

SPOTLIGHT ONTARIO

How the Federal Parties Stack Up





About the Ontario Chamber of Commerce

For more than a century, the Ontario Chamber of Commerce (OCC) has been the independent, non-partisan voice of Ontario business. Our mission is to support economic growth in Ontario by defending business priorities at Queen's Park on behalf of our network's diverse 60,000 members.

From innovative SMEs to established multi-national corporations and industry associations, the OCC is committed to working with our members to improve business competitiveness across all sectors. We represent local chambers of commerce and boards of trade in over 135 communities across Ontario, steering public policy conversations provincially and within local communities. Through our focused programs and services, we enable companies to grow at home and in export markets.

The OCC provides exclusive support, networking opportunities, and access to innovative insight and analysis for our members. Through our export programs, we have approved over 1,300 applications, and companies have reported results of over \$250 million in export sales.

The OCC is Ontario's business advocate.

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ACKNOWLEDGMENTS

The OCC owes a debt of gratitude to the members of its Policy Committee for contributing their expertise to all of the OCC's policy initiatives, and this project in particular. Please note that the opinions expressed in this report are not necessarily the opinions of individual members of the Policy Committee.

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A Letter from the President & CEO

The 2015 federal election comes at a pivotal time for Ontario's economy. Our businesses face increasingly fierce global competition for investment, markets, and talent. Sectors of traditional strength are still recovering from the economic downturn. A series of concurrent public policy initiatives threaten to weaken Ontario's competitiveness and our investment climate.

Now, more than ever, we are looking to our federal political parties to demonstrate an understanding of—and provide solutions to—Ontario's economic challenges.

That's why this past August we released *In Focus: Federal Priorities for the Ontario Economy*. The paper identified a series of guiding principles that must inform the next federal government's economic strategy for Ontario. The paper also outlined a series of policy commitments that Ontario businesses expect to see in each of the major federal parties' election platforms.

Since the release of the paper, we have seen a flurry of policy announcements from the major federal parties; some reflective of our recommendations, others not.

We are encouraged by the parties' commitments to lower the tax burden on Ontario's small employers. At the same time, we are discouraged by all parties' failure to address long standing issues, including badly needed reforms to those immigration programs used by employers and funding shortfalls for Ontario's regional economic development funds. Overall, we find that in terms of each party's commitments, there is room for improvement.

This report provides an assessment of the platforms of the three major federal parties—the Conservatives, the New Democrats, and the Liberals—with an eye to how those platforms respond to the needs of Ontario's economy. It reflects the conversations and debates that have been taking place across Ontario, led by the Ontario Chamber Network.

We look forward to the parties' responses to our assessment and we hope that this report will encourage all parties put Ontario's economy in the spotlight in the final days of the 2015 campaign.

Allan O'Dette, President & CEO, Ontario Chamber of Commerce



Principles

In our September 2015 paper *In Focus: Federal Priorities for the Ontario Economy*, we identified a series of principles that must guide the next federal government's economic strategy for Ontario. Those principles are listed below. The remainder of this report assesses whether the major federal parties have internalized these principles and reflected them in their policy announcements and platforms.

1. **Federal policy should aim to fix the fiscal framework to enable greater re-investment of the wealth generated in Ontario into its workforce and productive capacity.**
2. **In all intergovernmental relations, cooperation and policy harmonization should be paramount.**
3. **Federal policy should seek to make Canada and Ontario a global destination of choice for foreign investment.**
4. **Federal policy should champion Ontario's competitive advantages.**
5. **The federal government should govern in a fiscally responsible manner.**



Employment Insurance

BACKGROUND

For many years, Ontario's employer community has been calling on the federal government to fix Canada's archaic Employment Insurance (EI) program. The regional differentiation in the system creates significant discrepancies between Canadians' access to, length of, and size of benefits (Radmilovic, 2011). As a result of the program's current design, between 2000 and 2011, Ontarians contributed over \$20 billion more to the EI program than they received. The regional discrepancies in the EI system place a disproportionate burden on Ontario employers and employees and require urgent federal action. The inequities in the EI program are symptomatic of a more significant issue: as a result of how money is allocated through federal transfers, Ontarians are not receiving adequate return on their disproportionate investment in the federal transfer system.

