that are physically and psychologically safe for employees (e.g. the Occupational Health & Safety Act along with the Bill 168 amendments re: violence and harassment, Human Rights). However, evidence demonstrates that healthy workplaces initiatives are more effective when a wider comprehensive approach is used. Specifically, personal health resources (e.g. flexible work schedules to accommodate physical activity, refrigeration to store healthy foods, etc.) and enterprise community involvement (e.g. what a workplace does to support the well-being of their community such as sharing their expertise with small and medium size businesses or reducing their environmental footprint) are also important avenues of influence that must be integrated with other healthy workplace practices as part of how a workplace operates at a strategic level. According to a Canadian Council on Integrated Healthcare report "employers who are inconsistent in their approach to workplace health, and rely on ad hoc, non-strategic approaches, are less likely to achieve or sustain success".

A provincial approach to workplace health could integrate the gaps between existing legislation and best practice. Such an approach would not be another piece of legislation, but a time saving reference point for Ontario businesses to help them determine their course of action. In their document "Proposal for an Ontario Comprehensive Workplace Health Strategy", the Ontario Healthy Workplace Coalition outlines several guiding principles and strategy components to consider:

- Guiding principles: visible provincial leadership; broad stakeholder engagement; relevance to businesses of all sectors and size; linkages to mandates of key organizations and provincial Ministries; a strong business case demonstrating the savings for both businesses and the province; and an economically viable solution with resource contributions from many stakeholders.

- Strategy components: leadership to develop and implement; social marketing to promote; tools and resources; policy and incentives development; and research and evaluation to monitor the effectiveness.

A provincial approach to workplace health should also monitor the workplace relevant aspects that may emerge from the Mental Health Commission's framework for a national mental health strategy as well as the proposed provincial mental health and addictions strategy from the report: "Respect, Recovery, and Resilience: Recommendations for Ontario's Mental Health and Addictions Strategy."

As the Ontario Healthy Workplace Coalition's guiding principles suggest, successfully launching a provincial approach to workplace health requires commitment from government in the form of visible leadership. Engagement of Chambers of Commerce, employers and private insurers by senior bureaucrats and politicians is necessary not only for developing a provincial approach, but also for developing healthy public policy in order to maximize conditions to improve employee health. Take transportation for example, which certainly has health implications for employers and employees. Research shows that people who use public transit are 3 times more likely to obtain 30 minutes of moderate physical activity 5 days a week than non-users. Another study found that transit users spend a median of 19 minutes daily walking to and from transit. 29% achieve the recommended 30 minutes of physical activity a day solely by walking to and from transit. Workplaces could improve employee health by promoting mass transit use and through having an opportunity to inform policies that can help facilitate effective use of transit by their employees.

Recommendations
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Develop a provincial approach for workplace health that can be used a reference point for policy and practice in Ontario.
    - Consider using the guiding principles and strategy components outlined in the Ontario Healthy Workplace Coalition's "Proposal for an Ontario Comprehensive Workplace Health Strategy"
    - Incorporate the workplace relevant aspects that may emerge from the proposed provincial and national mental health strategies.

2. Ensure public policy is set by senior bureaucrats and politicians in consultation with Chambers of Commerce, employers, and private insurers in order to maximize opportunities to increase employee health.

3. Advocate that the federal government:

- Designate a lead agency for workplace health policy, programs, and research using existing resources (e.g. strengthen or expand mandates, better coordination within the current system, etc.)
- Develop a nation-wide comprehensive workplace health strategy that recognizes the interrelationships between work, health and community that links to or is based on the proposed approach for Ontario as per the first recommendation.

4. Provide employers with:
    - A strong business case for healthy workplaces.
    - A catalogue of best practices and policies that take into account the diversity of work (e.g. non-standard employment) and the differences in needs from businesses of different sizes and sectors in Ontario.
    - Clear standards for healthy workplaces by using benchmarking criteria set out by national/international agencies and academic centres on workplace organization and health (e.g. World Health Organization, National Quality Institute (NQI), Groupe de promotion et de prévention en santé (GP2S), Healthy Scorecard, Workplace Health Research Unit) that employers can use as a guide.

Effective Date: May 2, 2014
Sunset Date: May 2, 2017

J. Province of Ontario Wide Load Permit

Authored by the Tillsonburg District Chamber of Commerce

Issue

The Ontario Provincial Wide Load Permit System is very complex making it difficult for companies to comply when their vehicles travel throughout Ontario's county roads that are not designated as King's highways.

