ontario chamber of commerce

Compendium of Policy Resolutions 2017-2020

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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. 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

C. 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

D. 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

E. 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

F. 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

G. 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

H. 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

I. 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

J. 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

K. 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

L. 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.

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

[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)

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

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[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)

M. 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

N. 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

O. 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

P. 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

Q. 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

R. 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' Creditors Arrangement Act putting 2700 direct jobs at risk, while Stelco, after its sale in 2007

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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.

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

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

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[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/

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

S. 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

T. 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

U. 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.

V. 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].

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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)

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 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

W. 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

X. 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.

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

In 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

Y. 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

Z. 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

AA. 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

BB. Expanding Ontario's Trade Capacity though Maximizing Export Market Opportunities in Japan

Submitted by the Guelph Chamber of Commerce

Issue:

Ontario and Japan have a friendly and mutually beneficial relationship. Yet the export potential is far from met. In recent years, bilateral trade with Japan and Canada has stagnated, exports from Canada to Japan have grown little more than 3% over the last decade.

Background

One of the biggest areas of opportunity for strengthened Canada – Japan trade is in agri-food products. Japan was Canada's fourth largest export destination worldwide in 2013, after the United States, China and the United Kingdom. In that year, it was Canada's fifth largest source of imports globally, after the United States, China, Mexico and Germany. Ontario-Japan annual trade is valued at $11 billion, with agri-food exports totaling close to $500 million a year.

Japanese imports represent about 3.7% of total global imports. From a continental perspective, 60.4% of Japan's total imports by value in 2016 were purchased from other Asian countries. European trade partners supplied 16% of import sales to Japan while 13.9% worth originated from North America. Over half of the meat products consumed in Japan are imported.

Over the 2008 to 2013 period, the value of Canada's exports to Japan decreased at an average annual rate of 0.8%, compared to 0.5% worldwide. At the provincial/territorial level, British Columbia, Alberta and Ontario together accounted for 71.0% of the value of Canada's exports to Japan in 2013, with exports valued at $4.1 billion, $1.9 billion and $1.6 billion respectively. Over the 2008 to 2013 period, the fastest-growing provincial exporters to Japan were New Brunswick, Ontario and Prince Edward Island, which had average annual growth rates of 14.4%, 6.8% and 5.1% respectively.

With prospects for the Trans-Pacific Partnership Agreement fading, Canada and Japan enjoy the advantage of a previously negotiated bilateral Economic Partnership Agreement and of being among each other's closest trade partners and allies.

Recommendations:

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

1. Urge the federal government to set up programs to support agricultural exports to Japan.

Effective Date: May 2, 2017

Sunset Date: May 2, 2020

CC. Creating Northern Ontario Economic Hubs, Technology Clusters and the Innovation Ecosystem

Submitted by Sault Ste. Marie Chamber of Commerce, co-sponsored by the Timmins, Thunder Bay and North Bay Chambers of Commerce

Issue:

Ontario's economic performance is not shared equally in all regions in the province due to differences in their economic makeup or base. External macro factors play an important role not only in Ontario's economic performance but also in each region to varying degrees. Regional growth performances during 2015 were led by the Toronto and Hamilton-Niagara regions, with the Kitchener-Waterloo-Barrie and London regions close behind. At the other end of the growth spectrum were the northern regions and to a lesser extent Windsor-Sarnia and Stratford-Bruce. .

Background

Much of the research on the contemporary-knowledge economy starts from the assumption that economic inputs have shifted away from traditional resources and physical attributes towards new knowledge and innovations. As an economy steeped in the natural resource industries, Northern Ontario's strengths can be said to lie in incremental innovation - generating new value from its demonstrably strong markets.

The term innovation is quite hazy, and lacks universal definition. "In common use" writes Dr. Richard Hawkins, "innovation is used interchangeably with invention [and] often used synonymously with technology," which he argues is a misapplication. He writes, "[t]o this day, virtually all of the strategies, programs and measures undertaken by the Federal and Provincial governments in Canada[. . .] remain oriented to promoting industrial R&D and/or supporting the growth of start-up companies, mainly in the technology goods sectors" (Hawkins).

The Organization for Economic Co-operation and Development (OECD) defines innovation as "the introduction of a new or significantly improved product, process or method [that] holds the key to boosting productivity" (OECD Ministerial Report).

Building the Innovation and Entrepreneurial Ecosystem is a key element to the success of the Growth Plan for Northern Ontario. The Plan contains policies that focus and guide action on building a regional economy that is resilient, sustainable, building on the strengths and human potential of today's northerners by providing them with more education, training and career opportunities, attracting people and investments. The Growth Plan aims to strengthen the economy of the North by:

•Diversifying the region's traditional resource-based industries
•Stimulating new investment and entrepreneurship
•Nurturing new and emerging sectors with high growth potential.

Communities with a high level of entrepreneurial activity tend to be better off economically. As a Nation, Entrepreneurship is a powerful force driving innovation, productivity, job creation and economic growth. Entrepreneurs have made fundamental impacts throughout the history of Canada, and today more and more Canadians from all walks of life are becoming entrepreneurs. In Canada entrepreneurs and the Small and Medium size businesses they generate account for 54% of our gross domestic product, employ 74% of our workforce and create 54% of our new jobs nationally.

The creation of the Entrepreneurial and Innovation Ecosystem requires:

- A risk taking culture
- Talented, diverse and imaginative work force and students
- A community that gives back
- Abundant capital
- Collaboration with industry
- Government support

Canada's level of entrepreneurship is on a par with Australia, with about 13 per cent of the working-age population involved in early-stage entrepreneurial activity, according to Peter Josty, executive director of the Centre for Innovation Studies, Alberta. Among the positive attitudes cited for Canadian culture:

- Highly supportive of individual success achieved through personal effort.
- Emphasizes self-sufficiency, autonomy and personal initiative.
- Encourages creativity and innovation.

But the culture of innovation is different in Canada. "In most countries consumer services is the big sector, but in Canada, the highest rate is in the business to business services and that's a whole different ballgame," Josty said in an interview with CBC News Network's The Exchange with Amanda Lang.

Canada also lags in entrepreneurship — in which process engineers and others improve business efficiency within a larger company, he said. "The number of people in large businesses doing this is half the rate in the U.S. and Australia and we think this correlates with poor innovation and productivity in Canada," Josty said.

The peak age range for Canadian entrepreneurship is 45 to 64, but there remains a lot of activity among Canadians under age 45. More highly educated Canadians are more likely to start businesses, but there are entrepreneurs with every level of education. Creating the environment of risk taking is critical in building entrepreneurs of the future and stemming the outward migration of youth from the North.

Shifting investments into attracting youth and immigrants to the region and developing a high-skilled and technical labour force will set the region apart from competitors who dominate industries made up of low-skilled workers. This means building a strong education system with government and industry partners and less restrictive and more specialized apprenticeship programs. These strategies are broad, but necessary, given the challenges facing the region. 'Creating jobs' by pumping money into a few companies is a short-sighted goal that usually only last as long as the funding does. However creating the Ecosystem in which innovation can thrive and entrepreneurship commercialize the outcome from innovation is critical to the future of Northern economies.

As the economies of the North are somewhat isolated from centres of concentrated economic activity with limited access there is the natural existence of collaborative efforts amongst firms. Where there has been a need to build stronger collaboration is between firms conducting and or needing R&D with academic institutions, assuming they have R&D capacity. Building this capacity is critical to the development of ecosystems and economic clusters

In many communities of Northern Ontario the elements of this ecosystem exists but require a stronger emphasis in the education system and teaching of entrepreneurship. Due to geographical location there is strong sense of community that sees the business leaders sharing their financial success within the community but also a willingness to share their wisdom and experience to new and existing entrepreneurs.

Access to capital is relatively sophisticated in the urban communities of the North with extensive bank, credit union and capital lease companies. There also is a strong network of resources such as the Community Futures organizations, NOHFC, Fed Nor and community based micro lending programs. Most significant in providing innovation capital is the Northern Ontario Angels Network which has provided over $50 million in private monies to a variety of investment opportunities realizing significant economic impact.

For Northern Ontario's businesses to be able to expand their markets beyond local boundaries, they first need to be given the opportunity to build capacity in their local market – that is, to build civic capital, which begins with access to a skilled workforce. The Private Sector Youth Internship provides this opportunity to business owners who have the potential and willingness to grow – not abandoning their local roots, but naturalizing their market in new climates, while blooming where they are planted.

In terms of the digital economy, for small and isolated communities who have little opportunity for industry within the physical locality, having access to high quality internet speeds could make or break a fledgling digital entrepreneur. The digital foot print expands into educating a skilled workforce in remote areas as well as delivering efficient modes of health care. By arming communities with opportunities that are unfettered by eternal download speeds and sprawling geography which place knowledge and opportunity out of reach, high speed broadband services can function as a springboard of opportunity for small, northern communities to expand their horizons, and markets.

At the Ontario Chamber of Commerce's annual Ontario Economic the theme of Building Prosperity by Strengthening the Innovation Ecosystem brought together leaders from the private sector, elected and non-elected members of the Provincial government, academia and chambers of commerce from across the province. While a Northern perspective was lacking the elements of the many conversations, discussion and presentations were applicable to creating a Northern Innovation Hub. Government as an enabler of the Innovation and Entrepreneurial ecosystem can enhance the Northern economy through addressing the following:

Recommendations:

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

1. Locate a physical office(s) in Northern Ontario for the Ontario Centre of Excellence to maximize its investment in regional innovation through University and College research based funding and capital grants to develop knowledge clusters that support inherent economic drivers.
2. Align programs and services with company evolution from start-up to maturity and ensure funding and resources are available at each step of the process.
3. Streamline the process between the federal and provincial governments to better co-ordinate and focus innovation-related programs.
4. 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.
5. Support investments for organizations to invest in new technologies under various funding envelopes to encourage innovation in existing economic engines of the Northern clusters and value chains.
6. Incentivize the development of a skilled workforce equipped to participate in the transition towards advance manufacturing.

Effective Date: May 2, 2017

Sunset Date: May 2, 2020

DD. Reducing Permitting Delays in Mining Exploration

Submitted by the Timmins Chamber of Commerce; co sponsored by the Greater Sudbury Chamber of Commerce, the North Bay and District Chamber of Commerce, and the Sault Ste. Marie Chamber of Commerce

Issue:

Given their importance to the economy, and fluctuations in metal markets, it is crucial for mining exploration projects to receive permits in a timely fashion. It is therefore increasingly problematic that Ontario routinely fails to provide these permits within a reasonable timeframe.

Background

Valued at nearly $11 billion annually, Ontario's mineral production is essential to its overall economic success.[30] It is the result of exploration activity by junior firms and major companies alike, and carries significant risk: the process of developing a single mine can often require 500-1,000 grassroots exploration projects.[31] Further, the success of any project is related to timely permit approvals – something which has lagged in Ontario in recent years.

Growing numbers of mining exploration firms have expressed their concerns that extended delays are potentially threatening the economic viability of their projects[32] [33]; it also punishes existing investors while providing less confidence to prospective investors.

This issue is not anecdotal: in 2016, the Fraser Institute issued *Permit Times for Mining Exploration: How Long Are They?*, which specifically identified Ontario as "a laggard" in the Canadian mining landscape. It indicated that exploration companies routinely experienced longer waiting times for exploration permits in Ontario than in competing provinces, and that Ontario "offered less transparency and certainty throughout the permitting process."

This also impacts industry's perception of Ontario's friendliness as a mining jurisdiction: nearly 40 percent of mining-sector representatives who participated in the Fraser Institute report indicated they expected to wait in excess of six months for the required exploration permits, with some anticipating the process would take in excess of two years. Notably, 20 percent of firms have "no confidence" of receiving their required permits, according to the Fraser Institute.

Moreover, 43 percent also felt that the lack of transparency in Ontario's permitting process served as either a mild or strong deterrent to investment.

Similar concerns apply to the delays surrounding environmental assessments, which have had a considerable impact on projects in Ontario. The most visible example has been within the so-called Ring of Fire, a multi-mineral deposit in the James Bay Lowlands: despite an

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[30] http://www.oma.on.ca/en/ontariomining/facts_figures.asp

[31] Roderick Eggert, "Mineral Exploration and Development: Risk and Reward", 2010

[32] "Ontario permitting delays irk Northern Graphite," http://www.miningmarkets.ca/news/ontario-permitting-delays-irk-northern-graphite/

[33] "Approval process going too slow for Gowest," http://www.timminspress.com/2016/04/07/approval-process-going-too-slow-for-gowest

estimated $60 billion[34] in value, progress has been very slow on numerous fronts for many exploration firms active in the region, due in part to the many ongoing delays in the environmental assessment process.[35]

Recommendations:

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

1. Dedicate sufficient resources to streamline the process for reviewing and approving exploration permits and environmental assessments; and
2. Work with the federal government to address the duplication of regulatory requirements and processes for mining exploration permitting, including environmental assessments.

Effective Date: May 2, 2017

Sunset Date: May 2, 2020

[34] Jed Chong, "Resource Development in Canada: A Case Study on the Ring of Fire"; Parliament of Canada, 2014

[35] Sunny Freeman, "Arrested Development: Down, down, down? Ring of Fire still a burning question"; Financial Post, Dec. 13, 2016

EE. In the Spirit of Business

Submitted By: Greater Peterborough Chamber of Commerce, Prince Edward County Chamber of Commerce, Quinte West Chamber of Commerce, Belleville Chamber of Commerce

Issue:

Aligning the craft distillery industry with the policy regimes of the craft brewery and winery industry will help it become a positive growth sector for the Ontario economy.

Background:

Craft distilling is a growth industry that has the potential to create jobs and boost economies in large and small centres alike. It is an industry in which there is demand. According to the LCBO's annual report, in 2015-2016 Ontario craft distillers saw strong sales growth, up 63.7 per cent to $3.7 million. However, recent legislation under Bill 70 seeks to challenge the fledgling industry instead of building it up. And there is a case for building it up.