WHAT THE PARTIES HAVE COMMITTED TO ON EMPLOYMENT INSURANCE

Conservative Party

The Conservative Party has restated its commitment to reducing EI premiums, from \$1.88 to \$1.49 per \$100 earned by 2017. This offers some relief for small businesses who will benefit from the break.

Liberal Party

The Liberal Party has pledged to cut EI premiums from \$1.88 to \$1.65 per \$100 earned. They have also pledged an additional \$500 million a year for labour market agreements with the provinces to support investments in skills training.

The Liberal Party has also pledged to make the appropriate legislative and policy changes to ensure that EI contributions are only used to fund EI benefits and programs, and are not used by the government to fund other programs.

In addition, the Liberals have pledged to end the 910-hour eligibility rule for new workers and those re-entering the workforce, making it easier for some workers to access the benefits that help them get back into the workforce.

New Democratic Party

The New Democratic Party has pledged to freeze employment insurance premiums at the current \$1.88 rate for the next four years, with the funds generated from keeping premiums at the current rate being used to pay for expanded benefits. Like the Liberals, the NDP has also committed to investing another \$500 million per year in training through labour market agreements. The NDP has also pledged to remove the EI fund from general revenues and create an independent board to act as stewards, preventing the government from dipping into EI generated funds for other purposes.

The NDP has also pledged to eliminate the regional disparities in the EI program by setting a universal threshold of 360 hours for access to EI benefits. The current thresholds vary by region, but fall between 420-700 hours, based on regional unemployment levels. Because of these regional disparities, a disproportionate number of Ontarians find themselves on the high end of the threshold range.



Employment Insurance

OCC'S ASSESSMENT

Employers should find something they like in all parties' platforms. First and foremost, we are encouraged by the NDP commitment to eliminate the regional disparities in the EI program that have disadvantaged Ontario employers and employees for decades, though we question the rationale for selecting a threshold as low as 360 hours, given that this could lead to eventual increases in employer premiums. We are also encouraged by the Liberal commitment to eliminate the 910-hour eligibility rule for new workers and those re-entering the workforce, a move that will especially benefit Ontario, given the large amount of new Canadians in its labour force.

The NDP and Liberal commitments recognize that Canada's antiquated and unfair EI program is in need of more than just tweaks—and that major reforms are needed.

Both the Conservative and Liberal parties have pledged to reduce EI premiums—with the Conservatives going further than the Liberals by reducing premiums to \$1.49 per \$100 earned by 2017. These are welcome and timely commitments, given that a number of provincial programs that will place new costs on businesses are expected to kick in beginning in 2017.

Finally, we welcome both the NDP and Liberal pledges to ensure EI contributions are only used to fund EI benefits and programs. This will ensure an end to the unacceptable practice of governments balancing the books by dipping into the EI fund.

There is something for everyone in the parties' EI commitments, and it appears there is a growing recognition (among most parties) that the program is broken and in need of repair.



Economic Development*

BACKGROUND

Ontario does not receive a proportional allocation of federal economic development funding. As of 2012, the Federal Economic Development Agency for Southern Ontario's (FedDev Ontario) budget was \$17.61 on a per capita basis, compared to the \$37.16 per capita budget of Canada Economic Development for Quebec Regions (Hjartarson et al., 2012). The OCC has repeatedly called on the federal government to distribute economic development funds on a principled basis. This would help ensure businesses and communities in every province and region are provided with comparable federal supports. The OCC has also called on all federal parties to commit to measures that would make Ontario a destination of choice for foreign investment.

WHAT THE PARTIES HAVE COMMITTED TO ON ECONOMIC DEVELOPMENT

Conservative Party

The Conservative Party has reiterated its pledge to reduce the small business tax rate from the current 11 percent to 9 percent by 2019. The Conservatives estimate that this tax cut will provide \$2.7 billion in tax relief to nearly 700,000 small business over this period. The Conservatives have also pledged to freeze all federal tax rates, including the corporate income tax rate and "discretionary" payroll taxes like Canada Pension Plan employer contributions, by introducing "tax lock" legislation.

Liberal Party

The Liberal Party has also committed to reducing the business tax rate to 9 percent from 11 percent. In addition, the Liberals have committed to ensuring that Canadian-Controlled Private Corporation (CCPC) status is not used to reduce personal income tax obligations for high-income earners rather than supporting small businesses.