Background

Most companies do not understand the requirements of the permit system. A provincial wide load permit costs a business $300.00 annually and is valid ONLY for King's highways. This cost is considered very reasonable. Alternatively a business can also purchase a "trip" permit valid for a limited timeframe.

Since the provincial permit is valid for King's Highways only, in some cases businesses must also purchase county wide load permits as well as permits from the "lower tier" municipalities in that county.

This current system forces a business to contact each county and municipality that maintains the roads their vehicles will be travelling on to determine the trip permit process and requirements. This is a very inefficient, time consuming and complex process.

It is a burden to small and medium sized companies (SMEs) that require wide-load permits to fulfill their obligations to their clients. Ontario companies affected are: excavating companies, construction companies, farm machinery dealerships, agricultural suppliers, for example.

Complexity Highlights

The regions of the Province of Ontario contain 23 Counties with 211 "lower tier" municipalities embedded within the 23 Counties. And, there are 11 single tier municipalities (i.e. Toronto, Ottawa, Chatham-Kent, Haldimand, etc.); which leaves a total of 245 potential contacts for permits.

In light of these statistics, business owners must know what municipality maintains the particular road their vehicles will be travelling on in order to legally transport equipment. To determine this, a business would need access to an entire database of Ontario roads and who maintains/owns them.

In our research, most businesses did not know their compliance requirements; and only one knew that County permits were required but did not know about the lower tier municipal permits.

In speaking with one local business, they were stopped and charged multiple times in the past 10 years; both times for $400.00. It is their feeling that it is cheaper to pay the fine than to spend the time to acquire the necessary permits.

In summary, the current Wide-Load Permit system is a barrier and a financial burden for companies in Ontario to do business.

Recommendation
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Investigate the opportunities available to create a one-permit system for wide, high, and heavy loads to navigate throughout Ontario's roads regardless of the regions, counties or municipalities vehicles must travel through.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

K. Workplace Mental Health Strategy

Authored by the Burlington Chamber of Commerce and the Ajax-Pickering Board of Trade

Issue

Mental illness in the workplace is having a severe impact on Canada and Ontario's productivity and, if the problem is left unabated, that impact will only worsen. The provincial government has a key role to play in mitigating the cost that mental illness levels on businesses.

Background

According to the Mental Health Commission of Canada, the total economic cost arising from mental health problems and illnesses is at least $50 billion per year. Health care, social services and income support costs make up the biggest proportion of these costs, but the costs to business are also staggering: Canadian businesses experience $6.4 billion in lost productivity (from absenteeism, presenteeism and turnover) every year. If left unabated, the cost to business will increase to $16.0 billion by 2041.

One in four Canadians suffers a mental illness every year, often in the form of depression and/or anxiety. Currently, mental health claims (especially depression) have overtaken cardiovascular disease as the fastest growing category of disability costs. Today in Canada disability represents 4% to 12% of payroll costs.

Employee mental ill-health leads to absenteeism, decreased productivity and quality of work issues, which in turn impact business success. This is critical at a time when brain-based cognitive skills are required to provide competitive advantage locally and globally.

Health conscious workplaces can promote early diagnosis and reduce the impact of mental health problems, mental illness, and addictions. If a person receives effective treatment in the first few months of their illness, the duration, frequency, and severity of symptoms will be reduced. In addition, early and effective treatment increases the chances of the individual making a full recovery. When short-term disability becomes long-term, there is a lesser chance that the person will be able to return to previous levels of proficiency.

At one time a similar crisis existed with workplace physical safety. Measurement and tracking of incidence rates, coupled with public awareness, played a strategic role in turning the tide – proving the adage that 'what you measure is what you get'. The same can be true of workplace mental health.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Develop a comprehensive workplace mental health strategy that emphasizes mental health awareness, education and rehabilitation for employees. The strategy must not be prescriptive or place an additional burden on businesses but should instead be focused on improving mental health awareness.

2. Broaden the focus of regional mental health centres to include workplace mental health issues enabling them to refer to agencies or for-profit local providers to treat employees of local workplaces by providing workplace-oriented programs.

3. Create a public education and awareness campaign on the social and economic value of workplace mental health and the availability of community workplace-oriented resources.

Effective Date: May 2, 2015
Sunset Date: May 2, 2018

L. Banning Weekend Union Drives

Authored by the Greater Kitchener Waterloo Chamber of Commerce

Issue

Provincial legislation governing union organization requires immediate reform for restoring a balance between employers and employees.

