Compendium of Policy Resolutions 2018-2021

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COMPETITIVENESS

A. 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 Consortium, a $6.6-million-per-year, three-year college partnership for innovation, and a $10-million-per-year, five-year

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

investment in the Perimeter Institute.[7] Reducing non-specific investment in the private sector in favour of these targeted initiatives makes Ontario less open to the sort of innovative approaches found in the market and which tend to be unpredictable (e.g. the explosive growth of sharing economy firms, which was not successfully predicted by any government).

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

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

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

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

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

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

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

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

B. 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

C. 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

D. 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

E. 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

F. 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

G. 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 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.

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

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:

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.

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

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

H. 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

I. 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.

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

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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

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

J. 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.

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

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

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

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

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

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

[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)

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

L. 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

M. Identify the Cost-Drivers behind Electricity Prices
Authored by the Greater Peterborough Chamber of Commerce

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

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

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

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

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

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

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

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

N. 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

O. 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

P. 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

Q. Expanding Ontario's Trade Capacity through 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

R. 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

S. 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 estimated $60 billion[34] in value,

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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

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

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

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

T. 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

U. 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

V. 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

W. 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

X. 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

Y. 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

Z. 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.

[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

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

AA. 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. With the province's debt-to-GDP ratio improving, and the first balanced budget in a decade, the government is projecting that balance will continue through to 2020, although that outcome is uncertain in the current domestic and global economic environment. The province's debt is projected to be $312 billion in 2017-2018, and is projected to grow to $336 billion in 2019-2020[37]. And Ontario's population is aging, placing increased pressure on public finances and the next generation of tax payers.

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.[38]

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. ASD also enables government to leverage private sector investment to modernize the delivery of public services, to access new and innovative business models and to commercialize government intellectual property and processes.

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[37] Jones, Allison. "Ontario balances budget, but debt rises to $312 billion." *CTV News*, The Canadian Press, 27 Apr. 2017, http://bit.ly/2nzb8pt.

[38] Hjartarson, McGuinty, and Schwenger. *Unlocking the Public Service Economy in Ontario: A New Approach to Public-Private Partnership in Services*. The Ontario Chamber of Commerce (OCC), 2014.

There has been significant involvement in public-private partnerships (PPPs) in Ontario in recent years, with both successful and unsuccessful outcomes. Successes have included diverse Infrastructure Optimization projects completed under Alternative Financing and Procurement (AFP) partnerships with the private sector. They include the Union Pearson Express Line[39], and redevelopment of provincial highway service Centres along Highways 400 and 401[40]. In 2016, 49 out of 51 completed AFP projects exceeded industry standards, with 93% also delivered on time or early[41]. Failures have also occurred however, including the IBM contract for the Phoenix payroll system, servicing federal government employees and run by Public Services and Procurement Canada. The goal was to lower labour requirements and reduce costs using a centralized system across 34 government departments; the issues upon launch in 2016 included payment errors affecting approximately 120,000 employees[42], and numerous privacy breaches[43]. Another failed PPP example involves the bankruptcy of Carillion Canada, the country's largest facilities management and construction service.[44]

Many 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.
Moving forward, caution must be exercised in selecting PPP partners to ensure that service delivery and public safety is not compromised by outsourcing to a third party controlled provider.

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

1. 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.
2. Conduct a government-wide audit as a means of identifying service areas where the public could benefit from the introduction of an alternative service delivery model. Government should make the results of the audit public.
3. Supplement the neutral third-party audit conducted by the Auditor General with one of additional breadth and scope focused on recent Canadian PPP initiatives. This will provide a more comprehensive and balanced understanding of the risks and rewards associated with this model.

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[39] Infrastructure Ontario, *Union Pearson Express Line,* www.infrastructureontario.ca/union-pearson-express-line/.
[40] Infrastructure Ontario, *Ontario Highway Service Centres*, www.infrastructureontario.ca/ontario-highway-service-centres.
[41] Infrastructure Ontario, *Alternative Financing and Procurement Track Record 2016*, www.infrastructureontario.ca/workarea/downloadasset.aspx?id=36507222128.
[42] Government of Canada, Public Services and Procurement Canada, Public Service Pay Centre. "Privacy and the Phoenix pay system." *Government of Canada, Public Services and Procurement Canada, Public Service Pay Centre*, 19 Oct. 2017, http://bit.ly/2ntcva1.
[43] Government of Canada, Public Services and Procurement Canada, Public Service Pay Centre. "Privacy and the Phoenix pay system." *Government of Canada, Public Services and Procurement Canada, Public Service Pay Centre*, 19 Oct. 2017, http://bit.ly/2ntcva1.
[44] Gatehouse, Jonathon. "Canada could feel effects from highways to hospitals as Carillion goes bust." *CBC News*, CBC/Radio Canada, 15 Jan. 2018, http://bit.ly/2rVazMc.