In Nova Scotia, the government opened the door to growth in the industry in 2014 by reducing the government mark up by 60-80% with another 10% mark down if distillers use provincially grown agriculture products. The government cut the license fee from $2000 to $500 and increased production threshold and introduced a graduated markup based on annual production. This has allowed craft distillers to thrive. In British Columbia, since the introduction of a graduated tax system, the industry has grown from 17 to 48 distilleries in the province.

Currently in the United States, Florida is considering opening up its liquor laws to give more freedom to craft distillers around production and sale. In Kentucky, the Cabinet for Economic Development has announced 77 spirits-related investments since 2010 for a total investment of more than $1 billion in the industry.

Here in Ontario, the outlook for the industry is not as positive though the provincial government recently announced a program to help offset s. After three years of consultations with the provincial government, craft distillers were hoping to see a graduated tax system based on litres produced, similar to craft breweries and wineries.

As such, the fledgling distillery industry continues to have the following concerns:

- The 61.5% tax is 10 times what Ontario wineries pay
- Beer is taxed by the litre, and spirits are taxed by the list price. This means that distilleries pay more tax on aged products that require a higher list price, but breweries do not
- Craft breweries and large breweries are taxed at different rates, whereas craft distilleries and large distilleries do not enjoy the same distinction

When Bill 70 was released in November 2016 and passed third reading on December 8th, distilleries saw a 61.5% tax on the retail price of their product. The tax replaces the 139.7%

markup for the LCBO that was previously in place. So it could be argued that Ontario is opening the door halfway. There have also been comments around distillers now being able to distribute directly to bars and restaurants under Bill 70, but the plan on how that will work and be governed has not been revealed. As it stands now, craft distillers must sell their product to the LCBO. The LCBO then sells the craft product to the licensee (bar or restaurant).

RECOMMENDATIONS:

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

1. Align the craft distillers regulations with the craft beer and wine industry by:
    a. Introducing a graduated tax system for craft distillers and ensure that it applies to liters produced, by 2018
    b. Immediately allowing craft distillers to distribute all products directly to bars and restaurants
2. Add an additional markdown for using provincially produced products as is seen in the Nova Scotia example

Effective Date: May 2, 2017

Sunset Date: May 2, 2020

FF. Addressing the challenges of Ontario's largest economic sector: Small Business
Submitted by the Greater Sudbury Chamber of Commerce & the Greater Peterborough Chamber of Commerce; Co-sponsored by Kawartha Chamber of Commerce and Tourism, Newmarket Chamber of Commerce, Trent Hills Chamber of Commerce, Northumberland Central Chamber of Commerce, Port Hope & District Chamber of Commerce, Brighton/Cramahe Chamber of Commerce

Issue
The cumulative regulatory burden, constant legislative changes and reporting requirements present a disproportionate impact on small businesses (fewer than 100 employees) and are an obstacle to prosperity, growth and competitiveness.

Background
Throughout consultations during the *Small Business: Too Big to Ignore* campaign, business owners repeatedly highlighted the cost of regulatory compliance as a barrier to investment and growth. Business owners told us that they find it incredibly difficult to navigate the regulatory framework – especially when that framework is frequently changing due to new and/or updated legislation. When new and/or updated legislation unwittingly introduces hidden costs, the problem is only worsened. The results of consultations across Ontario indicate that government needs to take steps to reduce red tape for small businesses and make it easier for them to be able to understand and comply with regulations.

Recent years have seen significant changes implemented or proposed to WSIB, labour relations, the minimum wage and pension plans. Businesses can expect to see even more changes as a result of the Changing Workplaces Review and Cap and Trade. While neither regulations nor the changes to them are necessarily "bad", they can have a lasting, negative impact on businesses if they are implemented haphazardly or if government does not make compliance easy. The cost of such changes disproportionately burdens small businesses that often do not have dedicated human resource departments or dedicated personnel.

The Minister Responsible for Small Business recently announced Ontario is home to 407,000 small businesses, representing 98% of the businesses in this province. Reducing regulations affecting small businesses by expanding the Red Tape Challenge to include small business as a unique economic sector would be a good step toward addressing the regulatory challenges these businesses face. While the Ontario government has already made significant steps in this direction – eliminating 80 000 regulatory burdens since 2008 (17% of all regulatory burdens) – there is still much work to do: the average business in Ontario has to deal with eight different branches or ministries of the provincial government alone, to say nothing of municipal and federal governments. The Ontario government recognizes that reducing unnecessary red tape will save businesses time and money and that such reduction is an integral part of growing Ontario's economy. We applaud government's efforts to reduce red tape thus far, but government needs to recognize the unique challenges facing small businesses by treating it as a specific sector in the Red Tape Challenge.

Government can also ease the regulatory burden by establishing a regulatory concierge service for small businesses in Ontario. Such a concierge service would be a single-access point for information, support and expertise on regulatory compliance in Ontario. The concierge service would offer one-on-one support to small businesses so that they could successfully navigate regulatory frameworks and achieve compliance with much greater ease so they could devote their limited resources to growing their businesses and the economy.

Such a concierge service is nothing new. The federal government already runs a program called *Concierge*, which is "a single access point to funding, expertise, facilities, and global opportunities for small and medium-sized enterprises (SMEs) seeking to grow through innovation." *Concierge* does not offer funding itself; it provides customized, one-on-one guidance to innovators so that they can find funding and take advantage of other government programs. *Concierge* leverages the expertise of a team of "innovation advisors" so that business owners can spend their time and energy more effectively.

The federal government has also recently announced a $218 million concierge service for international investors. The service will make it easier for international investors to deal with federal, provincial, and municipal governments and regulations. The goal is to make investment in Canada easy by offering a single-window service that guides investors.

Other jurisdictions have understood the benefit of one-stop support for businesses.

- Hamilton's One-Stop for Business
- The British Columbia Business Registry
- One Stop Business Registration Portals in Wisconsin and Virginia

While certain single-window initiatives in Ontario exist, such as Service Ontario's ONe-Key, these are 'self-serve' initiatives rather than concierge services, and they do not address the regulatory burden that weighs on Ontario's small businesses.

Small Business as a Red Tape Challenge category will benefit the government, as well as business, in that government will have a fulsome understanding of the legislation and ministries impacting small business. Creating a team of industry experts to guide business owners through regulations in Ontario will make Ontario attractive for investment and allow existing businesses to spend their resources more efficiently.

Recommendations:

The Ontario Chamber of Commerce urges the Government of Ontario to, within the current spending envelope:

1. Expand the Red Tape Challenge, by April 2018, to include small business as an economic sector to be examined and consulted in order to reduce regulations and provide value added data about this sector of the economy.
2. With a priority placed on streamlining government services, create a concierge service, by June 2018, to provide single-window, one-on-one, customized

consultations for small business to guide them through the regulatory process and achieve compliance.

3. Develop interconnectivity between municipal, provincial, and federal concierge services to enable knowledge-sharing and to ensure that each is able to provide the best guidance and expertise to its clients.

Effective Date: May 2, 2017

Sunset Date: May 2, 2020

GG. Helping Industries and Communities Transition to a Low-Carbon Economy

Submitted by the Greater Sudbury Chamber of Commerce and Windsor-Essex Regional Chamber of Commerce; Co-Sponsored by the Sault Ste. Marie Chamber of Commerce, the Thunder Bay Chamber of Commerce, the North Bay & District Chamber of Commerce, the Newmarket Chamber of Commerce & the Timmins Chamber of Commerce.

Issue

With the introduction of cap and trade on January 1, 2017, businesses and communities in Ontario risk being unable to make the transition to a low-carbon economy while remaining prosperous. Because certain communities and industries are more exposed to the effects of cap and trade than others, they are at risk of subsidizing other communities and industries instead of making the targeted transition that is the goal of cap and trade. Communities are at risk of being 'drained' economically and industries are not being given enough opportunity to develop new technologies and processes to meet carbon emissions targets – targets which do not reflect the complexity and diversity of environmental regulations.

Background

On January 1, 2017, cap and trade came into effect in Ontario. The goal of this program is to enable government to set a limit on the total level of greenhouse gas emissions (GHGs) produced by emitters covered by the cap and trade system. Government aims to reduce GHG emissions below 1990 levels by 15% by 2020, 37% by 2030, and 80% by 2050.

The provincial government has said that it will invest "cap and trade proceeds to help [business and industry] remain competitive" and that it will do so in a "transparent and accountable way". Yet government has provided little detail on how these proceeds will be spent or what programs they will fund. This is a cause for concern and uncertainty to both businesses and communities that find themselves particularly exposed to the effects of carbon pricing.

Communities across Ontario are concerned that cap and trade could be an economic drain for them. Businesses and individuals will directly or indirectly pay the cost of carbon emissions, but it is not clear that these dollars will come back to their community. Because there is no connection between what a community pays into cap and trade and the reinvestment of these proceeds, there is a likelihood that some communities will see a net economic loss and others will see a net economic gain. In effect, there is a risk that those who are most exposed to the cost of cap and trade may end up subsidizing those who are least exposed. Government instead needs to commit to tying the reinvestment of cap and trade proceeds to the communities from which they are drawn to ensure that the program does not penalize certain communities and reward others, but rather helps all communities achieve Ontario's emissions targets.

Energy intensive industries are also at high risk of 'economic drain' and will require the dedicated support of government to help reach the province's emissions targets. These industries will pay significant fees for carbon emissions credits while facing major technological hurdles to reducing their carbon emissions – hurdles which will take millions of dollars and many years to overcome. While they are paying these costs, there is real risk that the proceeds from cap and trade will be directed away from their industry and offer little support in the costly development of low carbon technologies. Energy intensive industries may never be able to transition to a low-carbon economy and may simply leave Ontario or disappear, along with the jobs they provide. Problems are further compounded by the unrealistic timelines that cap and trade compliance periods impose. Government must take into account the time necessary to research, develop, and implement emissions reductions technology because in many cases, the necessary time extends well beyond one compliance period. Government must ensure that exposed industries are able to develop and implement carbon reduction technologies by recycling revenues into these same industries and adjusting compliance periods in recognition of R&D timelines.

It is also important for government to recognize the complex nature of emissions and environmental regulations. Cap and trade legislation has not addressed the issue of competing environmental priorities of emissions reductions that have been mandated in the province over the 2014-2020 timeframe (e.g. metals and sulphur dioxide reductions). While industry has been investing billions in sulphur dioxide emission reduction projects for example, these processes often involve gas capture and fixation, resulting in increased energy consumption, mainly electricity. The government needs to recognize the diversity of environmental priorities and regulations and how meeting one sometimes comes at the expense of another. In order for businesses to meet all their emissions targets, government will need to provide substantial support.

Recommendations:

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

1. Suspend cap and trade at this time, with appropriate cost mitigation to affected businesses.

2. Should suspension not occur, we encourage the mitigation of risk of the cap and trade system on industry, namely:

   a. Use cap and trade proceeds to invest in local economies an amount equal to what they have drawn from that community through cap and trade.
   b. Ensure that cap and trade proceeds from exposed industries are used to develop processes and technologies for those same industries so that they can meet emissions targets.
   c. Allow adequate time for the development of research and development (R&D) beyond the first compliance period or give credit to companies that are developing low-carbon technology.
   d. Provide substantial recognition of competing environmental priorities and regulations so that businesses are able to meet all their emissions targets.
   e. Increase cost offsets and support for small business to ensure competitiveness.

Effective Date: May 2, 2017

Sunset Date: May 2, 2020

HH. Reducing Energy Costs in Ontario
Submitted by the Halton Hills Chamber of Commerce

Issue
Energy costs in Ontario have been increasing significantly while the province has diversified sources and reduced the cost of producing renewable energy. From the period of 2006 to 2015, the cost of energy grew by 32%.

Background
In 2017, the Ontario government consulted with key stakeholders in the future of energy in the province through the *Long-Term Energy Plan*. This plan will determine the next 20 years in the province; this plan needs to provide for clean, cost-effective energy that increases the competitiveness of our businesses.

Despite an over-supply of energy and a drop in demand by 8% between 2003 and 2014, uneconomical, long-term energy contracts have placed a price floor on power and constrained residents and businesses.

The procurement of energy contracts through the Feed-in Tarriff (FIT) program have contributed to these costs by guaranteeing long-term and above-market payouts to generators without undertaking appropriate cost benefit analysis. The current centralized model that Ontario is using lacks both economic efficiency to balance supply and demand and a transparent pricing model. As a result, energy has become a barrier to business investment and if unaddressed, could cause 1 in 20 businesses to close in the next five years.

The human cost is two-fold. Employers, unable to cope with the rising cost of energy are unable to hire new employees and provide pay increases for existing employees. As businesses close and wages stagnate, workers may seek employment in other provinces or countries.

Successful decentralized models in Quebec, New York, New England, and other parts of the U.S. Midwest, have provided for competitive environments for business investment and cost of living.

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

1. Move away from a central procurement model to a more competitive capacity market.

Effective Date: May 2, 2017

Sunset Date: May 2, 2020

II. Lowering Ontario's Energy Costs for a more Competitive Province
Submitted by the London Chamber of Commerce

Issue
Over the past decade, the Ontario Provincial Government has implemented a series of policies that have led to increases in electricity prices. Residential hydro bills have increased by as much as 72% (Consumer Policy Institute), and from 2013-2015 alone, industrial electricity rates have increased 16% (Ontario Chamber of Commerce).

According to the Association of Major Power Consumers of Ontario, "industrial customers in Ontario face the highest delivered cost of power among the provinces", and "Ontario's industrial rates continue to be among the highest in comparison to the US markets".