Background

In June of 2005, the provincial Legislature passed Bill 144, the Labour Relations Statute Law Amendment Act. This Bill re-established the card-based certification system for the construction sector in addition to the existing vote system. The card-based system means that certification of a union may be ordered by the Ontario Labour Relations Board without a certification vote, where more than 55 percent of the employees have signed cards to join a union.

The new system is open to abuse as the beliefs of only a few employees can dictate the unionized status of others. Two employees can certify an entire workforce. Card-based applications may be brought by unions on a Saturday for strategic reasons where few employees are working.

In 2012, two Region of Waterloo employees were assigned the construction of small shed in the community of Baden on a Saturday afternoon. These individuals had previously signed cards requesting membership in the United Brotherhood of Carpenters and Joiners of America and since they were the entire crew on the project, the union eventually was certified with the Region of Waterloo.

An amendment to the Ontario Labour Relations Act (OLRA) prohibiting weekend organizing would, particularly for public sector employers such as municipalities, restore fiscal stability and allow open tendering on infrastructure projects.

Recommendation

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Prohibit the practice of weekend and/or off-peak hours union recruitment drives through an amendment to the Ontario Labour Relations Act.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

M. Establishing a Cost-Effective Drug Distribution System

Authored by the Greater Kitchener Waterloo Chamber of Commerce

Issue

The federal Minister of Health and her provincial counterparts have recently initiated significant discussions on pharmacare reform in Canada.

Concerns are rising related to the future participation of the private sector in drug coverage, the cost of reform to taxpayers, and the ability to control rising pharmaceutical costs.

Background

According to the Canadian Life and Health Insurance Association (CLHIA), the responsibility for prescription drug coverage in Canada is shared between the public and private sectors and generally works well. However, like many stakeholders, the health insurance industry believes that reform is required. The current system is complex, resulting in relatively high costs and inequities across Canada.

In July of 2015, a group of health care professionals released the report Pharmacare 20/20 – The Future of Drug Coverage in Canada. The authors concluded that a universal and accessible plan should be fully implemented and operational by the year 2020.

The document contends that a national universal pharmacare system would save Canadians between $4 and $11 billion annually. However the authors also included a recommendation that the federal government should provide 25 percent of the program costs using a number of instruments including corporate taxes, GST and health premiums.

In September 2015 correspondence to former federal Minister of Health Rona Ambrose, the CLHIA indicated that if prescription drugs were included in medicare on the same basis as physician and hospital costs an immediate $14.1 billion deficit could be created which Ottawa and the provinces would be forced to address.

The CLHIA has also indicated that the current drug system can be reformed by leveraging the market to negotiate lower prices. Their industry is committed to working with governments to obtain available savings while preserving the benefits from innovation and competition that the private sector delivers to the marketplace.

Furthermore, the current system of approving drugs for re-imbursement results in unequal access for Canadians and adds administrative costs to the system. The CLHIA supports the creation of a minimum drug formulary that all residents of Canada can access and provides an appropriate level of coverage for both basic and high-cost speciality products.

The Ministerial Letter from Prime Minister Trudeau to Dr. Jane Philpott, Minister of Health, indicated that he expects her to deliver on her top priority of improving access to necessary prescription medications, including joining with the provincial and territorial governments to buy drugs in bulk, reducing the cost Canadians pay for these drugs, making them more affordable for Canadians, and exploring the need for a national formulary.

At a federal-provincial meeting of Health Ministers in Vancouver during January of 2016, a working group was formally announced to discuss a national pharmaceutical strategy. The group will address accessibility, affordability and the appropriate use of pharmaceutical medications.

The federal government had previously indicated they were joining a bulk purchasing program with the provinces. Minister Philpott also noted that her government would pursue additional measures to drive down the cost of pharmaceuticals.

Following this announcement on bulk-buying, the CLHIA indicated the system continues to entrench two levels of drug pricing for the Canadian market, one for the provinces and a second, higher price for anyone paying through a private insurance plan. The association supports a bulk purchasing strategy that includes private insurers to negotiate a national and equitable price.

A March 26, 2015 article from on-line publication Life Health Professional quoted CLHIA President & CEO Frank Swedlove that a single government monopoly is not needed. Bulk purchasing of drugs will lead to major savings achieved through improved public and private sector cooperation.