4. 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: April 28, 2018
Sunset Date: April 28, 2021

BB. Advance Ontario's Bioeconomy

Authored by the Sarnia Lambton Chamber of Commerce and sponsored by the Thunder Bay Chamber of Commerce, South Grenville Chamber of Commerce and Brockville Chamber of Commerce

Issue:

Industry is on the cusp of transformation: traditional petroleum-derived chemicals and products will be increasingly substituted or blended with more sustainable resources derived from biomass. Ontario can leverage its strengths in advanced manufacturing and resource development to lead the way on provincial and national bioeconomy strategies. A comprehensive bioeconomy framework will create new businesses, high quality long term jobs and stable growth while reducing carbon emissions.

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, biochemicals and biomaterials (e.g. plastics, textiles), while minimizing impact on the environment. It involves all processes including invention, development, production and use.

With growing international demand for sustainable, low-carbon goods and services (estimated to be worth $5.8 trillion with an annual growth rate of 3%[45]), and the vast biomass resources available in Ontario and across Canada, the economic potential is enormous. 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, regional diversification and more importantly - jobs.

For a sector with such high growth potential and access to vast resources, Canada's bioeconomy is lagging. In 2008, the sector was valued at 6.4% of GDP on a per capita basis in Canada, whereas in the United States it was valued at 8.45% of GDP.[46] Furthermore, Sweden, is considered to be a world leader in the bioeconomy with 30% of its national energy supply fed by biomass, compared to 1% in Canada.[47]

Canada's slow emergence in the bioeconomy is explained by the "lack of a clear strategic direction" and the fragmentation of programs that "does not support all types of bioproducts and policy initiatives," according to the Canadian Council of Forest Ministers in the Discussion Paper *A Forest Bioeconomy Framework for Canada*.

For example, at the national level, the forestry industry is seen as the key bio-based resource and Natural Resources Canada is leading support for the industry. At the provincial level, agriculture is seen as a key bio-based resource and the Ministry of Agriculture, Food and Rural Affairs (OMAFRA) has taken the lead. Activities usually occur in silos and some bioproducts receive more support than others. In

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[45] Forest bioeconomy in Ontario – A policy discussion by I. Majumdar, et. al. http://pubs.cif-ifc.org/doi/pdf/10.5558/tfc2017-007

[46] Measuring the biobased economy: A Canadian perspective, William Pellerin and D. Wayne Taylor; INDUSTRIAL BIOTECHNOLOGY WINTER 2008, page 363-366

[47] Forest bioeconomy in Ontario – A policy discussion by I. Majumdar, et. al. http://pubs.cif-ifc.org/doi/pdf/10.5558/tfc2017-007

Ontario, electricity and fuels receive the most support, even more so since cap-and-trade legislation took effect. Ontario's growth opportunities for forest biomass cannot be realized without the establishment of a Provincial mandate that increases the sustainable use, acceptability and competitiveness of Ontario's Crown forests.

A more comprehensive approach might entail the Ministry of Economic Development and Growth coordinating the development of an all-encompassing framework of public policies, in partnership with the relevant ministries, including OMAFRA, Natural Resources and Forestry, Environment and Climate Change and Research, Innovation and Science. Input from private stakeholders would also be essential to a successful framework.

In addition to breaking down silos, a comprehensive framework should address some of the challenges faced by the bioindustry. According to a survey conducted by BioTalent Canada, the "single greatest challenge" reported by the bioindustry is limited access to capital. In 2008 65.9% of respondents said this was their greatest challenge and by 2013, that number rose to 73.8%.[48] The Ontario and federal governments have responded by investing millions of dollars into business accelerators, such as Bioindustrial Innovation Canada, and funding needs to continue.