As a result of various directives by the Ministry of Energy, Ontario's electricity prices have increased while a substantial oversupply of electricity is being generated. This oversupply is managed by the Independent Electricity System Operator (IESO) by, in some cases, exporting power to other jurisdictions (Auditor General of Ontario). Exporting power is not profitable because it is sold at a price that is well below the cost to generate the electricity. Ontario customers have paid close to $5.8 billion (Consumer Policy Institute) since 2009 for selling excess electricity as demand in Ontario has decreased while generation capacity has increased. Without a comprehensive review of electricity price policies in Ontario we risk losing economic growth, and potentially existing business, to surrounding jurisdictions. In short, we risk shrinking economic growth and our overall GDP.

Background
According to a 2014 report completed by the Fraser Institute, "61 percent of the total cost of electricity in Ontario was associated with the commodity portion, and of all the major bill segments this one is increasing the fastest". There are two components that make up the commodity price – the Hourly Ontario Electricity Price (HOEP) and the Global Adjustment (GA).

The HOEP is set by the market and is determined by supply and demand. The GA is a "rate mechanism" used to fund revenue guarantees to power generators, and other non-market interventions imposed by the government … setting the GA is not based on competitive pricing behavior; instead it is heavily influenced by policy decisions" (Fraser Institute). The GA is funded by ratepayers and "makes up the difference between what a generator receives on the market for their output and what they were promised in their fixed-rate contract" (Consumer Policy Institute). From 2005 to 2014 the HOEP price in Ontario decreased to record lows due to power surplus, yet the overall cost of electricity increased due to the addition of the Global Adjustment. From 2006 to 2014 electricity consumers paid $37 billion in GA fees, and they will be expected to pay another $133 billion from 2015 to 2032 (Auditor General of Ontario).

In 2011 the Provincial Government implemented policies, through the Global Adjustment, that permitted select large industrial customers (approximately 300 in the province) to shift the cost of power to "non-select" industrial and non-industrial customers. These policies have led to rate increases experienced by residential and commercial customers.

In 2009, when the Green Energy Act kicked in with massive revenue guarantees for wind and solar generators, the GA jumped to about 3.5 cents per kWh, and has been trending up since — now it is regularly above 9.5 cents. In April it even topped 11 cents, triple the average HOEP. *(Financial Post Aug. 2016)*

The province signed long-term contracts with a handful of firms, guaranteeing them 13.5 cents per kWh for electricity produced from wind, and even more from solar. Obviously, if the wholesale price is around 2.5 cents, and the wind turbines are guaranteed 13.5 cents, someone has to kick in 11 cents to make up the difference. That's where the GA comes in. The more the wind blows, and the more turbines get built, the bigger the losses and the higher the GA. *(Financial Post Aug. 2016)*

To make matters worse, if the HOEP goes down further, for instance through technological innovation, power rates won't go down. A drop in the HOEP widens the gap between the market price and the wind farm's guaranteed price, which means the GA has to go up to cover the losses. *(Financial Post Aug. 2016)*

For a typical residential customer, it is estimated that the GA has resulted in electricity cost increases of $500 annually when comparing 2016 to 2011[1]. With approximately 5.1 million electricity customers in Ontario it is conservatively estimated that the GA has cost rate payers $2.6 Billion annually.

An economic analysis was completed by the Fraser Institute on the Global Adjustment. The following are some of their conclusions:

1. Wind capacity strongly influences the Global Adjustment accounting for 26% of the total GA[2],
2. Solar capacity is expensive, accounting for 3.5% of the GA, and will continue to increase the GA due to increased solar generation in the future,
3. Wind and Solar provide 4% of the power for Ontario but account for 22% of the commodity cost.
4. Exporting[3] power to other jurisdictions leads to increases in the GA, whereas importing power to Ontario decreases the GA.

A recent article in the Globe and Mail indicates that in 2015 Ontario sold 22.6 million kilowatt hours of electricity to Michigan and New York – exported power is priced at the HOEP and excludes the GA fee resulting in an added cost of $1.7 billion to hydro ratepayers last year. This is enough electricity to power 2.5 million households. To put this into perspective, this would power[4] the combined residential customers serviced by Hydro One Networks, Toronto Hydro, Powerstream, and Hydro Ottawa.

According to a February 2016 article in the Wall Street Journal, "Spain, the U.K., Italy, and others have cut incentives for renewable-energy projects, citing efforts to reduce government spending and electricity rates".

The Ontario Clean Energy Benefit ended in 2015 resulting in a 10% increase in electricity prices January 1, 2016. In their latest mandate, the Provincial government has announced the PST will be removed from electricity bills starting January 1, 2017.

These recent policy decisions only shift money from tax payers to rate payers - they don't address the broader policy issues associated with electricity prices in Ontario. Ontario needs a comprehensive and balanced strategy to address the policies surrounding electricity to ensure affordability for businesses and to continue to drive economic growth.

A positive step forward has occurred on this front. The IESO released a report on September 1, 2016 which outlines that the Province has "a robust supply of energy" for the next decade to meet forecasted demands. On September 27, 2016 the Ministry of Energy directed the IESO to suspend the second round of Large Renewable Procurement (LRP II) Process and the Energy-from-Waste Stand Offer Program which halted 1,000 MW of renewable energy projects. This decision is estimated to save up to $3.8 billion in electricity system costs.

Recommendations

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

1. Ensure that any new initiatives on energy planning and procurement of energy resources should respect the expert technical advice of the IESO and OEB while placing an emphasis on affordability

2. While applications presently exist that are designed to identify when surplus electrical energy is being generated in the province and by how much, there is no provision that allows Ontario businesses to buy into that surplus before it is exported to other jurisdictions, predominantly the US.
   The Ontario government to develop a process application that would permit Ontario businesses to take advantage of those surpluses at rates equal to or better than the exported price.

3. Review and where possible repeal those parts of the Green Energy Act that placed Ontario's electricity pricing well beyond the sustainability of many Ontario businesses and that continue obstruct our ability to compete on the national, international and global stage.

4. Ensure that any new electrical generation installed in the province is cost effective and does not negatively impact our competitiveness with surrounding jurisdictions.
5. Conduct a comprehensive and thorough review of the energy planning system and develop incentives and programs for power generators to minimize oversupply and reduce actual electricity costs to Ontario consumers. Such programs must go beyond merely providing relief to low income families.

6. Maintain and improve-transparency in the pricing of electricity rates so that customers are well informed of decisions affecting a commodity that is a day to day necessity. The GA should not be included in the overall commodity price of electricity on customers' bills, but it should be shown as a separate line item.

7. Energy planning needs to be completely transparent and predictable so Ontario businesses large and small can effectively budget their near and mid-term energy budgeting requirements.

Effective Date: May 2, 2017

Sunset Date: May 2, 2020

JJ. Making the Ontario Energy Board Hearing Process More Accessible
Submitted by the Thunder Bay Chamber of Commerce; co-sponsored by Greater Peterborough Chamber of Commerce, Sault Ste. Marie Chamber of Commerce, Timmins Chamber of Commerce, and Windsor-Essex Chamber of Commerce

Issue
The current Ontario Energy Board (OEB) framework relating to cost eligibility and cost awards (the framework) makes stakeholder participation prohibitively expensive. As an example, the OEB does not:

- advise parties who are eligible to receive cost awards at the outset of hearings (e.g. proceedings or consultations/policy initiatives)
- guarantee costs associated with participation will be reimbursed; and
- advise parties of the percentage of costs that will be reimbursed.

These costs and the framework are significant barriers to full participation by stakeholders with limited resources. In addition, the Board has pre-determined that certain groups are not eligible for any costs even if they are accepted as an intervenor (i.e: organizations representing municipalities).

Background
The Ontario Energy Board regulates electricity and natural gas in Ontario, in part by decisions made during hearings on a variety of energy issues including pricing of energy, regulation of generation and distribution of electricity, and for various energy projects that affect the interests of the business community across the Province.

As currently implemented, the framework relating to cost eligibility and cost awards is prohibitively complex which results in uncertainty and increased expense for stakeholders with limited resources. The OEB has set up processes and guidelines which parties, in hearings before the Board (i.e. participants that want to actively contribute to the decision-making process), must prove that they should be:

1. granted Intervenor Status;
2. deemed eligible to receive cost awards; and
3. awarded an amount of costs;

Although the OEB sets the guidelines as noted above, such guidelines are further scrutinized by the OEB and are reviewed using a significant amount of discretion.

The OEB prescribes an avenue for reimbursing some of the costs to participants through separate application processes that are also subject to almost full discretion of the OEB. Organizations or individual participants with limited resources are *advised* to hire legal professionals such as lawyers or paralegals or analysts at their own expense and then apply for reimbursement of the costs that would be calculated according to the OEB's own guidelines. There is no guarantee of what would be accepted as an eligible cost and at what percentage such expense will be reimbursed (if at all). This process is a significant barrier to full participation, especially by groups in small and rural areas with limited cash resources. This can be viewed as discriminatory toward these stakeholders. The Chambers of Commerce across the Province are concerned that public policy is being decided based on who can afford to be at the table for the discussion in the OEB hearings.

An example that illustrates the high cost of participation is the recent OEB hearing about alternative mechanisms for natural gas expansion. A group of stakeholders from Northwestern Ontario registered as intervenors and has spent more than $70,000 to actively participate in the hearing by submitting evidence, arguments or interrogatories (written questions) and by cross-examining witnesses. The decision by the OEB on the issue most important to the group was to uphold the status quo. The application for the reimbursement of costs associated with the hearing is still pending. There is no guarantee that all the costs incurred by the group will be reimbursed by the OEB's cost award decision.

The vast majority of the OEB hearings are held at their headquarters in Toronto which increases the costs associated with formal interventions by those in rural and remote areas. While the OEB provides telecommunication services (e.g video conferencing) such services, while useful, are not as effective in ensuring a parties positions are integrated into decisions. In addition, many of the applications are extremely technical in nature. As such, organizations that are not in the 'business' of intervening require external expertise to assist them in preparing the material for submitting to the OEB and in examining the materials submitted by the applicant and other intervenors. The more complex the application, the higher the costs that will be assumed. When funding is restricted, or approved at a late stage, the participation will be less diligent in order to reduce costs.

Some of the solutions to mitigate the barriers to participation in the OEB hearings can be found in the National Energy Board (NEB) intervenor process. The intervenors in the NEB process are advised up front of the costs that will be eligible and how much of the cost will be recovered, based on the funds available for that particular issue. The participants can then decide if they will proceed with the application to be a participant in the hearings, and if so, the depth of their participation. The NEB also provides upfront funding to assist with the costs of the participants whereas the OEB process requires that the participants pay for all costs and then apply for partial reimbursement.

Recommendations

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

1. Direct the Ontario Energy Board to create a more transparent and predictable process for cost eligibility and cost awards for participation in OEB hearings.
2. Provide sufficient additional funding for participants, ensuring full participation for cost eligible participants in OEB hearings by:

    a. Providing for an OEB process that takes into consideration the eligible participant's actual capacity to pay for full participation in the OEB hearings and upholds the principle of fairness for all stakeholders; and,
    b. Providing for OEB to release advanced funding for costs so all eligible participants can benefit from an up-front amount that covers the costs of initializing and participating in the OEB hearings and for experts (if required). A hold-back can be put in place subject to final submission of expenses etc.
3. Direct the Ontario Energy Board to amend the cost eligibility and cost awards processes by:
    a. Advising parties whether they are eligible to receive cost awards at the outset of the hearings and what specific costs they are eligible for;
    b. Guaranteeing costs associated with participation will be reimbursed; and
    c. Advising parties of the percentage of costs that will be reimbursed.

Effective Date: May 2, 2017

Sunset Date: May 2, 2020

KK. Improving Canada's Trade Policy for Greater Business Prosperity in Ontario
Submitted by the Windsor-Essex Regional Chamber of Commerce; Co-sponsored by the Greater Kitchener Waterloo Chamber of Commerce, London Chamber of Commerce, Hamilton Chamber of Commerce, and the Greater Kingston Chamber of Commerce

Issue
Since 2009, the long-standing Canadian trade balance shifted to deficit as imports value increased more than exports. The United States is by far Canada's largest trading partner, accounting for about 75% of exports and 66% of imports as of 2015 (Trading Canada). Canada is also experiencing high levels of trade deficits with China and Mexico. In order to restore trade balance, Canada and Ontario need a new proactive international trade policy that works for businesses.

Background
Canada has experienced a 15-year slump in exports, among the worst track records within developed economies (Financial Post December 5, 2016). According to Statistics Canada, Canada's trade record on current accounts basis is negative $30 Billion. The year 2016 was among the worst performing years for the country's trade balance.

Canada is one of the most trade-dependent nations in the world. Even so, trade as the percentage of GDP has fallen from a record 84% in 2000 to about 66% in 2016. The country's export growth rate is averaging just below 1% in volume terms since 2000, the worst in the Group of 20 and second-worst among developed economies. During the same period, Canadian exports as a share of GDP fell by 14 % to about 31%.

A particular source of the overall trade imbalance is the trade relationship with China and Mexico. While the bilateral trade flow was balanced until the mid-1990s, with a modest flow going in each direction, Canada developed a large and chronic trade deficit with China, quintupling between 1999 and 2008, reaching over $30 Billion. The deficit then paused during the financial crisis of 2008, but since 2013 the deficit has surged again. From 2012 to 2015 Canada's exports to China grew only by less than $1 billion per year, but imports from China grew by $15 billion. Canada's merchandise trade deficit with China reached $45 billion by 2015, and it continued to grow throughout 2016. (Jim Stanford, rabble.ca, September 2, 2016). For every dollar worth of exports to China, Canada imports about $3.25. Also worrying for Canada is the nature of our trade with China. While China's trade with Canada is overwhelmingly in manufactured goods,, Canadian manufactured goods and commodities only roughly constitute half of our exports to China.