In 2013, the Ontario Chamber of Commerce and the Certified General Accountants of Ontario issued the report *Public Sector Problems, Private Sector Solutions – Transforming Government in Ontario.* This document was followed in 2014 by *Unlocking the Public Service Economy in Ontario: A New Approach to Public – Private Partnership in Services.* Both papers provided recommendations for Queen's Park on government –business alliances in the efficient and cost-effective provision of public services. A universal pharmacare program which removes the private sector is highly inconsistent with OCC commitments to innovative approaches on government service delivery.

A resolution supporting universal pharmacare was submitted for discussion at the 2015 Canadian Chamber of Commerce Annual General Meeting in Ottawa. It was defeated by close to ninety percent of delegates in attendance.

The Ontario government should also examine the economic impact of universal pharmacare on private sector employment in provincial life and health insurance companies. A January 2016 report commissioned by the Canadian Pharmacists Association[35] notes that "job losses can be anticipated if existing private drug plans cease to operate in Canada. Not only will this result in foregone tax revenues from these employees, it may also draw upon public social insurance funds in the short term. Moreover some of the extended health care benefits that are usually bundled with drug coverage may become more expensive to offer. Further research is required to estimate the economic impact as well as the impact on extended health benefits generally."

This report concludes that "the recent proposal for a national, universal, publicly-funded, single payer prescription drug reimbursement plan falls short of providing a practical, affordable option to address universality, equity and sustainability in prescription drug coverage in Canada."

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Support a bulk purchasing plan for pharmaceuticals that includes the provinces, the federal government and private insurers;

2. Support the creation of a minimum formulary of drugs for all Canadians regardless of province of residence which will provide adequate coverage for both basic and high-cost speciality products;

3. Assess the economic impact of a universal pharmacare program on the life and health insurance sector in Ontario, particularly with respect to private sector job losses in designated categories.

Effective Date: April 30, 2016
Sunset Date: April 30, 2019

[35] Pharmacare Costing in Canada –Preliminary Report: Assessment of a National Pharmacare Model Cost Estimate Study. Prepared by PDCI Market Access Inc. Commissioned by the Canadian Pharmacists Association

N. Maximize the Economic Benefit of Recreational Marijuana in Ontario

Authored by the Greater Niagara Chamber of Commerce

Issue

The legalization of recreational marijuana, which has been promised by the current government as part of its 2015 election platform, would create a market worth up to $5 billion.[36] In the event that the Government of Canada passes legislation to legalize recreational marijuana use, the Ontario Chamber of Commerce recommends that the government implement a regulatory framework that will allow competition and consumer choice while also protecting consumers, the public, and youth.

Background

The legalization of recreational marijuana was a part of the Government of Canada's 2015 election platform, and as such, the passage of legislation on that subject seems imminent. As Member of Parliament Bill Blair, who is leading the federal government's marijuana legalization project, recently recognized, there is an opportunity for the federal and provincial governments to model the regulation of marijuana after that of other intoxicants, including alcohol and tobacco.[37] Strict regulations must particularly be passed and enforced to protect youth, and these existing industries can form a useful model.

There are several options for distribution, and the government should investigate all with a view, firstly, to protecting youth and ensuring that regulations are effectively enforced, and secondly, to ensuring that competition and consumer choice are maintained.

Apart from the distribution model of tobacco, in which independent retailers may sell the product and are expected to comply with the law, there are some alternatives. Pharmacies such as Shoppers Drug Mart and Rexall, in particular, are interested in retailing recreational marijuana.[38] Lastly, existing producers of medical marijuana are already distributing their product to users, and could simply ramp up the scale of their online distribution, with the potential addition of dedicated stores or sub-let/out-sourced retail operations, as with the sale of wine in 292 non-LCBO locations in Ontario.

[36] Financial Post, *Canada's budding marijuana industry could blossom into a $5-billion market if Liberals make recreational pot legal* (http://business.financialpost.com/news/agriculture/canadian-marijuana-stocks-jump-as-liberal-wins-signals-legalization-on-the-table)
[37] Toronto Star, *MP Bill Blair says legal pot could be sold in liquor stores* (http://www.thestar.com/news/canada/2016/01/08/justin-trudeau-picks-bill-blair-to-lead-marijuana-legalization-reform.html)
[38] Globe and Mail, *For Canadian pharmacies, pot is a gateway drug with high upside* (http://www.theglobeandmail.com/report-on-business/rob-commentary/for-canadian-pharmacies-pot-is-a-gateway-drug-with-high-upside/article28866161/)