A Forest Bioeconomy Framework for Canada cites "Innovative financial mechanisms, including tax measures to de-risk commercialization" as one of the six policy areas that should be addressed in a bioeconomy framework. The others include:

1. Efficient standards and an effective regulatory regime for new bio-based products
2. Collaborative research and development along the innovation continuum
3. Public sector procurement to promote clean tech and supply chain sustainability
4. Outreach to attract investment and increase demand for Canadian bioproducts
5. Accessible comprehensive investment-grade data on the bioeconomy
6. Workforce training and strong partnerships with Indigenous communities

The key way to succeed in the bioeconomy is to address these policy areas in an integrated and coordinated effort involving government, industry, investors and academia.

Recommendations

That the Government of Ontario:

1. Work in partnership with all relevant government departments, non-governmental agencies and private sector partners to develop a provincial bioeconomy framework that builds on existing models.

2. Take the lead in working with the federal government, provinces, territories, non-governmental agencies and private sector partners to develop a national bioeconomy strategy.

3. Continue to fund successful business accelerators and venture capitalists that support bioindustrial companies and projects.

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

[48] https://www.biotalent.ca/bio-economy-facts

CC. Putting Wood to Work for Ontarians

Authored by: Thunder Bay Chamber of Commerce and Co-sponsored by: Chamber of Commerce Brantford Brant, Greater Sudbury Chamber of Commerce, North Bay & District Chamber of Commerce, Sault Ste. Marie Chamber of Commerce, Timmins Chamber of Commerce

Issue:

Economic development and employment opportunities in Ontario's forest sector are being limited by insufficient wood supply due to made-in-Ontario barriers and the absence of a long-term forestry strategy for the Province. Policy decisions are often made without full consideration of social and economic impacts.

Background:

Businesses run and prosper on certainty, yet for Ontario's forest products sector, consistent access to affordable wood continues to be uncertain as Provincial barriers are limiting the sector's ability to access increasing forest volumes.

In 2015, Ontario forestry companies harvested over 15 million cubic metres, an increase from 10.5 million cubic metres in 2010, which represents less than half of one per cent of Ontario's managed crown forests. As a result of MNR restrictions, access to actual harvest volumes is just meeting today's demand, which means there is no room to grow Ontario's renewable forestry sector, despite a healthy and growing forest. We need a new path forward that grows good paying jobs and supports hardworking men and women across our province.

Wood supply is a simple concept but a more complex issue in reality. Municipalities and industry have seen the damaging results of non-professional analysis that greatly underestimates industrial capacity and significantly overestimates supply. In response, professional foresters sitting on the Ontario Forest Industries Association's Woodlands Committee completed a wood supply analysis that demonstrates supply is only just meeting the current industrial demand. This leaves very little room to grow and threatens existing facilities as the decline is projected to continue into the future. The analysis also identifies policy and utilization barriers that significantly limit access to MNRF's theoretical allowable harvest volumes. Working together to address these barriers will allow existing facilities to maintain operations and will enable the sector to continue to grow.

- 57,000 direct jobs in over 260 Ontario communities

- 1 of every 100 Ontarian is employed directly or indirectly by the forest sector

- In 2013, Finland harvested 65 million cubic meters and Ontario harvested 14 million cubic meters. Ontario's landmass is 3X Finland.

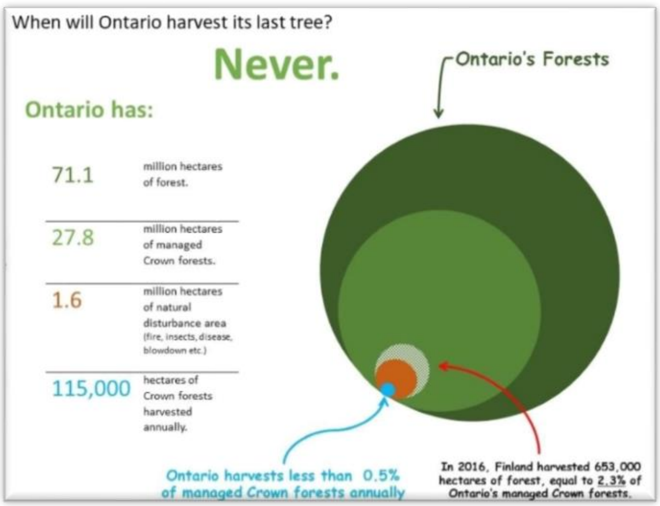
Greater demand for wood and packaging products and increased U.S, housing starts are contributing to increased investment and employment in Ontario's renewable forest products sector. These growth opportunities cannot be realized without the establishment of a Provincial mandate that increases the sustainable use, acceptability and competitiveness of Ontario's Crown forests.