Canada is also experiencing a significant trade deficit with Mexico. The 2015 merchandise trade deficit was measured at $24 billion. According to Statistics Canada, the overall trade deficit with Mexico over the past 5 years amounts to almost $55 billion.

While Canada's goods trade surplus with the United States widened to $4.2 billion (In 2016), it has been a different story in Ontario. In 2015, Ontario bought $182 billion in goods from the U.S. and sold $158.6 billion, for a U.S. trade surplus of $23.4 billion with the province. According to available data, Canada is struggling to improve its international trade balance and its 15-year exporting slump. While the largest trade imbalances are with China and Mexico, Canada's overall international trade performance, including the two-way trade with the U.S., is a threat to long-term economic stability. Canada's trade with the U.S. was more than eight times our trade with the European Union, more than 12 times our trade with China, and more than 36 times our trade with Japan

With the election of Donald Trump as U.S. president, Canada's trade with the world's largest market may be at risk. The business community has reasonable fears that electoral positions of the Trump administration will potentially kick start a global chain reaction of protectionism, the reversal of advantageous aspects of our trade agreements and Ontario's ability to compete in foreign markets.

Our business community must be aided by more proactive trading strategy at both the provincial and federal level. Policy development must prioritize boosting the ability of our businesses to export, compete within global trade regulations and as a principle they must enjoy equal privileges afforded to imported goods. Canada must take active steps to address the growing bilateral imbalance with China, Mexico and other countries that have been sustained over a number of years and it must attach conditions favourable to Canada on both trade and Foreign Direct Investments.

The business community is looking for immediate actions that will take a closer look at our industrial strategy, our international trade standing and that would produce a detailed plan for addressing any deficiencies that have been identified as critical in improving our trade performance. Concurrently, the governments must also facilitate the current and future participation of Canadian goods within global supply chains. For example, within the NAFTA agreement, sectors including auto and resource based manufacturing rely on efficient transportation of goods within North America.

Ontario and Canada can only prosper if we embrace and improve our international trade competitiveness and this must be an urgent priority for the Ontario government.

Recommendations

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

1. Create a strong and proactive plan to improve Ontario's trade performance, increase the exporting capacity of our key industries, including the manufacturing, automotive and tech sectors. This plan should have measurable goals and should be adjusted periodically if Ontario's trade performance is not meeting set benchmarks.

2. Increase and expand the scope of incentives and export grants aimed at helping small to medium sized companies reduce the time, cost and risk of exporting.
3. Focus new export incentives and trade negotiation priorities towards sectors and markets where Ontario businesses are successfully participating within global supply chains and/or exposed to protectionist foreign policies (e.g.: Tariffs, local content requirements and financial incentives).
4. In the model of the Trade Estimates Report[36] by the U.S, conduct an annual inventory of the most important foreign barriers affecting Ontario exports of goods and services, foreign direct investment by residents, and protection of intellectual property rights. Such an inventory will improve awareness and transparency of these trade barriers and allow the business community to collaborate towards improving competitiveness.
5. Collaborate with the Federal Government and business stakeholders to address the large trade imbalances with our key international trade partners, including China and Mexico, improve the attraction and movement of workers and expanding market access through new agreements that make sense (e.g. The 2017 Canada-European Union Comprehensive Economic and Trade Agreement).
6. Start discussions with U.S. State and Federal counterparts on practical proposals in areas of potential alignment such as energy security, goods movement infrastructure, intellectual property, and regulatory cooperation.

Effective Date: May 2, 2017

Sunset Date: May 2, 2020

[36] Office of the United States Trade Representative. “2016 National Trade Estimate Report”. https://ustr.gov/about-us/policy-offices/press-office/reports-and-publications/2016/2016-national-trade-estimate

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. 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

E. 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

F. 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

G. 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. **<u>Expand Alternative Service Delivery (ASD)</u>** 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. **<u>Adopt a formal policy on asset recycling</u>**. 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. **<u>Tackle the underground economy to increase revenues</u> <u>by establishing tougher penalties for noncompliance</u>** 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. **<u>Review the option to enhance the marketing and sale of Ontario Saving Bonds</u>** 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

H. 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

I. 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

J. 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

K. 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.[37] 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

[37] Ontario's Fiscal Outlook, 2016

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.

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

L. 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

M. Maintaining Provincial Tax Exemptions on Employer Health and Dental Plans

Submitted by the Greater Kitchener Waterloo Chamber of Commerce

Issue

Provincial or federal taxation of private/employer health and dental plans could potentially place a heavy cost on the already constrained provincial primary health care system.

The Ontario government should not follow Quebec and maintain a tax exemption on these plans.

Background

A series of December 2016 – January 2017 media reports indicated the federal government was considering the taxation of private health and dental plans to generate $3 billion annually.

A December 2, 2016 National Post[38] article by John Ivison noted that government sources confirmed that 150 tax credits and exemptions were being reviewed to make the taxation system fair and efficient. The aforementioned instruments are worth approximately $100 billion annually in foregone revenue.

It is estimated that 24 million Canadians have private health insurance coverage that provides access to prescription medicines, dentists, optometrists, chiropractors, mental health professionals and other services not covered by provincial health plans. Over 90 percent of this coverage is provided through workplace health benefit plans.

On February 1, 2017 Prime Minister Trudeau announced in the House of Commons that his government will not tax employer plans, noting they are alternatively committed to protecting the middle class from increased taxes.

When the province of Quebec commenced the taxation of benefits in the early 1990s, approximately 20 percent of Quebec workers and their family members lost health insurance coverage as employers scaled back due to increased costs.

Several academics and analysts have suggested that workers will purchase individual insurance to replace workplace coverage terminated by employers. This assertion appears to be based on economic theory rather than historical experience. In Quebec, very few workers replaced their workplace insurance with private health coverage.

Taxing benefit plans could result in millions of Ontarians losing access to their health insurance coverage, which would in turn shift billions of dollars of health care costs to the federal and provincial governments. Also, limited savings to the Ontario government will be generated.

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[38] Federal Liberals eye tax on private health and dental plans, a move that would take in about $2.9 billion. National Post, December 2, 2016.

Most imperatively, reducing access to health insurance will result in serious public-health impacts. Private coverage pays for many preventative services that keep people out of provincially funded primary care facilities like hospitals and doctor's offices. Reducing access to these services will reduce the health of Ontarians and place additional pressures on the provincial health budgets at a time they can least afford it.

Therefore, based on experiences in the province of Quebec, it is recommended that the province of Ontario not proceed in that direction.

Recommendations:

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

1. Maintain tax exemptions of private health and dental plans.

Effective Date: May 2, 2017
Sunset Date: May 2, 2020

N. Reforming Ontario Auto Rate Regulation for Competitive Insurance

Submitted by: The Greater Kitchener Waterloo Chamber of Commerce, the Cambridge District Chamber of Commerce and the Milton District Chamber of Commerce

Issue

Ontario possesses one of the most costly, onerous and restrictive automobile insurance rate filing systems in North America, creating unnecessary costs for the industry and consumers.

Background

In Ontario, automobile insurers must obtain government approval prior to adjusting rates. The Financial Services Commission of Ontario (FSCO) must review each applicant's data and assumptions regarding claim costs, expenses and investment income to ensure that proposed rates are reasonable, not excessive, and not at a level where a shortage of revenue would impair the company's financial position. Reviews by the FSCO can take months to complete.

The 2016 Government of Ontario report *Review of the Mandates of the Financial Services Commission of Ontario* (*the Report*) indicated that "a large body of academic research has revealed that rate regulation actually leads to higher costs than consumers would pay in a competitive marketplace." This means that the higher cost of rate filings (the process where a company submits an auto insurance rate for provincial approval) is passed on to consumers.

A "simplified" filing generally requires a 100 page submission from the insurer to FSCO while a more complex filing can exceed 600 pages. The administration of Ontario's rate regulation system is excessively slow as it took, for example, one company seven months for approval. After these delays, market conditions change and render proposed changes inaccurate.

Ontario's restrictions on rate filings are not consistent with trends in many other jurisdictions. According to the above-referenced report, stringent rate controls limit competition and consumer choice, leading to higher prices. Conversely, jurisdictions that move away from a highly regulated automobile insurance rate system experience significant reductions in overall premiums.

In 2016, the state of New Jersey reported that 80 percent of drivers received an automobile insurance rate reduction after the State no longer required prior approval for a rate change, and transitioned to a new "file and use" system. In these models, insurance companies can introduce new rates prior to receiving government approval, while the regulator retains the option for reviewing the filing.

The Ontario Ministry of Finance announced in late 2016 that it would replace FSCO with a new Financial Services Regulatory Authority (FSRA). As part of this change, *the Report* recommended that "FSRA's Board of Directors be directed to undertake a review of the rate approval process prior to setting a rule. We are confident that, after such a review, FSRA would be in a position to implement a less costly, less time consuming and more transparent process that would benefit consumers and the health of the sector."

The transition to a modernized regulator provides a unique window of opportunity for Ontario to adopt a much needed, more efficient approach to regulating automobile insurance affordability in Ontario. A “file and use” approach or alternatively a government review of alternative approaches is highly preferable to the current model which requires immediate change.

Recommendation

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

1. Move immediately to a less onerous and costly system for automobile insurance rate filings (e.g. a “file and use” system) thereby reducing costs in the system and facilitating premium reductions for Ontario drivers.

Effective Date: May 2, 2017
Sunset Date: May 2, 2020

O. Protect Public Sector Services by Monitoring the Public Sector's Total Compensation Premium

Submitted by the Sarnia Lambton Chamber of Commerce, Greater Kitchener Waterloo Chamber of Commerce, Newmarket 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 understanding the fiscal and economic impact of 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 a significant wage gap between Ontario's public and private sectors. The Ontario public sector wage premium (the degree in which public employees earn more than private sector employees) is estimated to be 11.5 percent, after controlling for such factors as gender, age, type of job and industry (Lammam, et al., Comparing Government and Private Sector Compensation in Ontario, Fraser Institute). The rate is 8.5 percent after factoring in unionization. Non-wage benefits are also elevated: 77.3 percent of public sector workers were covered by a registered pension compared to 25.6 percent of private sector workers; nearly all were covered by a defined benefit pension (compared to only 46.9 for private sector works); they retired on average 1.4 years earlier and were substantially less likely to lose their job.

When 'total compensation' (i.e. wages plus non-wage benefits such as pension, health benefits and vacation time) of government workers, is out of line with the private sector, it places an excessive burden on the provincial budget and on the lower paid private sector workers who effectively subsidize their counterparts in the public sector.

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. 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.

Data should also control for factors such as occupations that don't significantly compete with the private sector, (e.g. teachers) and gender and other anti-discriminatory wage-parity measures.

Thereafter the goal should be to bring 'total compensation' in the public sector in line with that in the private sector.

Recommendations

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

1. Immediately start collecting data for 'total compensation' metric benchmarking.

Effective Date: May 2, 2017

Sunset Date: May 2, 2020

P. Increasing Transparency in Crown Corporation Divestment

Submitted by the Timmins Chamber of Commerce; co sponsored by the Thunder Bay Chamber of Commerce, the Greater Sudbury Chamber of Commerce, the North Bay and District Chamber of Commerce, and the 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. However, government officials are not required to conduct a rigorous business case or socio-economic impact study prior to divesting said corporation, potentially generating a host of unforeseen costs and a lack of awareness regarding its overall impact.

A key example of the resulting uncertainty is the government's attempts to divest the Ontario Northland Transportation Commission (ONTC). This Crown agency provided 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 and its subsidiaries 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. Similarly, the sale of Ontera – the ONTC's telecommunications firm – sparked grave concerns from businesses in many northern communities where Ontera was the sole provider of Internet services.

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 continued to lack details around the true cost of the move.

The report indicated that the government's projected short-term savings of $265.9 million would instead represent an immediate cost of $820 million.[39] Moreover, the Auditor General's investigation into the divestment found that "there may well be socio-economic benefits to justify subsidizing the ONTC."[40]

While the province relented on much of the divestment, it still moved ahead with the sale of Ontera in 2014, and the Auditor General's concerns held true: in September 2015, it emerged from a government Public Accounts report that the province took a $61-million loss for the

[39] Office of the Auditor General of Ontario, "2013 Annual Report," Dec. 10, 2013
[40] ibid.

sale of Ontera, which was divested for $6 million – a figure which failed to cover even the $6.5-million fees for lawyers and consultants to advise it on the sale.[41]

Other divestment-related issues have since continued to emerge, particularly around the lack of any mechanism to ensure that any such decision complies with the Crown's duty to consult with affected Indigenous communities. The 2015 budget bill approving the sale of Hydro One failed to adhere to this standard, despite this corporation having been used to develop important partnerships with Indigenous communities to deliver significant infrastructure projects and provide important economic development opportunities.[42] This drew strong rebukes from the Chiefs of Ontario, which argued the province should have engaged in "extensive consultation" with Indigenous governments, given that numerous transmission and distribution lines run through their territory.[43]

Recommendations:

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; and
2. Ensure that, where applicable, the Crown undertakes its duty to consult with any Indigenous communities affected divestment or privatization of Crown corporations.

Effective Date: May 2, 2017
Sunset Date: May 2, 2020

[41] Canadian Press, "Liberals 'bungled' Ontera sale, new figures show", Sept. 29, 2015 http://www.cbc.ca/news/canada/sudbury/liberals-bungled-ontera-sale-new-figures-show-1.3249108
[42] Sarah Mojtehedzadeh, "Ontario failed duty to consult First Nations on Hydro One sale, chief says", Toronto Star, Aug. 18, 2015 https://www.thestar.com/news/gta/2015/08/18/ontario-failed-duty-to-consult-first-nations-on-hydro-one-sale-chief-says.html
[43] ibid.