The legalization of recreational marijuana in other jurisdictions, such as Colorado and Washington, has realized significant economic benefits. In 2014, Colorado retailers sold $386 million USD of medical marijuana and $313 million USD of recreational marijuana totalling nearly $700 million USD in sales.[39] These sales generated $63 million USD in tax revenue and an additional $13 million USD collected in licenses and fees.[40] The state's Department of Revenue projects that marijuana sales in the state will exceed $1 billion USD in 2016.[41]

It is anticipated that the Governments of Canada and Ontario would similarly benefit from the legalization of marijuana. There are nearly 30 licensed producers of marijuana in Canada that are well positioned to capitalize on this market opportunity. It is in this context that now Prime Minister Justin Trudeau committed to legalizing marijuana for recreational consumption during the 2015 federal election.

In order to safely maximize the economic benefits of the recreational use of marijuana in Ontario, the federal and provincial governments should coordinate to legalize the sale and distribution of marijuana for recreational use. In addition, the governments should coordinate to develop effective health and safety recommendations to promote the safety of recreational marijuana consumers.

Recommendations

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Work with the federal government to introduce a modern, legal framework for recreational marijuana production and distribution.

2. Coordinate with the federal government to develop effective health and safety regulations that will ensure consumer safety and protect Canadian youth throughout the production and distribution of marijuana for recreational use.

3. Investigate and implement a retail and distribution policy that preserves consumer choice, ensures a level playing field and adherence to regulations and restrictions, and does not offer special treatment to any person or organization.

Effective Date: April 30, 2016

Sunset Date: April 30, 2019

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[39] Washington Post, *Colorado's legal weed market: $700 million in sales last year, $1 billion by 2016* (https://www.washingtonpost.com/news/wonk/wp/2015/02/12/colorados-legal-weed-market-700-million-in-sales-last-year-1-billion-by-2016/)

[40] ibid.

[41] Colorado Legislative Council Staff, *Focus Colorado: Economic and Revenue Forecast* ([41] http://www.leg.state.co.us/clics/clics2014A/cslFrontPages.nsf/FileAttachVw/Forecast/$File/forecast.pdf#page=32)

O. Support Provincial Jurisdiction in Air Quality Management

Authored by the Oakville Chamber of Commerce

Issue

Currently, the Ontario Municipal Act permits Municipal governments to enact bylaws to protect the public interest if there is believed to be risks to the overall health, both physical and economic, of their communities, in areas that are clearly defined as a Provincial jurisdiction.

In the past, individual municipal governments enacted bylaws to control the use of pesticides within their own borders, creating a patchwork or inconsistent regulations. Eventually, the Provincial Government intervened and produced province-wide regulations, noting that airborne substances do not recognize borders.

An Ontario municipality enacted a bylaw to regulate at a local level, fine particulate matter emissions from business and industry. With the stated willingness of other municipalities to enact similar air quality regulations, we can predict events to unfold as they did with pesticide regulations.

Background

Implementation of an enforcement plan would require massive, duplicative investments by the 444 municipalities in Ontario, including, but not limited to, new departments and staff in an area not currently within the scope of municipal responsibilities. When resources are allocated to new programs such as this, other priorities may be sidelined.

The additional costs to business to comply with a regulatory environment with 444 disparate municipal regulators (plus federal and provincial regulations) will establish a balkanized business climate that will detract from efforts to enhance business productivity, reduce competitiveness of Ontario businesses and will drive businesses looking to locate in Ontario to jurisdictions with greater regulatory certainty and clarity.

It must be stated that FPM cannot be contained within their source community and that they cross international boundaries, irrelevant of the source: industrial, commercial, residential, institutional, or from transportation. This makes attempts by individual municipalities to regulate air quality at a local level ineffective.

Current provincial regulations allow a municipality to define a public interest that may be contrary to the overall health, both physical and economic of an area that is clearly identified as a Provincial interest. It is important that the Province amend the statute and regulations to reserve exclusively for itself the ability to define the public interest in the area of air quality.

Recommendations
The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Develop province-wide standards for the regulation of fine particulate matter, in consultation with business, scientific experts, and other stakeholders.

2. Enact legislation to regulate and enforce these standards. The legislation must be operational and effect a reduction in fine particulate matter where it is show to have a detrimental effect on human health.

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Sunset Date: April 30, 2019