In addition, the increased investment and ownership by First Nations in Ontario's forestry businesses has created significant opportunities and hundreds of new jobs for First Nations communities. Red Rock Indian

Band Chief Edward Wawia has stated that *"Our forest operations generate wealth for our community that offsets the costs for social and economic development, so our community can be self-sustainable."*

Developing an Ontario Forestry strategy that recognizes the value of our forests, removes made-in-Ontario barriers, and commits to increase reliable access to actual harvest volumes will make Ontario stronger.

Far too often the Government of Ontario has developed its 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 unintended 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. A wood supply objective must be pursued within the context of all three pillars of sustainability – economic, social and environmental.



RECOMMENDATIONS:

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

1. Develop a Provincial forestry strategy that recognizes the growing value of Ontario's renewable forests by:
    - removing made-in-Ontario barriers; and
    - increasing reliable access to actual harvest volumes.

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: April 28, 2018
Sunset Date: April 28, 2021

DD. Improving Digital Services and Identity for Ontario Businesses

Authored by the Hamilton Chamber of Commerce and Co- sponsored by the Milton, Greater-Kitchener-Waterloo, Newmarket and Cambridge Chambers of Commerce.

Issue

Within Canadian law, legislation applicable to traditional commerce is also understood to apply to business conducted via the Internet. Laws governing business incorporation, business name registration, taxation, consumer protection, advertising, importing or exporting, product safety, product standards, intellectual property and liability and so on, apply to e-business. The Province of Ontario was one of the leading jurisdictions in the world through the passing of the Ontario Electronic Commerce Act (s.o.2000 Chapter 17); However, businesses in Ontario believe that the current status quo on Provincial E-Government services and policies governing provincially regulated industries has not kept pace with other jurisdictions.

Background

In addition to feedback from members of the Ontario Chamber of Commerce network and the outcome reports from the Ontario Red Tape Challenge (2016-2017), global indices point to objective gaps in Canada and Ontario's performance. According to the 2016 United Nations (UN) e-government index, Canada slipped three positions to a ranking of 14th overall.

To their credit, the Province has recognized these challenges through the appointment of a Minister Responsible for Digital Government, the creation of the Ontario Digital Service (ODS) unit and a commitment to become Canada's Most Open, Transparent and Digitally Connected Government[49].

Businesses in Ontario would like to prescribe the following as priority areas:

E-Government

With exponential advances the capability of online service delivery and interfaces, there is a growing expectation from businesses for digital service delivery by Governments. Financial institutions allow clients to quickly check balances, transfer funds or pay bills through mobile applications. Online retailers offer more selection, delivery on demand, and easy returns. Uber, Airbnb and other organizations active in the "sharing economy" are disrupting and overhauling established industries. In a digital era where businesses are investing in and benefitting from the productivity enhancements from these delivery mechanisms, governments must rise to the challenge.

While private sector firms have shifted to a rapid response, customer-centric delivery models where "there's an app for that," many government processes and transactions continue to operate on paper, mail services and in-person visits. Ontario's Red Tape Challenge process has revealed several gaps, ranging from the user experience to the unavailability of services like Ontario Business Information System (ONBIS) registry system on evenings and weekends[50].

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[49]Province of Ontario Mandate letter: Digital Government. https://www.ontario.ca/page/september-2016-mandate-letter-digital-government

[50]Opportunities: Corporate and commercial law, Ontario Red Tape Challenge (2017) https://www.ontario.ca/document/red-tape-challenge-financial-services-report/opportunities-corporate-and-commercial-law

Once self-service systems are implemented they result in significantly lower cost service delivery. A customer service interaction on the web is nearly 11 times less expensive than a phone transaction and 25 times less expensive than a face-to-face meeting.[51]

Facilitating Digital adoption in Regulated Industries

With advancements and industry-wide adoption of robust online security standards and emerging technologies like Block Chain, many businesses and their customers are also confident that they can migrate various transactions and records of note to electronic mediums.