Like the Conservatives, the Liberals have pledged to maintain the corporate income tax rate at 15 percent.

New Democratic Party

The New Democratic Party has pledged to cut the small business tax rate from 11 percent to 9 percent, though the NDP has committed to implementing the reduction in the first two years of their mandate (twice as fast as the other parties). Like the Liberals, the NDP say the tax system needs "tweaking" to ensure this reduction is not used as a tax dodge by wealthy individuals.

The NDP has also pledged to raise the corporate income tax rate by 2 percentage points to 17 percent.

The NDP has also committed to spending "unspent" regional economic development Funds going forward. The NDP estimate that from 2010 to 2014, over \$500 million allocated to Canada's regional economic development agencies, including \$270 million for FedDev Ontario (the southern Ontario fund) and \$15 million for FedNor (the northern Ontario fund) went unspent.

*Note: no party has committed to distributing economic development funds on a principled basis. However, all have made commitments that aim to foster economic growth through the tax system.



Economic Development

OCC'S ASSESSMENT

We are disappointed that no party recognizes the inequities that exist in the distribution of regional economic development funds; inequities that put Ontario businesses at a disadvantage to their counterparts in other provinces. Over the final days of the campaign, we hope to see all parties commit to allocating regional economic development funds on a per capita basis.

We are encouraged by all parties' commitments to reducing the small business tax rate, from 11 percent to 9 percent. The NDP and Liberals are not wrong when they note that some small businesses are created by individuals (often with greater financial means) who incorporate in order to receive better tax treatment. The extent to which this is a widespread problem, however, is a point of contention among economists and tax experts. As such, and in light of comments made by the Liberal Party in particular, we urge all parties to avoid arguments that oversimplify or overstate the extent of the problem. Further, we urge the next government to act on the best available evidence as they implement a reduction to the small business tax rate.

We have serious concerns with the NDP pledge to raise the corporate income tax rate by two percentage points. A higher corporate income tax rate would threaten Ontario and Canada's status as a destination of choice for foreign investment. 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 Foreign Direct Investment (FDI) inflows. We strongly encourage the NDP to reconsider this pledge.

Finally, we approve of the NDP pledge to ensure that, going forward, all allocated regional economic development funds are spent. This will help ensure that a greater number of Ontario businesses can benefit from the supports offered by FedDev Ontario and FedNor.



Pension Reform and the Regulatory Burden

BACKGROUND

Regulatory fragmentation weakens the Ontario business climate and raises the cost of doing business for those companies that operate in more than one Canadian jurisdiction. As a result of several concurrent and Ontario-specific policy measures (including the Ontario Retirement Pension Plan), Ontario employers face a higher burden than their counterparts in other provinces. The next federal government must do all it can to make it less costly to operate a business in Ontario.

WHAT THE PARTIES HAVE COMMITTED TO ON PENSION REFORM AND THE REGULATORY BURDEN

Conservative Party

The Conservative Party has committed to studying ways for Canadians to make voluntary add-on contributions to the Canada Pension Plan (CPP). The Conservatives have also reiterated their commitment to enhance the Tax Free Savings Account in order to allow Canadians to contribute up to \$10,000 annually. Finally, the Conservatives have indicated that they will not support increases to CPP premiums.

Liberal Party

The Liberal Party has pledged to convene the provinces and territories, workers, employers, and retiree organizations within the first three months of its mandate in order to enhance the CPP.

New Democratic Party

The New Democratic Party has pledged to convene a first ministers' meeting within six months of taking office to come up with a plan and a timetable for expanding the CPP.



Pension Reform and the Regulatory Burden

OCC'S ASSESSMENT

Our assessment of the federal parties' CPP commitments are framed in the context of the pending implementation of the Ontario Retirement Pension Plan (ORPP), a new, mandatory savings plan that will see employers contribute 1.9% on each of their employees' salary (up to a limit of \$90,000). If pushed to choose between the two options, Ontario businesses prefer enhancements to the CPP rather than the introduction of a stand-alone ORPP, as the latter would see Ontario employers absorb a new cost, putting them at a disadvantage relative to their counterparts in other provinces.