Q. Protect Canadian Business by keeping the De Minimis Threshold Low

Submitted by the Windsor-Essex Regional Chamber of Commerce, Sarnia Lambton Chamber of Commerce, Greater Niagara Chamber of Commerce, Thunder Bay Chamber of Commerce

Issue:

Raising the De Minimis threshold (DMT) for Canada will give an unfair tax advantage to foreign online retailers over Canadian retail businesses. It would provide generous exemptions at the border placing domestic firms at a disadvantage vis-à-vis foreign sellers, since domestic firms may have to charge sales or value-added taxes even for small items while foreign sellers are exempted.

Background

According to the Retail Council of Canada, the U.S. – based online merchants and couriers have been pushing hard for an increase in the De Minimis level, below which courier or postal shipments into Canada are exempt from sales taxes and customs duties. Changes to the De Minimis could potentially be detrimental to retailer merchants in Canada and their employees.

The De Minimis level, currently set at $20 Canadian, is the value of goods that can be shipped across the border for which the Canadian government does not collect taxes or duties. The rationale is that the administrative burden and processing cost does not justify the revenue. Purchases for delivery at the sub $20 level do not pose a big incentive to shop online for the items and as such do not constitute a threat to Canadian jobs.

Large U.S. retailers are lobbying the Canadian Government to raise the threshold for the De Minimis from $20 to $200. At that level the U.S. merchants would have a tax advantage over Canadian merchants in the average amount equivalent to 12.3% of the value of the goods shipped and would not be subject to any additional custom duties. This unfair advantage, depending on the sensitivity of Canadian consumers to online shopping factors would cost Canadian businesses lost revenue. Among the many consequences of raising the De Minimis are a massive increase in cross-border orders with negative consequences for Canadian retailers and their employees, reduced investments establishing Canadian online offerings, pressure to eliminate high wage jobs in IT, logistics and distribution, internal allocation of capital for Canadian branches of international firms and substantial loss of government revenue from taxes and duties.

Any level of an increase in the DMT in Canada would be unwelcomed for retailers and raising the De Minimis level to $200 would lead to massive increases in cross-border purchases negatively affecting retailers in items such as apparel, footwear, books, toys, consumer electronics and housewares, most of which are priced below $200 and easily shipped. The losses in terms of new investments, jobs and economic activity could be significant.

The U.S. De Minimis level is $800. The U.S. retailers, however, are dominating their online retail space with only 22% of U.S. customers purchasing from non U.S. sellers. By contrast

67% of Canadians report having made online cross-border purchases. Secondly, the U.S. online sales are not subject to the collection of state or federal sales taxes.

With such negative regulatory odds Canadian retailers are concerned that a push to raise the Canadian De Minimis form the current level would have a detrimental effect on Canadian retail sales. The retail sector employs one-in-eight Canadians. Loss to the industry will have significant negative effect on the overall Canadian economy. To help our retail sector, the Government of Ontario should support the continuation of a level playing field between retailers operating here in Canada and those who sell online from outside Canada and ship goods cross-border by post or courier.

Recommendations:

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

1. Urge the Federal Government to maintain the current Canadian De Minimis level of $20 to prevent granting an unfair advantage to foreign online retail sellers operating in the Canadian marketplace.

Effective Date: May 2, 2017
Sunset Date: May 2, 2020

R. Collecting 'Share' Revenue

Submitted by the Greater Kingston Chamber of Commerce

Issue

The sharing economy is a positively disruptive force. It offers a service that is "in demand" in locales while also offering challenges to regulators municipally, provincially and federally. Much has been said in the press from proponents and opponents. This includes how regulations/bylaws and taxation will look moving forward to establish a level playing field for all business while simultaneously allowing for economic growth and innovation. Government should take advantage of the tools at their disposal as the wave of sharing economy services continue in order to prepare businesses and employees for its impact.

Background

The Ontario Chamber of Commerce (OCC) has stated that the sharing economy is growing at an incredible rate and the opportunity for Ontario municipalities is an important one. Jurisdictions that are building adaptable regulatory and tax frameworks are more likely to produce new technologies that will drive economic growth.

Municipalities across the province are grappling with how the rapid growth of the sharing economy impacts local laws, regulations and revenue possibilities. The OCC has also emphasized the need for immediate action to be taken to help vibrant, emerging sectors thrive. Ontario municipalities have so far adopted varying degrees of bylaws and new ordinances to introduce and harmonize the existence of the sharing economy within their respective towns and cities.

Regarding ride sharing, in Ontario, drivers are required to collect and remit income and sales tax, where necessary, in line with Canadian Revenue Agency (CRA) guidelines and any changes to this would be a matter of provincial and federal jurisdiction. In Quebec, with the adoption of Bill 100, the Quebec provincial government has made legislative changes that establish additional tax requirements with which Uber complies fully.

In 2016, The Quebec government and Uber agreed on a one-year pilot project that sees the service operate legally in Quebec. Under the agreement, Uber will pay taxes in addition to collecting federal and provincial sales tax and contribute to a fund to help modernize the taxi industry. There is no taxi compensation scheme. Through licensing fees, the province collects funds as is done in other jurisdictions where Uber operates. The company will pay a fee of $0.97 per client for the first 50,000 hours-worth of rides given. That fee increases to $1.17 until 100,000 hours of rides, after which it goes up again, to $1.33.

The province of Ontario has not entered the discussion well, resulting in city councils struggling ahead with regulations for technological upstarts. Moreover, regulators have saddled traditional cab companies with all manner of requirements. For the most part, "governments have and always will have difficulty creating regulations that keep up to the pace of technology. This makes it difficult for governments to respond to new ways of doing business, such as innovations in the sharing economy”. (2015 - Ontario Chamber of Commerce “Harnessing the Power of the Sharing Economy”) It is also important to remember that any government involvement in implementing new agreements must recognize the valid differences between industries (i.e. taxi v Uber) without compromising public safety.

Recommendations:

The Ontario Chamber of Commerce urges the Ontario Government to:

4. Work with the federal government to bring taxi drivers in Ontario back under the ***small supplier exemption.*** If this total exceeds $30,000, the business must register to start collecting HST.

5. Take into account the growth of the sharing economy with regard to the Changing Workplaces Review.

Effective Date: May 2, 2017
Sunset Date: May 2, 2020

INFRASTRUCTURE/TRANSPORTATION

A. 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

B. 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

C. 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

D. 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

E. 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

F. 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 250Gbps.

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

G. 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

H. 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

I. 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

J. Link Investment in Core Infrastructure to Productivity Performance and Enhancement

Submitted by the Oakville Chamber of Commerce, co-sponsored by the Halton Hills Chamber of Commerce

Issue

Provincial and federal infrastructure investments must support the long term growth of our economy and quality of life.

Background

Ontario's infrastructure deficit is delaying recovery in all parts of the province. Meanwhile, congestion in the Greater Toronto Hamilton Area (GTHA) costs the region an estimated $6 billion in lost productivity each year.

With Ontario's population expected to grow approximately 30% by 2041 our infrastructure needs will justifiably grow with it.

Roads, bridges and highways are all critical to our economic competiveness. Canada's current infrastructure deficit is estimated to be approximately $200 billion, and the Federation of Canadian Municipalities (FCM) claims that left unattended this deficit could potentially rise to as much as $2 trillion by 2065.

The Ontario government has committed to invest approximately $150 billion over 12 years in direct infrastructure spending however it is not yet clear where these funds will be deployed and which principles will guide infrastructure spending.

According to the Canadian Infrastructure Report Card (CIRC) almost 60% of Canada's core public infrastructure is owned and maintained by municipal governments and the total value of core municipal infrastructure assets is estimated at $1.1 trillion dollars. While most of our infrastructure challenges are the responsibility of our local government, both the federal and provincial government have committed renewed investment to tackle our infrastructure needs. Successful distribution of this funding will be achieved by the co-ordination, communication and collaboration of all levels of government.

Infrastructure funds need to be allocated effectively and efficiently to the right types of projects. It is vital that investments are made strategically into projects that support the long-term growth of our economy.

According to the Federation of Canadian Municipalities (FCM), every $1 billion invested in infrastructure generates between $1.20 billion and $1.64 billion in real GDP growth; a proven multiplier effect guaranteed to boost the economy.

Similarly, every $1 billion invested in infrastructure creates approximately 16,000 jobs which are supported for one year across multiple sectors.

Under current federal infrastructure programs, Public Transit Infrastructure Fund, Clean Water and Wastewater Fund, funding recipients are required to demonstrate that projects are "incremental" – i.e. new or accelerated projects – rather than projects funded and/or prioritized through asset management plans.

Moving into Phase Two of the federal government's distribution of federal funds, investments in productivity-enhancing projects need to be the criteria. The government needs to adopt an outcomes-based approach to infrastructure funding instead of a project-based approach.

The government also needs to find a balance between its strategic objectives and ensuring that eligibility criteria for Phase Two infrastructure programs are flexible to ensure that municipalities can meet their diverse needs.

The need for a long term sustainable infrastructure plan will still be essential. The new infrastructure demands coupled with the maintenance and future rehabilitation will further strain our resources. This will only be compounded by further population growth.

The federal government also needs to expand the use of public, private partnerships (P3s) while making it easier for smaller projects, like those at the municipal level, to attract private sector investment.

Canada is a global leader in the use of public, private partnerships. Both the provincial and federal governments should look for innovative and collaborative approaches to help ensure that private sector money and know-how can be directed to projects that benefit communities of all sizes.

Recommendations:

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

1. Develop an infrastructure strategy that demonstrates how infrastructure dollars will be allocated linking investment in core infrastructure to productivity performance and enhancement, economic growth and job creation;
2. Work with the federal government on developing a principled approach to the design of the federal government's funding commitments;
3. Continue to use Alternate Finance Projects (AFP's) and Private, Public Partnership (P3) models to develop large infrastructure projects, where appropriate and develop strategies to encourage private sector investment in smaller, municipal level projects;
4. Recognize the many years of critical capital planning and prioritization work already undertaken by municipal asset management plans and work with the federal government on a flexible approach by not imposing "incrementality" requirements for project eligibility;

Sunset Date: May 2, 2020

K. Empower all Municipalities to Build and Maintain Essential Infrastructure

Submitted by the Sarnia Lambton Chamber of Commerce

Issue:

Ontario municipalities face a public infrastructure gap of $6 billion per year. The Province is providing some relief through a number of programs; however there are few reliable and predictable sources of funding for municipalities to meet their immediate infrastructure needs.

Background

Research shows that modern, safe and efficient infrastructure like roads, bridges and sewers increases productivity and competitiveness[1].

Most of Ontario's infrastructure was built in the 1950s and 1960s with modest investments and repairs in the 1980s and 1990s. By 2007/08 the average age of all public infrastructure in Ontario was 15.4 years[2] with an estimated deficit of $60 billion[3]. Much of this is due to a downloading of responsibilities onto lower tier governments in tandem with reduced transfer payments from the Province, increasing costs and a limited number of revenue tools.

The Government of Ontario has made efforts to increase transfers to municipalities for infrastructure projects. The Moving Ontario Forward plan dedicated $31.5 billion over 10 years to public infrastructure, representing half of the estimated deficit. Communities can access funding through the Ontario Community Infrastructure Fund (OCIF), Ontario Municipal Partnership Fund (OMPF), the 2012 Municipal Infrastructure Strategy, Connecting Links and the Gas Tax for Transit.

For smaller municipalities, this assortment of programs can be inequitable and inadequate. The administrative burden is high, meaning that additional funds must be spent on operational costs; allocation formulas change (as happened to the OMPF in 2015, resulting in less funding for rural communities); and because communities must compete via resource-intensive application processes, there is little correlation between need and the provision of funding.

By offering more predictable, formula-based programs, municipalities could plan ahead and implement projects efficiently, on schedule and while addressing local priorities. The Federal Gas Tax program, for example, provides $2 billion on a permanent annual basis to municipalities for all types of public infrastructure in one easily-managed system. Funds are allocated according to population and each municipality knows what they are getting from year to year.

Recommendations:

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

1. Consult municipalities on how programs can be modernized to become less burdensome and provide municipalities with predictable, long-term funding.

2. Offer at least one comprehensive, equitable and formula-based funding stream
3. Link funding to asset management plans and asset bases to encourage strategic planning and accountability.

Effective Date: May 2, 2017
Sunset Date: May 2, 2020

L. Addressing the impact of Climate Change on Transportation Infrastructure in Ontario's Far North

Submitted by the Timmins Chamber of Commerce; co sponsored by the Thunder Bay Chamber of Commerce, the Greater Sudbury Chamber of Commerce, the North Bay and District Chamber of Commerce, and the Sault Ste. Marie Chamber of Commerce

Issue:

Climate change is threatening the seasonal transportation infrastructure relied upon by many Indigenous communities and businesses alike in Ontario's Far North, leading to socioeconomic challenges that will only worsen as warmer temperatures further reduce winter road access.

Background

For remote Indigenous communities in Ontario's Far North which are inaccessible by permanent conventional roads or railways, networks of seasonal "winter roads" made of ice or snow provide temporary access to the permanent provincial highway system. These seasonal roads are used by individuals and businesses from freeze-up until spring thaw. They are of significant socioeconomic importance, allowing for goods to be moved at a cost two to three times lower than air transport, which is frequently the sole alternative. As well, the winter roads are often the only option for the transportation of heavier items such as vehicles, equipment, and building materials into these remote communities. In Northern Ontario, 31 First Nations communities depend on thousands of kilometers of winter roads as a lifeline for transportation and shipment of goods[44]; these are also a key avenue for resource development projects, such as De Beers' diamond mining and exploration efforts, which depend on the use of the winter roads for the majority of its annual re-supply.[45]

There has long been a push to develop permanent transportation solutions in the region -- especially given the need to access projects such as the $60-billion Ring of Fire, a multi-mineral project also located in the Far North – and the call has become more pressing as climate change continuously shortens the duration of the winter roads. This reduced access threatens the economic viability of nearby resource projects as well as the communities themselves, as access to goods and services is also reduced, and the window for specific project activities is shortened considerably. Winter road networks have traditionally been functional for upwards of 80 days per year, a figure that has in some cases shrunk to as low as 28 days.[46] This problem is only expected to worsen in the coming years.[47]

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44 http://www.republicofmining.com/2016/03/08/invest-north-ontario-and-canada-needs-full-inclusion-of-first-nations-to-kick-start-the-economy-by-ontario-regional-chief-isadore-day-metro-toronto-convention-centre-march-7-2016/

45 http://aptn.ca/news/2013/02/15/attawapiskat-councillor-accuses-de-beers-of-trickery-as-showdown-looms-on-diamond-mine-ice-road/

46 https://news.vice.com/article/canadas-ice-roads-are-melting-and-that-is-terrible-news-for-aboriginal-communities

47 *Enhancing the Resilience of Manitoba's Winter Roads System*: International Institute for Sustainable Development, 2014.