One example affecting millions of Ontarians every dayis the mandatory requirement for drivers to carry their printed proof of auto insurance (commonly known as "pink slips") by the Financial Services Commission of Ontario. Almost every U.S. jurisdiction allows consumers to receive proof of auto insurance electronically. Through smart regulation design, privacy concerns have been assuaged, with legislation that expressly outlines the scope of law enforcement's authority when checking proof of auto insurance on an electronic device.

In January 2018, Nova Scotia became the first province to give consumers the option to receive their proof of insurance electronically.

This is one of many examples from industries that are facing an escalating regulatory burden. Ontario's Minister of Finance completed an independent evaluation of the mandate reviews of the Financial Services Commission of Ontario (FSCO), the Financial Services Tribunal (FST), and the Deposit Insurance Corporation of Ontario (DICO). The expert advisory panel recommended the agencies' mandates under review be modernized and acknowledged major changes in governance structure and associated accountability mechanisms are essential for improving mandate alignment[52].

Amalgamation of Digital Business Identity (One business number)

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

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 (BN) 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

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[51] Society of Information Technology Management, https://www.ibm.com/blogs/commerce/2012/02/part-4-social-media-and-the-city-new-value-for-local-government/

[52] Expert panel proposes "radical change" after mandate reviews of Ontario financial regulators. https://www.osler.com/en/resources/regulations/2016/expert-panel-proposes-radical-change-after-manda

implemented for registries, licensing, procurement, application for permits and reception of government benefits.

Several municipalities have also declared an interested in pursuing a singular BN, some of them even signing MOU's with Service Ontario. The Province does not currently have a clear timeline for a full BN migration.

Recommendations:

1. Create a common corporate registry, with provisions for information-sharing between provinces, to eliminate the need to register a business multiple times.
2. Conduct a comprehensive evaluation and identify a strategy for the introduction of online submissions as an option for common transactions between businesses and the Province of Ontario, in particular, the Articles of Amendment (Form 3 under the Business Corporations Act).
3. Further explore Regulatory Sandbox experiments, which are sector-based temporary approvals, allowing both established and new businesses to test out innovative new products and services without incurring all the normal regulatory consequences of engaging in those activities.
4. Government should allow insurers to offer an electronic option for proof of auto insurance and other insurance documents,
5. As part of Ministry of Economic Development and Growth's Red Tape Challenge, implement a new engagement exercise aimed at improving E-Governance and online services.
6. In collaboration with interested municipalities, explore the replacement of the Ontario Business Identification number with the Federal Common Business Number across an expanded set of applications

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

EE. Address Ontario-Quebec economic mobility

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

Issue:
Overly broad efforts to address general regulatory barriers have proven insufficient to address long-standing significant challenges for the flow of commerce between Ontario and Quebec.

Background:
Ontario and Quebec share a uniquely important economic relationship within Canada's business landscape: with a combined GDP of more than $1 trillion, the Ontario-Quebec region is the fourth largest in North America, after California, Texas and New York.[53] Trade of goods and services between Ontario and Quebec has grown by nearly 11 percent over the last 10 years, from $75.8 billion to $84 billion[54]. The two provinces account for nearly two thirds of Canada's population, almost 60 percent of its GDP, and 53 percent of its interprovincial trade.[55]

However, despite the importance of their integrated economies, there remain many unique regulatory and cultural barriers between the two that pose considerable challenges to a truly equitable flow of commerce. This has perhaps been most visibly evident within the construction sector, with Ontario associations having pointed to Quebec's construction market as one of the most heavily regulated in North America.[56] This led to retaliatory legislation by the Ontario government in the form of the restrictive Fairness is a Two-Way Street Act, which was passed in 1999, and repealed in 2006 in favor of a more collaborative approach, though ongoing concerns resulted in a failed effort to revive it via private member's bill in 2013.[57]

Although they're often far less visible, similar sectoral challenges exist for Ontario businesses in other areas, including forestry, environmental testing, transportation, and countless additional sectors; the lack of documentation around the extent and sectoral breadth of this problem forces many individual industries to lobby Quebec for piecemeal solutions, if they have the resources to pursue them at all. In some cases, the lack of communication or knowledge about these issues can lead to Ontario businesses unknowingly incurring significant fines.