We believe the ORPP is at least partially the result of a deterioration of relations between our federal and provincial governments. Differences in retirement savings policy aside, all three parties must show a greater commitment to intergovernmental cooperation than what we have witnessed over the past decade. All parties would do well to abide by the following principle: in all intergovernmental relations, cooperation and policy harmonization should be paramount.

That said, it is also important to consider the context: Ontario businesses are increasingly being asked to absorb new costs—costs that were largely unforeseen three years ago. As such, we worry about the impact that increased CPP contribution rates would have on Ontario employers. Businesses prefer options that provide them with flexibility and allow them to make contributions on a voluntary basis. As such, we favour the Conservative pledge to allow for voluntary CPP contribution enhancements.



The Mandatory, Long-Form Census

BACKGROUND

Organizations from many sectors and industries have urged all parties to commit to reinstating the mandatory, long-form census, which was scrapped in favour of a voluntary household survey in 2011. The switch to a voluntary household survey has resulted in the loss of comparable, longitudinal, long-form data which seriously impairs the ability of the private sector to track labour market changes.

WHAT THE PARTIES HAVE COMMITTED TO ON THE MANDATORY, LONG-FORM CENSUS

Conservative Party

The Conservative Party has made no commitments to reinstate the mandatory, long-form census. When the decision to scrap the long-form census was made, the Conservatives cited a desire to respect the privacy of Canadians as a motivating factor. Further, the Conservative government argued that it would be inappropriate to force Canadians to divulge detailed personal information under threat of prosecution. The Conservatives have committed to exploring new voluntary options that would allow them to obtain high quality data using voluntary methods.

Liberal Party

The Liberal Party has committed to immediately reinstating the mandatory, long-form census. It also has committed to making Statistics Canada fully independent with a mandate to support good decision-making. The Liberals have committed to making available additional data needed by businesses, including more detailed labour market information.

New Democratic Party

The New Democratic Party has also committed to reinstating the mandatory, long-form census. The NDP has committed to amending the *Statistics Act* so that incarceration is no longer a penalty for refusal to complete the census.



The Mandatory, Long-Form Census

OCC'S ASSESSMENT

There are few issues that bring together organizations from all shades of the political and philosophical spectrum. The desire to see the mandatory, long-form census reinstated is one of those issues. From a business perspective, the elimination of a mandatory census makes it significantly more difficult (and potentially impossible) to obtain reliable labour market information – specifically, data that can drill down to an occupational level. Without this kind of data, governments and businesses cannot reliably foresee trends in the labour market, and so are unable to tailor their policies and decisions to those trends. Some observers have likened policy decision-making in a post-census Canada to driving blindfolded.

The most recent long-form census was undertaken in 2006 and unfortunately, it seems unlikely that Canada would be able to reinstate the census until 2021 at the earliest. We are pleased that the Liberal and New Democratic parties have committed to reinstating the mandatory, long-form census.



Infrastructure

BACKGROUND

The next federal government must make investment in Ontario's infrastructure a top priority. Ontario's estimated \$60 billion infrastructure funding gap is delaying economic recovery in all parts of the province. Approximately half of that gap is accounted for by road and bridge assets, the repair of which is particularly costly for rural and northern communities (ROMA, 2015). Meanwhile, congestion in the Greater Toronto Hamilton Area—exacerbated by infrastructure underfunding—costs the region \$6 billion in lost productivity every year (Metrolinx, 2008).

WHAT THE PARTIES HAVE COMMITTED TO ON INFRASTRUCTURE*

The Conservative Party has reiterated its commitment to invest \$84 billion in infrastructure over the next ten years. Approximately \$14 billion of those funds will flow through the Building Canada Fund, which supports projects of national, regional, and local significance that promote economic growth, job creation, and productivity.

The Liberal Party has committed to increasing federal infrastructure investment to almost \$125 billion, from the current \$65 billion, over the next decade. At full implementation, this will represent an annual additional investment of \$9.5 billion per year. Approximately \$20 billion of the \$125 billion in infrastructure funding would be dedicated to transit. While the Liberals do not specify the exact proportion of the \$125 billion that will be spent in Ontario, they note the money will flow through agreements similar in nature to the gas tax agreements, which are close to per capita.

The New Democratic Party has promised to more than double existing transfers to municipalities for local roads, bridges, water infrastructure, and public transit. This would amount to an additional \$1.5 billion annual investment by the end of the NDP's first mandate. Approximately \$22.5 billion of total infrastructure spending would happen in Ontario.