As indicated by Ontario Regional Chief Isadore Day at the 2016 Prospectors and Developers Association of Canada conference, “shorter seasons have resulted in drastic downturns in local economies”[48] – a concern expressed by countless Indigenous leaders.

The need to involve all levels of government was recognized in Sept. 2016, when Canadian Chamber of Commerce AGM delegates adopted a resolution urging federal-provincial partnership to address this specific challenge. It is crucial that the Ontario government receive the same message to ensure a consistent, collaborative approach.

Recommendations:

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

1. Work with Indigenous communities to determine the full impact of climate change on their transportation infrastructure, and work with local and federal governments to subsequently develop a strategy to implement solutions, such as all-season road networks, where appropriate.

Effective Date: May 2, 2017
Sunset Date: May 2, 2020

[48] http://www.republicofmining.com/2016/03/08/invest-north-ontario-and-canada-needs-full-inclusion-of-first-nations-to-kick-start-the-economy-by-ontario-regional-chief-isadore-day-metro-toronto-convention-centre-march-7-2016/

M. 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.[49] The international bridges connecting Niagara and New York facilitate $81 billion USD in trade annually between Canada and the US – 31 percent of the total trade conducted between the world's largest trading partners.[50]
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.

[49] www.niagara-gta.com/faq.html
[50] http://www.niagarafallsairport.com/pdfs/regional_overview.pdf

- 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.

In the 2017 Infrastructure Update, the Government of Ontario announced that the review of the Growth Plan is expected to be completed in 2017. It is critical that the Ministry of Transportation take the concerns of the OCC and other key stakeholder groups into account 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 to include neighbouring business communities that use the Niagara to 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 (including transportation safety issues).
4. Implement the strategy as quickly as possible to address the immediate transportation needs of the region.

Effective Date: May 2, 2017
Sunset Date: May 2, 2020

N. Support for Metrolinx Big Move and 'Next Wave' Priority Projects

Submitted by the Richmond Hill Board of Trade, Newmarket Chamber of Commerce, and Vaughan Chamber of Commerce

Issue:

Over the past 20 years, there has been tremendous population and business growth throughout the Greater Toronto – Hamilton Area (GTHA), particularly in the 905. In fact, York Region is now one of Canada's fastest-growing large urban municipalities with nearly 1.2 million people and approximately 25,000 new residents moving there every year. Notwithstanding the many positives that result from urban intensification, increased traffic congestion typically accompanies population grown if infrastructure investments do not keep pace, as they have failed to do in the GTHA and beyond.

The average round-trip commuting time in the GTHA is more than 80 minutes and many residents grapple with far longer travel times to work as a red-hot housing market necessitates more first-time home-buyers to look beyond local markets. In fact, traffic congestion is estimated to cost the economy in the range of $7.5 Billion to $11 Billion per year, according to a study by the C.D. Howe Institute.

This level of traffic congestion, and lack of alternative transportation infrastructure, impacts not simply those directly commuting to and from the GTHA. Lack of public transit options leads to less choice for commuters and ultimately increased vehicular traffic, which results in costs to business supply chains such as movement of goods delays.

Failure of our transportation infrastructure to keep pace in the face of unprecedented growth also affects tourists and visitors to the wider-region and contributes to air pollution and carbon emissions. Recent investments by all levels of government in public transit, including the extension of the Toronto-York Spadina Subway Extension to Vaughan and construction of VIVA-YRT bus rapid-ways are welcome additions to the transportation network in York Region. It is clear that to maximize these investments in public transit infrastructure, support must be given for the Metrolinx Big Move transportation plan and 'Next Wave' priority projects including the Yonge North Subway Extension and the Relief Line in the context of the regional transit network.

Background:

Transportation and transit infrastructure is critical to the success of our region, our province and our country. For that reason we must focus on the big picture. Municipal boundaries act as transit boundaries that prevent effective movement of passengers. Transit policies and routes should be planned based upon population growth and need, not on municipal boundaries.

The busiest subway in Canada, the Yonge North-South line, has not been expanded since the 1970's. This despite the fact that York Region is one of the fastest growing areas in Canada contributing to some of the longest commute times in North America. To entice people out of their vehicles and alleviate traffic congestion, the Yonge North Subway Extension has become the top priority of the Regional Municipality of York and each of the nine municipal governments in York Region. In fact, transportation is the top local issue for the vast majority of York Region residents.

The Yonge subway extension and Relief line will complement investments made in our existing transit network and help connect the GTHA by integrating with neighboring transit options. They will also maximize the recent investments in GO Transit, VIVA-YRT, Eglinton Crosstown LRT, UP Express connectivity to Pearson Airport, and the Toronto-York Spadina Subway Extension. They will ensure for greater connectivity with surrounding communities.

Already included in the Metrolinx Big Move and identified as ‘Next Wave’ Priority Projects, developments of this magnitude will lead to new business and job creation, intensification, and the attraction of more affordable housing as well as significant environmental benefits. In fact, by eliminating the need for 2,500 bus trips that currently service a stretch of Yonge Street each weekday, the Yonge North Subway Extension has significant potential to reduce carbon emissions and eliminate up to 28 tonnes of GHG each workday. Notably, the Yonge North Subway Extension has already received $55 million from the Province for preliminary engineering and design, a notable investment that should be maximized.

We applaud the Governments of Canada and Ontario for making significant investments to expand and modernize the public transit system across the GTHA and beyond. While we have made tremendous progress over the past several years, we are mindful that there is still much more to do in order to create mechanisms for people to get from place to place throughout the wider-region.

Conclusion:

As populations continue to grow and densities rise throughout the GTHA and beyond, there is an urgent need to create connected infrastructure for future generations that ensures for the greatest range of mobility options. Projects of this size and scope require the financial support of all levels of government, over an extended duration of time. The longer we wait, the more expensive projects of this magnitude become.

Recommendation:

The Ontario Chamber of Commerce urges the Government of Canada, the Government of Ontario, the Regional Municipality of York and the City of Toronto to:

1. Together, begin the conversation on dedicating revenue for Metrolinx Big Move and ‘Next Wave’ Priority Projects, including the Yonge North Subway Extension, given the benefits to the GTHA and wider-region for current and future generations.

Effective Date: May 2, 2017

Sunset Date: May 2, 2020

O. Regional Transportation Fare Integration

Submitted by the Toronto Region Board of Trade and Vaughan Chamber of Commerce

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.

Although progress has been made in the process of fare integration, there is still more that must be done. To ensure a seamless transportation network, and to build further momentum across the wider region for fare integration, the TTC needs to be integrated with GO Transit and other municipal transportation services. With the anticipated opening in late 2017 of the Toronto-York Spadina Subway Extension through York University to Vaughan, there is an urgent need to address this issue as soon as possible.

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 cross-regional issue that affects all municipalities and residents in the GTHA and beyond. The ability of businesses to operate in and around the GTHA and beyond, and the vitality of the regional economy are dependent upon an efficient regional transportation network. This is important to both the region and the province: GO Transit and the municipal transit agencies that connect to it serve two-thirds of Ontario's population (approximately 9 million people).

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.

GO Transit and the nine municipal transportation agencies in the GTHA have already made progress on fare integration. Currently, GO Transit has signed co-fare agreements (allowing for discounting of fares when transferring from one transit agency to another) with eight municipal agencies. The Presto fare card allows users of more than one transit agency to get an immediate discount when they transfer between GO and one of the participating agencies. In addition, all the 905 transit operators (except Milton) have agreed to accept each other's transfers without additional fares.

In both cases, however, Toronto and the TTC remain unintegrated with the rest of the region. Until recently, the TTC was not able to participate with fare integration as it did not accept the Presto fare card. With the rollout of Presto at all subway stations and, throughout 2017, on the remaining bus and streetcar routes, technology is no longer a barrier. The continued lack of fare integration ensures that thousands of commuters are paying full fares daily for both GO Transit and TTC services, increasing costs and creating incentives for people to drive and increase the wider region's traffic problems.

In addition to the inconvenience and cost to existing commuters, tourists and travellers throughout the GTHA, the construction of new transit lines makes the lack of fare integration an acute problem. An integrated fare card system is fundamental, for example, to the successful implementation of the Toronto-York Spadina Subway Extension (TYSSE) and to achieving value-for-money for the project. The Government of Canada has committed up to $697 million to the project while Ontario has provided $870 million (held in the Move Ontario Trust). In addition, the City of Toronto will contribute $907 million and the Regional Municipality of York has promised $606 million.[51]

Upon completion of the TYSSE, all regional transit buses will move from the current central location on York University campus to off campus locations. Currently these passengers only pay one fare to commute from their home to York University by one line of 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 and inconvenience for customers, particularly low-income students.

To illustrate the above scenario: a student commuting from Ajax to York University would have to pay GO Transit $7.02 and then pay the TTC $3.25, for a total of $10.27 /per trip, an increase of 46% over what they currently pay for the same trip. Alternatively, that student could use a monthly GO pass from Ajax which costs $154.44 and then use a TTC pass, which costs $116.75, totalling $271.19 per month, an increase of 76% 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 as they currently do. York University, with a current population over 65,000 people (staff, faculty, students and Seneca@York), already has the second largest number of daily commuters in the GTHA behind Pearson Airport, representing a significant impact on the region's road network. The potential increase in traffic would be in addition to the many GTHA commuters who are already incentivized to drive, rather than take transit, due to a lack of fare integration.

[51] Toronto Transit Commission, "Completion of Trackwork for the Toronto-York Spadina Subway Extension," June 6, 2016.

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 smart card system will support the development of further infrastructure and will make the regional transportation network more customer-friendly, leading to greater use of the network and ultimately assisting in the alleviation of regional congestion and gridlock. With the forthcoming subway extension in 2017 and the addition of new LRT lines (beginning with the Eglinton Crosstown in 2021), the costs of failing to achieve complete fair integration in the GTHA will only become worse.

Recommendations:

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

1. Through Metrolinx, continue to work with the regional transit operators to finish implementing an integrated fare structure for the GTHA regional transportation system including GO Transit and all municipal agencies.

2. Implement a fully integrated fare system at the earliest possible opportunity, which will make for a more customer-friendly, seamless, and affordable transit network, and help alleviate wider-region traffic congestion and gridlock. If possible, the final steps of integration should be timed with the opening of the Toronto-York Spadina Subway Extension through York University to Vaughan in order to achieve the greatest value for money from the significant investments the Federal and Provincial governments as well as York Region and the City of Toronto have already made.

Effective Date: May 2, 2017
Sunset Date: May 2, 2020

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. 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

C. 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

D. 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

E. 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

F. 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[1].

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

G. 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. [52]
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."[53]

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.

[52] Email correspondence with Kim Kennedy, Nova Scotia Apprenticeship Agency received January 7, 2016
[53] Press Release, Ontario Chamber of Commerce, November 20, 2015

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.

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

H. 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

I. 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.[54]

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.[55] 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 shortages. This approach has seen positive results. Each year, some 15,000

[54] http://www.conferenceboard.ca/press/newsrelease/13-06-21/skills_shortages_cost_ontario_economy_billions_of_dollars_annually.aspx
[55] http://www.statcan.gc.ca/pub/91-209-x/2013001/article/11787-eng.htm

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

That the Government of Ontario 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

J. Implementing an Innovative Approach for the Regulation of Skilled Trades

Submitted by: The Greater Kitchener Waterloo Chamber of Commerce, Cambridge Chamber of Commerce, and Greater Kingston Chamber of Commerce

Issue

The Ontario College of Trades has not delivered on its original mandate to regulate professions and promote the interests of employers and employees across Ontario. Failure to address and resolve the on-going deficiencies with the provincial apprenticeship system is indicative of large-scale institutional dysfunction.

The organization does not require any further analysis or review and should be dismantled.

Background

The Ontario College of Trades, through the *Ontario College of Trades and Apprenticeship Act, 2009,* has the mandate and powers to regulate all approved trades in Ontario, perform standard regulatory functions such as issuing licences, establish standards for training and certification, and increase access to trades for internationally trained workers.

The College's mandate covers four sectors of the provincial economy – construction, industrial, motive power and service. Each trade has a Scope of Practice (SOP) which is the list of activities or functions performed by a designated trade. Trade Boards have also been established which provide the College with advice related to a certain trade or group of trades.

Since College inception, one of the most contentious areas of operation has been the relationship between the College and decisions originating from the Ontario Labour Relations Board (OLRB). The OLRB is responsible for adjudicating jurisdictional disputes between unions which arise when one union claims an employer has assigned its work to another union. Through time, the OLRB has developed a body of case law relating to jurisdictional disputes which, together with workplace agreements and past practice, provides guidance to employers concerning work assignments and prevents workplace disputes.