The economic harm posed by these unique challenges has been recognized by the two provinces in the form of the Ontario-Quebec Trade and Cooperation Agreement (OQTCA), which also effectively serves to

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[53] Government of Ontario, Ontario and Quebec Strengthen Interprovincial Trade, May 2015 https://news.ontario.ca/opo/en/2015/05/ontario-and-quebec-strengthen-interprovincial-trade.htm
[54] Quebec and Ontario Working Together to Fuel Innovation and Growth, Services Quebec, Sept. 22 2017, http://www.fil-information.gouv.qc.ca/Pages/Article.aspx?aiguillage=ajd&type=1&lang=en&idArticle=2509223140
[55] Ibid.
[56] Ottawa Construction Association, Resources: Working in Quebec http://www.oca.ca/resources/quebec.php
[57] CBC News, Bill to restrict Quebec construction workers in Ontario defeated, Sept. 2013 http://www.cbc.ca/news/canada/ottawa/bill-to-restrict-quebec-construction-workers-in-ontario-defeated-1.1703959

recognize their special trade relationship.[58] Last updated in 2015, it is designed to simplify the flow of commerce between the two provinces, and while it offers a framework for discussion, its overly broad nature fails to effectively address much of this ongoing regulatory concern.

The federal government attempted to rectify these and other such regulatory misalignments through the Canadian Free Trade Agreement (CFTA) in April 2017.[59] While it provides some progressive relief measures on specific areas such as procurement, roughly one-third of the 300-page document is dedicated to provincial exemptions, creating opt-out measures on many key files for the Ontario-Quebec relationship.[60] Moreover, there exist many regulatory concerns that exist within Quebec that fall outside of the CFTA's intended purview.

These gaps mean that these issues must be addressed on a province-by-province basis; this approach that is mirrored by the Canadian Chamber of Commerce's *10 Ways to Build a Canada That Wins 2018,* which states that despite the CFTA's advances, "progress will depend on the adoption of best practices in regulatory management by governments across Canada".[61] As such, identifying and addressing these unique barriers will be best achieved by direct cooperation between Ontario and Quebec.

Barriers to business also exist at the cultural level: according to the 2016 census, 44 percent of Quebec residents are able to speak Ontario's dominant language, whereas only 11 percent of Ontario residents are able to speak Quebec's.[62] As a result, Ontario businesses have a generally higher barrier to entry to Quebec markets than the reverse, though some neighboring border communities – such as the City of Temiskaming Shores, the City of Ville-Marie, their associated Chambers of Commerce, and the Temiskaming First Nation – are finding success by working collaboratively to build relationships, find common ground, and advance shared economic goals.

Recommendations:

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

1. Work with Ontario businesses to identify and remove barriers to the movement of services, labour, and goods between Ontario and Quebec, with a focus on industry-specific regulations, standards, and certifications.
2. Create and promote programs designed to foster relationship-building between Ontario and Quebec business communities, including measures to improve business support for bilingual access.

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[58] Government of Ontario, Trade and Cooperation Agreement Between Ontario and Quebec https://www.ontario.ca/document/trade-and-cooperation-agreement-between-ontario-and-quebec-0

[59] Canadian Free Trade Agreement, Canadian Free Trade Agreement Finalized, April 2017 https://www.cfta-alec.ca/wp-content/uploads/2017/06/CFTA-news-release-1.pdf

[60] Global News, Forget that out-of-province beer: On booze and most other things, new interprovincial trade deal falls short, April 2017 https://globalnews.ca/news/3364019/forget-that-out-of-province-beer-on-booze-and-most-other-things-new-interprovincial-trade-deal-falls-short/

[61] Canadian Chamber of Commerce, 10 Ways to Build a Canada That Wins, Feb. 5, 2018 http://www.chamber.ca/advocacy/10-ways-2018/

[62] Statistics Canada, English-French bilingualism reaches new heights, August 2017 http://www12.statcan.gc.ca/census-recensement/2016/as-sa/98-200-x/2016009/98-200-x2016009-eng.cfm

3. Work with business organizations and associations to better communicate industry-specific challenges and opportunities of doing business in Quebec, as well as the measures required to meet regulatory compliance.