*Our aim was to evaluate each of the parties' commitments to capital spending across a 4 year time frame. However, a lack of granularity in the parties' platforms means we are unable to provide a definitive "apples to apples" comparison of how each party's infrastructure commitments compare. As such, we have presented the parties' infrastructure commitments as the parties have chosen to present them, and without assessing what proportion of committed funds will be spent on capital investments.



Infrastructure

OCC'S ASSESSMENT

For too long, Canadian federal governments have underinvested in infrastructure. A recent Canadian Centre for Policy Alternatives report found that cumulative public investment in infrastructure has steadily declined from its peak in the late 1950s—and that the cumulative effect of this underinvestment means Canada is missing out on \$145 billion worth of infrastructure (CCPA 2013). The CCPA estimates that Canadian governments would need to spend an additional \$20-\$30 billion over the next ten years to return infrastructure funding to historic levels.

While all parties' commitments on infrastructure mark a step in the right direction, the investments still account for a very small percentage of overall infrastructure spending. For instance, Ontario plans to invest \$130 billion over the next ten years while the Conservative plan allocates \$84 billion for the entire country.

That said, the Liberal Party's commitment to invest \$125 billion in infrastructure over the next decade is a welcome pledge and one that will provide Ontario businesses with a much needed productivity boost. The NDP's infrastructure commitments also represent a step in the right direction.

We need greater detail from all parties with regard to how their infrastructure commitments will help Ontario cities and communities.



Immigration

BACKGROUND

We are increasingly worried about the growing skills gap. Nearly 30 percent of Ontario employers are unable to fill a job opening because they cannot find someone with the right skills (Ontario Chamber of Commerce, 2014). As such, we have been urging the federal government to create the most responsive, efficient and effective immigration system in the world in order to enable businesses to get the talent they need faster. Specifically, we have asked all parties to commit to the following: revisit the rules around the Labour Market Impact Assessment mechanism of the Temporary Foreign Worker (TFW) program, and act on the disappointing, early uptake results of the Express Entry immigration system. The Express Entry system creates a pool of pre-qualified candidates ready to work in Canada, from which employers and government select prospective immigrants based on the skills they need. The Express Entry system is a welcome replacement for the first-come, first-in-the-door process that has led to waiting periods of two years or more and long queues for potential immigrants. However, employer uptake in the system has been slow.

WHAT THE PARTIES HAVE COMMITTED TO ON IMMIGRATION

Conservative Party

The Conservative Party, in their capacity as the governing party, introduced a range of changes to the TFW program in June 2014. These changes included high fees for Labour Market Impact Assessment applications, a refusal to process applications for low-skilled workers in certain sectors in regions with unemployment at six percent or higher, and tougher enforcement and fines for employers that violate the rules. The Conservatives also introduced the Express Entry system, an innovative, employer-driven economic immigration program.

The Conservatives have pledged to more than double the Foreign Credential Recognition Loans program, by providing an additional \$8 million per year (\$40 million over five years) to help internationally-trained professionals complete the foreign credential recognition process.

Liberal Party

The Liberal Party has made a number of commitments related to economic immigration, including a pledge to make changes to the Canadian Experience Class to reduce the barriers to immigration that have been imposed on international students; a commitment to eliminate the \$1,000 Labour Market Impact Assessment fee for families seeking caregivers to care for family members with physical or mental disabilities; and a promise to eliminate the new visa requirement imposed on Mexico.

New Democratic Party

The New Democratic Party has committed to developing stronger pathways to permanent residency for TFWs who have had to leave the country due to the 'four in and four out' rule. The NDP have also called for a comprehensive review of the TFW program, including the LMIA process.



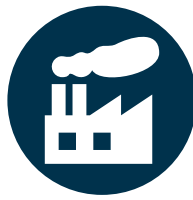
Immigration

OCC'S ASSESSMENT

As highlighted in a recent Canadian Chamber of Commerce report, more than any other factor, Canada's future competitiveness will largely depend on employers' ability to find workers with the skills they need (2015). We are encouraged by the Conservative commitment to improve foreign credential recognition and the Liberal promise to eliminate needless barriers to accessing international talent.