Toronto-based law firm Mathews Dinsdale[56] notes that when the College commenced enforcement activities, it began issuing tickets to designated tradespeople and contractors for work allegedly in violation of the College's compulsory trade restrictions, even though such work had long been performed by members of a voluntary trade. This lead to significant concern on the part of employers, who were potentially being placed into situations which the assignment of work to one union would prompt a jurisdictional dispute while the assignment of work to another union could lead to a ticket from the College. As there exists overlap between SOPs, a non-workable predicament emerged.

The College has also struggled with their responsibilities as both promoter and regulator of trades in Ontario. A 2016 Ontario Chamber of Commerce resolution noted that the College is

[56] Ontario Releases Tony Dean Report on College of Trades. Report from Mathews Dinsdale. November 27, 2015

overly focused on enforcement and regulation, limiting its ability to serve the public interest in attracting and training new trades people.

These issues, and many others, initiated a review of the College. In 2014, Premier Kathleen Wynne announced that former Ontario cabinet secretary Tony Dean would commence such an assignment to ensure the organization "does what it was set up to do." [57] Mr. Dean submitted his report to Training, Colleges and Universities Minister Reza Moridi in November of 2015. A series of recommendations for reform were submitted which the province accepted in a November 20, 2015 news release.

Despite on-going statements from College of Trades officials and others across the provincial government, the journeyperson-to-apprentice ratio has not been significantly revised despite heavy pressure from many business organizations. The province is generally dependent on antiquated labour laws and a 1970s apprenticeship model that rewards a few well connected stakeholders. Unfortunately, and this is a predicament that must be addressed, opportunities are being limited for young and laid-off workers looking for careers in the high-demand skilled trades.

The Dean report proposed a "clearer and more concise criteria on how journeyperson-to-apprenticeship ratios are determined." This proposal while sound in principle but lacking in any practical action does not provide an immediate solution for a pressing business issue.

The Ontario Home Builders Association is opposed to the current structure of the College of Trades. The primary reasons include:

a) The College framework is inherently biased towards unions and large employers;
b) The residential sector is grouped together with the Institutional/Commercial/Industrial (ICI) sectors on the Divisional Board. The ICI sector consists of much larger employers which are typically unionized firms. The position of the residential renovation industry and non-union builders is lost in this structure;
c) The process for designating new trades as compulsory is biased towards those advocating for more compulsory trades. Compulsory certification will compartmentalize labour supply and reduce labour mobility, flexibility and employment opportunities for new workers. Outside the GTA, labourers often perform a variety of tasks affecting several trades. If there are more certified trades smaller builders will experience labour shortages and increased costs.

Recommendations:

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

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[57] David Tsubouchi, registrar of the Ontario College of Trades, was in London Tuesday. London Free Press, April 7, 2015

1. Dismantle the Ontario College of Trades and return responsibility for trades regulation to the provincial Ministry of Advanced Education and Skills Development.

Effective Date: May 2, 2017
Sunset Date: May 2, 2020

K. Improving Indigenous Education in Ontario

Submitted by the Timmins Chamber of Commerce; co sponsored the Greater Sudbury Chamber of Commerce, the North Bay and District Chamber of Commerce, and the Sault Ste. Marie Chamber of Commerce

Issue

Workforce shortages are among the most significant challenges for Ontario businesses, and it is widely recognized that Canada's Indigenous people – the fastest-growing population in the country – must be a key component of Ontario's strategy. While educational attainment for Indigenous people has been on the rise, more must be done to ensure that all Ontarians have the education and training needed to succeed in a modern economy.

Background

More must be done to close attainment gaps in Indigenous education: almost half of the Indigenous population of working age has some form of post-secondary qualification[58], as compared to the two-thirds of the non-Indigenous population of the same age.[59] Additionally, 10 percent of the working-age Indigenous population has a university degree, as compared to the non-Indigenous population's 26 percent.[60]

Bridging this gap would have a considerable economic impact: if the education and labour market outcomes of Indigenous Canadians reached the level of the general population by 2026, government spending would drop by $14.2 billion, while increasing Indigenous income by $36.5 billion.[61]

As the provincial government is responsible for education of the Indigenous population living off reserve, Ontario's efforts to address these responsibilities falls within the Ontario First Nation, Métis, and Inuit Education Policy Framework. It allows for enhanced investment in and collaboration between the various components of the provincial education system serving Indigenous students. It also places much-needed emphasis on the unique learning styles and cultural perspectives of aboriginal students in provincial curricula, assessment practices, and professional teacher development.

Another key element is the presence of nine Aboriginal Institutes (AIs) in Ontario, which represent vital stakeholders. These organizations deliver accredited post-secondary programs in partnership with colleges and universities through unique, culturally-sensitive delivery models that blend face-to-face learning with online courses and independent study.

Despite their key role, they remain outside the Ontario post-secondary system. Unlike provincially accredited colleges, they do not receive government capital or operational funding, instead receiving only funding for program delivery. The 2015 Ontario budget

[58] Statistics Canada, "Educational attainment of Aboriginal peoples in Canada", National Household Survey 2011
[59] Ibid.
[60] Ibid.
[61] Association of Universities and Colleges of Canada, "Creating opportunities in education for Aboriginal students," 2013

temporarily sought to address this issue, with a three-year funding envelope and a commitment to develop a policy that permanently brings the AIs into the post-secondary system. Following through on this commitment is crucial, as it will bolster AI's long-term sustainability.

Further support must also be provided through better access to data. While national census data provides some perspective, there remains a significant lack of information about whether Indigenous post-secondary education and training needs are being met in Ontario.

Among other areas, there is insufficient data on issues such as enrolment, graduation rates, and program effectiveness – information which is required to establish baselines and measure progress on the academic achievement of Indigenous learners.[62]

Recommendations:

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

1. Strengthen implementation of the First Nation, Métis and Inuit Education Policy Framework by identifying and earmarking the financial resources necessary to ensure consistent funding of Framework priorities.
2. Develop Indigenous learner reporting mechanisms at both the system and institutional levels to allow for collection of the type of reliable data needed to set baselines and measure progress on academic achievement.
3. Follow through on commitments for working with Aboriginal Institutes to develop a policy to sustainably deliver operational funding and incorporate them into the provincial post-secondary system.

Effective Date: May 2, 2017
Sunset Date: May 2, 2020

[62] Council of Ministers of Education Canada, "Key Policies in Aboriginal Education: an Evidence-Based Approach", 2013 http://www.cmec.ca/Publications/Lists/Publications/Attachments/295/Key-Policy-Issues-in-Aboriginal-Education_EN.pdf

L. Promoting Skilled Trades by Ensuring an Adequate Supply of Secondary School Technical Teachers

Submitted by the Greater Kitchener Waterloo Chamber of Commerce

Issue

An adequate supply of skilled industrial and construction tradespeople is highly dependent on both the secondary and post-secondary education systems.

A critical component of training in the skilled trades is the ability of Ontario Faculties of Education to supply high schools with educators qualified to teach technical programs.

Background

In Ontario, teachers of secondary school technical programs require a secondary school diploma and a minimum of five years trade experience or equivalent academic training in their field of expertise. Their educational credentials for teaching must also include at minimum a Diploma in Technical Education through a Faculty of Education.

The Western Faculty of Education no longer offers a Technological Education program and the Wilfrid Laurier University Faculty of Education, which commenced operations in 2006, does not train tech teachers. However both Brock University and the University of Windsor have re-instated their programs, the latter being offered in partnership with the Windsor-Essex Catholic School Board and the Greater Essex County District School Board.

A Daily Commercial News article from September 15, 2014[63] reported that a looming skilled labour shortage in the provincial and national construction sectors has increased the requirement for more experienced tradespeople to teach in high school classrooms. Wendy Hirschegger of the Ontario Secondary School Teacher's Federation (OSSTF) stated her organization supports the reform of experience criteria of tradespeople entering teacher's colleges in the province.

In particular, the decision to lengthen teacher education from one year to two years makes candidates reluctant to enrol. Applicants to technological education programs are typically looking for a "second career" and consequently have family financial commitments different from other faculty of education students who move directly from a B.A./Sc. to a B.Ed program.

A Hamilton Spectator article from January 29, 2016[64], which outlined the commencement of the new Brock University program at their Hamilton campus, noted that despite any media indications that an oversupply of graduating teachers exists in Ontario, that scenario does not apply to technological education. Recent statistics project that Ontario secondary schools will lose three out of seven tech teachers in the next three to five years.

Recommendations:

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[63] Incentives need to meet rising demand for tradespeople that teach in schools. Daily Commercial News. September 15, 2004

[64] Go Tech, young teachers. Hamilton Spectator. January 29, 2016

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

1. Ensure that faculties of education reinstate, maintain and expand their technological education programs for training teachers in the skilled trades.

Effective Date: May 2, 2017
Sunset Date: May 2, 2020

M. Implementing a Moratorium on School Closures

Submitted by the Greater Kitchener Waterloo Chamber of Commerce; Co-sponsored by the North Bay & District Chamber of Commerce, Owen Sound Chamber of Commerce, and the Tillsonburg District Chamber of Commerce

Issue

The pending closure of 600 schools across rural and northern Ontario has initiated serious concerns with respect to local and provincial economic impacts related to the loss of these institutions.

Background

Recent estimates indicate that close to 600 schools in rural and northern communities across Ontario are under the threat of imminent closure.

The Bluewater District School Board, which covers Bruce and Grey Counties in southwestern Ontario, could see the loss of one-third of their institutions. The Upper Canada District School Board in eastern Ontario could lose 29 schools over the next two years.

The Ministry of Education's Pupil Accommodation Review Guidelines serve as the province's minimum standard that school boards must utilize to develop their own policies for accommodation reviews which lead to decisions on school closures. Changes to these guidelines were completed in 2015 which require Boards of Education to consult with municipal and community organizations prior to making any final accommodation decisions, however there is no similar requirement for any analysis on local social and economic impacts.

David Thompson, chair of the Near North District School Board, indicated to TVO[65]that "you close down a school in a small town and kids suddenly spend hours on the bus going to other communities," also noting that long commutes leave little time for students to engage in extra-curricular activities.

An Ontario Chamber of Commerce (OCC) resolution tabled and passed by the Greater Oshawa Chamber of Commerce in May of 2015 recommends that a standing committee of the Legislative Assembly should consult with the provincial business sector, through the Ontario Chamber of Commerce, on measuring the economic impacts of school closures.

The Ontario Chamber of Commerce has been a strong advocate for ensuring that provincial arbitrators, when making decisions on contract disputes between municipalities and police/firefighter unions, ensure that economic conditions and the ability to pay within a municipality are formally evaluated and considered. The same principles should apply to potential school closures to ensure board trustees reach conclusions based on wider community economic and social impacts.

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[65] How school closures threaten the heart of small-town Ontario. Louise Brown. Posted on tvo.org, December 15, 2016

The Ontario Chamber of Commerce, with a network of members in rural, northern and urban areas across the province, provides strong credentials for assisting the provincial government and individual school boards on assessing the affects of school closures on their respective communities.

As an example of the relative importance of school closures for the rural business sector, Chapman's Ice Cream in Markdale, Ontario has offered the Bluewater District School Board a donation of $2 million to build a new school in the Markdale-Flesherton-Dundalk area of Grey County. The firm has also committed to providing 10 acres of company property for a building site north-west of Markdale.

Ashley Chapman, Vice President of Chapman's, has indicated that closing the current Beavercrest Community School in Markdale would "have such a detriment to my business I can't even tell you." He further added that if the local school closed, it would not only be a problem for the community, it would limit the future growth of his business.

Chapman's plan to expand their workforce by up to 1,000 employees over the next five years and the absence of a local elementary school would limit their capacity to attract those workers. Also, a new school facility could provide training capacity for other local employers.

The Ministry of Education does not possess the authority to overrule any school board decision on closures.

Recommendation

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

1. Place an immediate Moratorium on school closures in Ontario until the provincial Accommodation Review Guidelines are revised to require consideration of the economic and social impact of planned and potential closures prior to final boards of education decisions;
2. Ensure that the Ontario Chamber of Commerce is consulted on the aggregate provincial impact of school closures and that local Chambers of Commerce/Boards of Trade are included in discussions with school boards on current and pending accommodations reviews.

Effective Date: May 2, 2017
Sunset Date: May 2, 2020

N. Providing Post-Secondary Students with the Supports Needed to Gain Employment

Submitted by the Thunder Bay Chamber of Commerce, co-sponsored by the Greater Sudbury Chamber of Commerce, North Bay District Chamber of Commerce, Sault Ste. Marie Chamber of Commerce and Windsor-Essex Chamber of Commerce

Issue

Lack of eligibility for Employment Ontario services is a barrier to post-secondary students to enter the workforce and results in inequity of services and access to youth.

Background

Employment Ontario providers offer training, skills development, job placement, incentives and job search supports to job seekers across Ontario; however, post-secondary students (both domestic and International) enrolled in full-time study are not eligible to access these services under current Government-developed service provider guidelines.

As a result, post-secondary students, and particularly international students, are limited in their ability to access training in vital areas such as resume and cover letter writing, job search skills and job interview mentoring. Research clearly indicates that job seekers with access to Career Services have greater success in finding employment and also have a higher likelihood of securing employment in their field of study. For international students this lack of support is a significant barrier to obtaining employment both during the school year and post-graduation when the clock starts ticking on their immigration permit expiry timelines. Our communities are missing vital opportunities to recruit and retain a highly skilled and trained workforce on our doorstep every academic semester.

In order to ensure that the transition from post-secondary education to employment is as seamless as possible, and to ensure Ontario is able to meet the growing need for highly skilled workers, Employment Ontario eligibility for service policies must be changed to include post-secondary students. Statistically early interventions move youth closer to the labour market and with a greater probability of success than unsupported transitions.

Recommendation

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

1. Amend Employment Ontario eligibility for service policies to include both Canadian and international post-secondary students.