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

DD. Make Carbon Pricing Revenue Neutral

Authored by the Toronto Region Board of Trade and co-sponsored by the Vaughan Chamber of Commerce.

Issue

Businesses understand the need for environmental stewardship, including reducing greenhouse gas (GHG) emissions. While pricing carbon remains the most efficient approach, the focus should be on combating climate change, not raising new revenues for government to spend.

Background

Ontario's *Climate Change Action Plan*, (CCAP) sets out a strategy to reduce provincial GHG emissions to 80 percent below 1990 levels by 2050.[63] The centrepiece of the CCAP is a cap and trade program that puts a price on carbon, increasing the costs of emissions and generating new revenues for the government. The auction of emission credits, implemented in January 2017, has raised $1.9 billion.[64] The government spends these funds on many initiatives aimed at reducing GHG emissions, including grants for building retrofits to increase energy efficiency, construction of infrastructure for cycling and renewable energy programs.[65]

A carbon price—whether through a tax or cap and trade scheme—is the most effective way to reduce GHG emissions as it allows companies, residents, non-governmental organizations, researchers and entrepreneurs to find the best ways to reduce pollution. However, Ontario's program for reinvesting the revenues, rather returning them through rebates or tax cuts, is flawed for three reasons. First, operating costs for businesses in Ontario are already high, and the cap and trade scheme just adds to the burden. High electricity prices, increased labour costs and a large tax burden present significant challenges.

Second, while the idea of reinvesting carbon pricing proceeds towards further reductions in GHG emissions is appealing, governments are often poor at selecting effective investments. For example, a recent analysis has found that electric vehicle subsidies in Quebec are a very expensive way to reduce GHG emissions.[66] Ontario has a similar program and has expanded it to include more expensive vehicles.[67]

Third, providing tax cuts and rebates is more likely to ensure long-term support for carbon pricing. Public opinion research from BC indicates that almost two-thirds of residents support the carbon tax, while a 2013 poll indicated that a majority of Canadians (in all provinces except Alberta) would support carbon pricing if it also cut other taxes.[68]

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[63] http://www.applications.ene.gov.on.ca/ccap/products/CCAP_ENGLISH.pdf p. 12

[64] https://files.ontario.ca/post-auction_public_proceeds_report_en_2017-11-29.pdf

[65] https://news.ontario.ca/ene/en/2017/12/ontario-announces-results-of-november-cap-and-trade-program-auction.html

[66] Dale Beugin, "Can subsidies for electric vehicles 'boost the signal' from carbon pricing," Canada's Ecofiscal Commission, June 28, 2017.

[67] Canada's Ecofiscal Commission, *Choose Wisely: Options and Trade-Offs in Recycling Carbon Pricing Revenues*, April 2016.

[68] Aaron Wherry, "Would Canadians support a carbon tax?" *Maclean's,* March 12, 2013.

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

1. Introduce legislation to require all revenues raised by carbon pricing[69] to be returned to businesses and consumers through tax cuts or rebates and not into general revenue.

2. Protect businesses in energy intensive, trade exposed industries by providing free carbon credits or rebates to invest in reducing their carbon footprint, to ensure they are not put at a competitive disadvantage with other jurisdictions.

3. Ask the Auditor General to provide independent oversight to ensure that all carbon revenues are returned to businesses and residents.

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

[69] This includes the current cap and trade scheme as well as the carbon tax "backstop" levied by the federal government.

FF. Protect the Viability of Energy-Intensive Trade Exposed companies that have reduced carbon emission in Ontario.

Submitted by the Sarnia Lambton Chamber of Commerce and co-sponsored by Windsor-Essex Regional Chamber, Sault Ste. Marie Chamber of Commerce, Newmarket Chamber of Commerce and Hamilton Chamber of Commerce

Issue:

Ontario's Cap and Trade system effectively penalizes companies that are early adopters of technologies that reduce, recycle and capture carbon emissions. By recognizing and rewarding these efforts, there would be greater incentive for companies to invest in new technologies as available that reduce carbon emissions on a continual basis. In addition, gaps in programming under the *Climate Change Mitigation and Low-carbon Economy Act, 2016* and the Climate Change Action Plan similarly punish early adopters and encourage a "wait-and-see" approach to investments aimed at reducing GHGs. Companies need an assurance that funds invested in Ontario's Greenhouse Gas Reduction Account will ultimately provide benefit in the form of accessible programming, regardless of the compliance period in which the funds were invested.