We greet the NDP's commitment to review the LMIA process with some trepidation, given previous statements by NDP MPs that refer to the LMIA as an "improvement" over its predecessor, the far less onerous Labour Market Opinion (LMO). We are disappointed that none of the parties have demonstrated an awareness that the restrictive rules that have been applied to the TFW program are creating costs, delays, and red tape for Ontario businesses.

While the new, employer-driven Express Entry system holds tremendous potential, since its launch six months ago, only 844 permanent resident visas have been issued under the program (Citizenship and Immigration Canada, 2015). As such, we are disappointed that none of the parties have made commitments to improving employer uptake in the system.



Manufacturing and Trade

BACKGROUND

Manufacturing is a key driver of Ontario's economy, especially that of southwestern Ontario. Despite its size and strength, the industry continues to be challenged by rising input costs, including electricity rates and increasing regulatory costs.

We have called on all parties to commit to eliminating restrictions on internal trade and labour mobility within Canada. Further, we called on all parties to adopt a reciprocal market access strategy in trade negotiations by securing substantial commitments to address tariff and non-tariff barriers such as regulations and product standards in future Canadian trade agreements. This market access strategy should be evident in each party's commitments regarding the Trans-Pacific Partnership (TPP), which experts say could expose the auto sector to far more foreign competition and see the sector lose the preferential position it has enjoyed under the North America Free Trade Agreement (NAFTA). More broadly, we expect all parties to propose measures (through the tax system or otherwise) that help businesses position themselves to compete in global supply chains.

WHAT THE PARTIES HAVE COMMITTED TO ON MANUFACTURING

Conservative Party

The Conservative Party has made a \$30 million commitment to create a new Advanced Manufacturing hub that will help develop new products and technology for manufacturing. The Conservatives have promised to establish an Investment and Trade Promotion Office with a mandate to coordinate federal programs and policies to attract new manufacturing investment to Canada, and to help Canadian firms increase market share globally.

On the trade front, the Conservatives, in their capacity as the governing party, have sought to enter Canada into the TPP. The Conservatives have acknowledged that the auto sector, in particular, may not be fully satisfied with the final terms of the TPP.

Liberal Party

The Liberal Party has pledged to enhance tax measures to generate more clean technology investments, and work with the provinces and territories in order to make Canada the world's most competitive tax jurisdiction for investments in the research, development, and manufacturing of clean technology.

As it pertains to the TPP, the Liberals support, in principle, Canada's entry into the partnership but have expressed concerns around the elimination of supply management and the impact that would have on Canada's dairy industry, in particular.

New Democratic Party

The New Democratic Party has proposed a \$40 million tax credit for businesses that invest in machinery, equipment and property used in innovative research and development. They have also committed to convening an auto summit with provincial, municipal, industry and labour leaders within 100 days of taking office, to develop a consensus for a National Automotive Strategy.

The NDP support, in principle, Canada's entry into the TPP, and have committed to defending existing regional content rules in all trade negotiations.



Manufacturing

OCC'S ASSESSMENT*

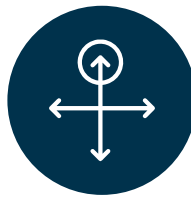
The manufacturing sector is a core driver of Ontario's economic growth. The sector directly employs 800,000 Ontarians and generates \$3.50 in economic spinoffs for every \$1 in manufacturing output (CME, 2013). The sector is also a catalyst for research and innovation across the province.

All parties have promised small measures to help manufacturing businesses, be it the implementation of tax credits or the creation of manufacturing hubs. While those commitments are welcome, bigger thinking is needed. As such, we welcome the NDP pledge to develop an auto strategy in the first 100 days of their mandate.

On the trade front, the Conservatives deserve significant credit for expanding Canada's trade relationships. Since 2006, Canada has concluded free trade agreements with no less than 39 countries. That said, the TPP could expose Ontario's auto sector, a key component of the province's manufacturing sector, through less restrained 'rules-of-origin' requirements, which would allow countries like Japan to export vehicles to North America with fewer Canadian-made parts. We expect the next federal government to vigorously defend the interests of Canada's auto sector at the negotiating table.

Further, we expect the next federal government to pursue forward-thinking trade agreements that include provisions for the free trade of services, and the reduction of non-tariff barriers, like those included in the Canada-EU Comprehensive Economic Trade Agreement.