Effective Date: May 2, 2017
Sunset Date: May 2, 2020

SPECIAL ISSUES

A. 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

B. 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

C. 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

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. 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

F. 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

G. 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.

<u>Complexity Highlights</u>

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

H. 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

I. 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

J. 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

K. 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[66] 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

[66] 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

L. 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

M. 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.[67] 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.[68] 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.[69] 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.

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[67] 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)
[68] 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)
[69] 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.[70] These sales generated $63 million USD in tax revenue and an additional $13 million USD collected in licenses and fees.[71] The state's Department of Revenue projects that marijuana sales in the state will exceed $1 billion USD in 2016.[72]

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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[70] Washington Post, *Colorado's legal weed market: $700 million in sales last year, $1 billion by 2016* (https://www.washingtonpost.com/news/wonk/wp/2015/02/12/colorados-legal-weed-market-700-million-in-sales-last-year-1-billion-by-2016/)
[71] ibid.
[72] Colorado Legislative Council Staff, *Focus Colorado: Economic and Revenue Forecast* ([72] http://www.leg.state.co.us/clics/clics2014A/cslFrontPages.nsf/FileAttachVw/Forecast/$File/forecast.pdf#page=32)

N. 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.

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

O. Addressing the Challenges of Health Care in Rural and Northern Ontario

Authored by the Thunder Bay Chamber of Commerce

Issue

Rural and Northern Ontario suffer from poor health care access and high provision costs. Support for rural health hubs can help address these issues.

Background

Ontario health care is generally facing challenges, but there are unique challenges in Northern and remote communities. Life expectancy at birth is lower, and mortality rates are increased. The North West Local Health Integration Network indicates that their region has higher rates of heavy drinking, smoking, obesity, and diabetes, as well as 147% more spending on mental health and addictions per capita than the rest of the province. This region also has a higher proportion of people without access to primary care, contributing to twice the rate of emergency department usage as other Ontarians.

According to the Government's *Rural & Northern Health Care Report*, Northern Ontario also faces higher rates of hospitalization, the most cost-intensive form of health care. These hospitalizations are often for conditions that could be treated with outpatient care, including preventative care. All of this results in a health spend per capita of 2.5 times that of the rest of Ontario. This contributes to the overall fiscal burden of health spending on the Ontario budget, but also harms productivity and the potential for economic growth in the North, an area with tremendous economic potential.

Rural and Northern health hubs allow local health and social service providers to tailor care for a defined geographic area. These flexible partnerships provide co-ordinated access to care based on local need, and can diminish some of the challenges of scattered care access in remote areas.

The government should recognize that rural and Northern health hubs are an innovative approach to service delivery for rural and remote communities, as they provide for flexible funding, incentivise integrated care, emphasize local solutions, reduce inefficiencies, and facilitate shared learning and best practices. In July 2015, the Government of Ontario announced an investment of $7 million in small hospitals province-wide – a good start, but not a long-term solution.

Recommendations

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

1. Develop a formal strategy in support of rural and Northern health hubs with a focus on providing integrated care and reducing inefficiencies.

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

P. Personal Real Estate Corporations

Submitted by the Tillsonburg District Chamber of Commerce

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.

Ontario Legislation Excludes Real Estate Agents

Other regulated professions, including chartered accountants, lawyers, health professional, social workers, mortgage brokers, insurance agents, architects, and engineers, can all form personal corporations.

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 REALTOR®s (2012)

Province	Effective Date	No. of Licenses	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%

Economic Impact Key Findings

KPMG conducted an analysis of the economic impact of permitting real estate brokers and salespeople to incorporate and found that:

Where the gross income of the corporation is $200,000 and 3 per cent of licensed sales agents incorporate, the total tax deferred to Ontario over 10 years would be $128 million, and the total tax revenue gained to Ontario if the capital is distributed equally over 10 years after 10 years of earnings is $29 million.

KPMG also found that the larger the number of agents choosing to incorporate and the larger the income is of those agents, the higher the tax deferral and the tax revenue gain to Ontario.

It's Beginning to Happen Anyway

A number of real estate franchises in Ontario have introduced a "mini brokerage" structure that in effect allows individual brokers to incorporate.

The program works by allowing individual agents to teams to incorporate themselves as mini-brokerages/franchises of the main brokerage they belong to, and then subcontract a good part of the administrative duties back to the main brokerage for a fee.[73]

The Ontario government should make it official and less costly for real estate brokers by changing the legislation to permit incorporation just like most other regulated professionals.

No Compromise to Consumer Protection

Real estate salespeople who form personal corporations will continue to be subject to all professionals and ethnical obligations under REBBA, 2002.

Recommendation

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

1. Amend the Real Estate and Business Brokers Ac, 2002 to allow Real Estate Sales People to Incorporate.

Effective Date: May 2, 2017
Sunset Date: May 2, 2020

[73] Re/Max brings agent incorporation to Ontario by Tony Palermo, REMonline.com www.remonline.com/remaxbrings-agent-incorporation-ontario/

Q. Ontario's Residential Tenancies Act

Submitted by the Tillsonburg District 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.

Harry Fine, a former adjudicator at Ontario's Landlord and Tenant Board (LTD), who now works as a paralegal, said "once problem tenants get their hands on the keys, it's easy for them to exploit the system and drag out the eviction process. The legislation has to change. Many landlords criticize the board, but the problem is Ontario's rental regulations. The biggest problem with it is the amount of time it takes to get an eviction and how easy it is to create delays.[74]

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

[74] CBC News September 24, 2016 **Ontario Landlord Tenant Board needs new rules to evict problem tenants faster,** John Rieti http://www.cbc.ca/beta/news/canada/toronto/ontario-landlord-rules-1.3777339

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 1s 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. (l)(b) of the RTA to allow the landlord to give the tenant a notice of termination (i.e. issue and Ll) 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:
    a. 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.
    b. Once the tenant vacates the unit, the security deposit will be returned in full when the following conditions are met:
        i. If the tenant removes their personal possessions from the unit;
        ii. If the tenant returns the keys upon vacating the unit;
        iii. If the tenant reasonably cleans the unit before vacating;
        iv. If the tenant recognizes that any repairs required outside of normal wear and tear will be deducted from the security deposit.
        v. 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, 2017
Sunset Date: May 2, 2020

R. Providing More Clarity for Industry's Duty to Consult

Submitted by the Timmins Chamber of Commerce; co sponsored by the Thunder Bay Chamber of Commerce, the Greater Sudbury Chamber of Commerce, the North Bay and District Chamber of Commerce, and the Sault Ste. Marie Chamber of Commerce

Issue:
The lack of clarity regarding the provincial government's approaches to many Aboriginal issues – including the duty to consult and unresolved land claims – threatens the future socioeconomic well-being of communities across Ontario while hindering meaningful discourse on the development of natural resource sector projects.

Background
In Canada, the duty to consult with Indigenous communities who may be adversely affected by resource development lies with federal and provincial governments, which are increasingly using legislation to shift that responsibility to resource sector businesses seeking to advance projects on or near Indigenous lands.[75] The Province of Ontario has joined other Canadian jurisdictions in taking this approach, though the lack of clarity or direction regarding that approach has created considerable challenges for all involved. This is particularly true for smaller operators and communities who lack sufficient knowledge or resources to begin interpret and implement the legislation.[76] In some cases, this has led to the stalling or outright halting of projects with potential economic and social benefits for the affected Indigenous communities, and Ontario at large. Indeed, the murkiness of nature and implementation of the individual responsibilities of industry, the Crown, and Indigenous communities themselves is creating considerable confusion at all stages of the process -- including for projects as significant as the so-called Ring of Fire, a multi-mineral district located in Ontario's Far North, where disagreements about appropriate application of the duty to consult have led to considerable delays.[77]

These challenges this has created have been identified by many concerned observers, including Ontario's Auditor General Bonnie Lysyk, who in December 2015 specifically identified the need for the Province to "ensure that requirements surrounding its Aboriginal consultation process are clarified and can easily be understood by potential investors."[78] Moreover, the Auditor's report found that this is "creating uncertainty for the mining industry."[79]

Similar sentiments have been expressed by the Northwestern Ontario Prospectors Association, which has argued that this industry-side approach "has unclear expectations, few guidelines, no

[75] Canadian Chamber of Commerce, *Top 10 Barriers to Business Competitiveness 2016*
[76] http://www.republicofmining.com/2016/01/18/mining-and-indigenous-peoples-our-future-by-pierre-gratton-november-23-2015/
[77] Fraser Institute, "Uncertainty deterring mining investment in Ontario," January 2016 https://www.fraserinstitute.org/blogs/uncertainty-deterring-mining-investment-in-ontario
[78] Office of the Auditor General of Ontario, "Annual Report 2015," December 2015 http://www.auditor.on.ca/en/content/annualreports/arreports/en15/2015AR_en_final.pdf

[79] ibid.

transparency, and does nothing to solve ongoing disputes."[80] The Ontario Prospectors Association has made comparable remarks, indicating that the current lack of clear guidelines is leading to considerable confusion for all parties. Similar sentiments have been expressed by the Ontario Chamber of Commerce, as well as many local Chambers and other stakeholder organizations concerned about the many undue challenges Ontario's approach places on industry and Indigenous communities alike.

Recommendations:

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

1. Develop a consistent, coordinated approach to Indigenous consultation and accommodation which clearly identifies the duties of industry and the Crown; harmonizes provincial and federal processes; and reflects relevant factors such as new and existing obligations within established case law; and
2. Ensure sufficient resources are dedicated to communicating and implementing this approach across government, industry, and Indigenous communities.

Effective Date: May 2, 2017
Sunset Date: May 2, 2020

[80] Northwestern Ontario Prospectors Association, "Comments on Renewing Ontario's Mineral Development Strategy," April 2015 http://www.nwopa.net/uploads/2/8/8/7/28877487/nwopa_-_2015_comments_on_mineral_development_strategy_-_final.pdf

S. Remove Requirement for Canadian Directors on Ontario Corporations

Submitted by the Quinte West Chamber of Commerce; co-sponsored by the Prince Edward County Chamber of Commerce and the Belleville Chamber of Commerce

Issue

The need in Ontario for foreign owned companies to require 25% of their directors to be Canadian residents is creating a barrier to some of them setting up here and they are looking to other provinces instead that do not have this requirement.

Background

All Ontario companies must have at least one director and this person must be a resident Canadian as defined in the Business Corporations Act (Ontario). The Business Corporations Act (Ontario) provides for a residency requirement for directors. 25% of the directors of an Ontario company must be "resident Canadians" as defined by the Act. This means that if an Ontario company has one to four directors, at least one of them must be a resident Canadian.

Business Corporations Act - PART IX DIRECTORS AND OFFICERS - Residency

(3) At least 25 per cent of the directors of a corporation other than a non-resident corporation shall be resident Canadians, but where a corporation has less than four directors, at least one director shall be a resident Canadian. 2006, c. 34, Sched. B, s. 19 (2).

Corporate Directors Residency Requirements in Canada

Jurisdiction	**Director Residency Requirement**
Federal (Canada)	25% resident Canadian Directors Required
Alberta	25% resident Canadian Directors Required
British Columbia	No Canadian Directors Required
Manitoba	25% resident Canadian Directors Required
New Brunswick	No Canadian Directors Required
Newfoundland	25% resident Canadian Directors Required
Nova Scotia	No Canadian Directors Required
Ontario	25% resident Canadian Directors Required

Prince Edward Island	No Canadian Directors Required
Quebec	No Canadian Directors Required
Saskatchewan	25% resident Canadian Directors Required

It is only directors, which are specified, officers and shareholders do not need to be Canadian residents. Note also that Canadian residents are specified, not Canadian citizens.

"British Columbia, Quebec, Prince Edward Island, Nova Scotia and New Brunswick are the only Provinces in Canada that waive the corporate directors' residency requirements. This is especially important for foreign individuals and businesses wishing to register businesses in Canada, as they will not have to appoint resident Canadian directors if they incorporate in any of these Provinces." www.newbusinessnow.com

"Not all provinces and territories have the same rules. As an example, in British Columbia the Business Corporations Act (British Columbia) does not provide for a residency requirement. Therefore a non-Canadian or a Canadian citizen not living in Canada may be the sole director of a BC company. This is good news for those Canadians who wish to conduct business in Canada but also wish to live outside of Canada. As well, foreign individuals are able to set up BC companies and act as the sole director of those companies since there is no requirement for them to live in Canada." http://www.canadianbusinessresources.ca

Recommendations

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

1. Remove the requirement for 25% Canadian Residency from the Ontario Corporations Business Act.

Effective Date: May 2, 2017
Sunset Date: May 2, 2020

T. Finding Balance in the Endangered Species Act and Crown Forest Sustainability Act

Submitted by the Timmins Chamber of Commerce; Co-sponsored by the Thunder Bay 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 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. This, combined with efforts to harmonize the ESA with the Crown Forest Sustainability Act, has the potential to harm the industry's access to fibre.

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 socioeconomic analysis, nor has there been any indication that the government intends to do so.

This is in addition to challenges arising from other related policy elements that dictate how endangered species are managed, such as the general habitat description - a technical document that provides greater clarity on the area of habitat protected for a species based on the ESA – and forest management planning documents such as the provincial Boreal Landscape Guide.

These challenges regarding a general lack of transparency and socioeconomic impact analysis overlap with ongoing efforts to harmonize the ESA with the Crown Forest Sustainability Act, which, all told, have the potential to substantially reduce wood supply. This could result in the loss of thousands of direct and indirect jobs, severely hampering the forest industry and the communities it supports.

Recommendations

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

1. Conduct a full review of current caribou conservation initiatives, using a publicly reviewed socio-economic impact assessment and scientific data to determine caribou range boundaries, with the intent of subjecting all future conservation plans to the same standard; and

2. Work with industry to minimize potential disruptions to business throughout the ongoing efforts to harmonize the Endangered Species Act and the Crown Forest Sustainability Act.

Effective Date: May 2, 2017
Sunset Date: May 2, 2020