*At the time of this release, both the Conservative and Liberal parties had not yet fully articulated their manufacturing pledges. Our assessment takes this into account.



Northern Ontario

BACKGROUND

Northern Ontario faces unique challenges, partly as a result the downturn in the natural resource sector. To realize the full potential of the North, the federal government needs to explicitly recognize the region's competitive advantages. As a start, the next federal government should commit to funding its share of Ring of Fire transportation infrastructure. The federal government should also work with the Province to provide the forest products sector with consistent access to affordable, sustainable, and renewable wood.

WHAT THE PARTIES HAVE COMMITTED TO ON NORTHERN ONTARIO

Conservative Party

The Conservative Party has pledged to extend the Mineral Exploration Tax Credit for three years, beginning in 2016-17. The tax credit helps companies raise capital by providing an incentive to investors in flow-through shares issued to finance mineral exploration.

The Conservatives have also committed to an enhanced 25 percent Mineral Exploration Tax Credit for Northern and remote projects to help support potential mines that face high costs because of their remote location and distance from transportation routes. This new enhancement would apply to projects that are more than 50 kilometres away from an all-weather road or service centre, including the Ring of Fire.

In addition, the Conservatives have committed to investing \$3 million in Destination Canada for tourism promotion on hunting, angling, and snowmobiling – funds that will benefit Northern Ontario.

Liberal Party

The Liberal Party has committed to playing a key role in developing the Ring of Fire by working closely with the private sector and local, provincial, and First Nations officials, up to and including providing matching funds or loan guarantees for necessary infrastructure.

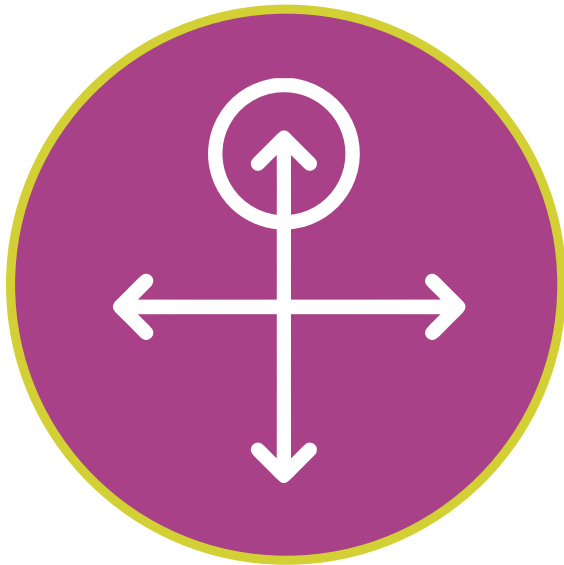
The Liberals have also pledged to invest \$200 million annually into sector-specific research and development, such as mining, forestry, agriculture, energy, and the fisheries.

New Democratic Party

The New Democratic Party has committed to unlocking the potential of the Ring of Fire by investing \$1 billion in strategic infrastructure over the next 20 years.

It has also committed \$105 million to supporting the competitiveness of Canada's forestry industry. The investment includes \$55 million for manufacturing facilities, \$40-million for research and development, and \$10 million to promote Canadian wood products abroad.

The NDP has also committed to ensuring that all federal funds allocated to FedNor are spent. The NDP say that \$15 million of FedNor funds were left unspent between 2010 and 2014. They have also committed to making FedNor a stand-alone agency with proper reporting and greater transparency, much like FedDev Ontario.



Northern Ontario

OCC'S ASSESSMENT

We are encouraged by the Conservatives' commitments to extend and enhance the Mineral Exploration Tax Credit, something that could help spur development in the Ring of Fire. We are even more encouraged by the Liberal and NDP commitment to provide matching funds for necessary Ring of Fire infrastructure. We are, however, somewhat perplexed by the NDP's commitment to spread those funds over a 20 year period when those funds will be needed most during the construction phase of Ring of Fire development. The provincial government has already committed \$1 billion for strategic transportation infrastructure for the Ring of Fire. The federal Liberal pledge to match that amount, in the short term, is something that will help spur development in the region.

Canada's next federal government must acknowledge that Northern Ontario faces unique challenges. Its economic and population growth projections lag significantly behind the provincial average (Ontario Chamber of Commerce and Credit Unions of Ontario, 2014). Yet the North has a number of opportunities in the agriculture, mining, forestry, and tourism sectors. The North represents one of Ontario's great and largely untapped competitive advantages.



The Federal Debt

BACKGROUND

The recession has taken its toll on public finances. Over the last ten years, the federal debt has risen by over \$100 billion to roughly \$660 billion. The federal debt to GDP ratio is hovering around 32 percent and annual interest payments on the debt now stand at \$30 billion. A strong investment climate depends on strong public finances. That is why we have asked all parties to commit to immediately paying down the federal debt, once in a position of fiscal balance.

WHAT THE PARTIES HAVE COMMITTED TO ON THE FEDERAL DEBT

Conservative Party

The Conservative Party has committed to maintain small surpluses over the coming years, and recently announced that in the most recent fiscal year they achieved a small surplus and intend to remain in balance for the duration of the next mandate.

Liberal Party

The Liberal Party is promising to run deficits of up to \$10-billion a year for the next three years and have promised to spend a large portion of that money on infrastructure, while the remainder will be used to “invest in growth for the middle class”.

New Democratic Party

The New Democratic Party has pledged to balance the budget in all four years of an NDP mandate.



The Federal Debt

OCC'S ASSESSMENT

We are encouraged by the Conservative and New Democrat party pledges to maintain balanced budgets or small surpluses. While no party has articulated a firm commitment to debt reduction in the near term, all have committed to lowering Canada's debt-to-GDP ratio over the course of their mandate.

While we approve of the Liberal Party's commitment to invest in infrastructure, we worry that a significant portion of the money they will borrow over the first 3 years of their mandate will be used to fund priorities other than productive investments. Given the size of the federal budget (\$290 billion), we believe that all parties should be able to make the strategic investments Ontario so sorely needs, while working within the existing fiscal framework.



OCC's Final Assessment

Below is a final assessment of the party's policy commitments that will strengthen Ontario's business climate. Overall, we find that each party has room for improvement. Over the final days of the 2015 federal election campaign, we encourage all federal leaders to clearly outline their economic strategy for Ontario and to address the shortcomings we have identified in their platforms.

HOW THE FEDERAL PARTIES STACK UP:

Conservative Party

What we like:

The Conservative Party has pledged to maintain employers' CPP contribution rates, lower the small business tax rate by 2 percentage points, and lower EI premiums from \$1.88 to \$1.49 per \$100 of salary. All three commitments are warmly received by Ontario's business community. The Conservatives have also committed to furthering Canada's trade relationships, which will open up new opportunities for Ontario exporters.

What concerns us:

The Conservative Party will not reverse their position on the much needed reintroduction of the long-form, mandatory census, nor will they reverse their decision to fix the onerous TFW Labour Market Impact Assessment process that has proved onerous and costly for businesses. Finally, unlike the other two parties, the Conservatives have not committed to any needed reforms of the EI program, which in its current form puts Ontario employers and employees at a disadvantage.

Liberal Party

What we like:

The Liberal Party has pledged to make unprecedented and much needed investments (\$125 billion over 10 years) in infrastructure, including a commitment to match provincial Ring of Fire infrastructure investments. The Liberals have also committed to reducing EI premiums from \$1.88 to \$1.65 per \$100 of salary. Finally, the Liberals have committed to reinstating the mandatory, long-form census, which will ensure Ontario employers have access to reliable labour market data.

What concerns us:

The Liberal Party has committed to expanding the CPP, a move that will raise costs on employers. While we approve of the Liberal plan to cut the small business tax rate, the Party must reassure the business community that should they form government, the party will use the best evidence when designing the tax cut. Finally, much of the money that the Liberals will borrow over the first 3 years of their mandate will be used to fund priorities other than infrastructure.

New Democratic Party

What we like:

The New Democratic Party has committed to developing an auto strategy within the first 100 days of their mandate, welcome news for Ontario's auto sector. Like the Liberals, the NDP have committed to reinstating the mandatory, long-form census. We approve of the NDP's commitment to reforming Canada's EI program by creating a universal threshold for access to benefits.

What concerns us:

The New Democratic Party has committed to expanding the CPP and to raising the corporate income tax rate by two percentage points to 17 percent. Both commitments will mean significant new costs for Ontario employers. Finally, unlike the other major parties, the NDP will not commit to lowering EI premiums.

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