Background:

In 2017 members of the Ontario Chamber of Commerce agreed that the cap and trade system should be suspended "with appropriate cost mitigation to affected businesses". Should suspension not occur or should another carbon pricing mechanism replace it, the viability and competitiveness of Energy-Intensive Trade-Exposed (EITE) sectors should be strategically ensured so they can compete with manufacturers operating in jurisdictions that do not have similar taxation.

EITE manufacturers operating in Ontario, such as greenhouses, oil and gas, steel and chemical manufacturers, are unfairly impacted by Cap and Trade, which erodes their competitiveness, compromises their ability to continue operating in Ontario, and makes those jobs vulnerable.

Many EITE manufacturers are "technologically mature" and already amongst the most efficient in the world. Emissions processes can generally be described as variable or fixed, with the latter being fundamentally limited by the boundaries of currently known scientific processes involved in the manufacturing process. In other words, many industries have improved technologically and thermodynamically to a point that any new advancements will require the development and application of entirely new technologies, and in some cases entirely new chemical processes. Cap and Trade is effectively taxing these early adopters by imposing the annual decline cap factor, falsely assuming that they are capable of reducing their emissions.

Many manufacturers have also found ways to capture and recycle emissions (i.e. sell to third parties such as greenhouses, or use it to manufacture other products onsite), yet protocols for emission allowances don't recognize this. It is assumed that emissions generated are also released. Allowance calculations should recognize these efforts, and not penalize the companies through taxation, as they directly help achieve the government's goal of reducing atmospheric GHGs.

The Green Ontario Fund was established by the Ontario Government to distribute Cap and Trade revenues. Its programs, including GreenOn Industries, the Industrial Conservation Initiative and SMART Green, provide funding to manufacturers to invest in machinery, equipment and processes that reduce their carbon emissions. However, if advanced technical capabilities don't exist, companies miss out on the funding. The Green Ontario Fund should provide guarantees that some funding will be available long term to these sectors as technologies become available.

Ontario's carbon pricing system should recognize the improved performance and environmental leadership of early adopters by fairly distributing emission allowances and revenues derived from carbon pricing mechanisms.

Business in Ontario are also concerned about the threat of "Carbon leakage" a concept whereby trade exposed industries, competing in international markets against countries with inferior environmental mitigation and carbon pricing regimes are unable to compete and suffer decline in production. According to a review of models[70] based on the California Cap and Trade experience, a 10 percent increase in domestic production costs resulted in a decline of ten (for median intensity) to twenty (for higher intensity manufacturing and resource industries) percent decline in domestic production[71].

Recommendation:
That the Government of Ontario:

1. Refrain from applying annual declining cap factors to industrial sectors with fixed emissions limited by currently available technological and scientific processes.
2. Account for captured and recycled CO2 and reduced emissions in allowance calculations.
3. Develop a framework that allows carbon pricing revenues to be accessed in the long term, regardless of compliance period, to ensure equitable distribution to sectors and/or innovative individuals at the front of the innovation curve who are working to develop modern low-carbon technology.
4. Dedicate a portion of carbon pricing revenues to programs that incentivize Energy-Intensive, Trade-Exposed Industries to conduct R&D to advance low carbon technologies
5. Study policy mechanisms within free trade agreements and with the World Trade Organization that cover Border Carbon Adjustments and emissions permits to create a fairer market for Ontario EITE.

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

[70] Brunnermeier, S. B. and A. Levinson (2004). Examining the evidence on environmental regulations and industry location. The Journal of Environment & Development 13(1), 6–41.
[71] Fowlie, Reguant & Ryan. "Measuring Leakage Risk" (2016). https://www.arb.ca.gov/cc/capandtrade/meetings/20160518/ucb-intl-leakage.pdf

GG. Perform a Cost-Benefit Analysis of the Global Adjustment and Time-of-Use Billing programs to restore energy competitiveness

Authored by the Greater Niagara Chamber of Commerce

Issue

Ontario's electricity prices have risen by 71 percent from 2008 to 2016, far outpacing electricity price growth in other provinces as well as increases in income and inflation. The Global Adjustment charge (GA) now comprises the overwhelming majority of an Ontario electricity bill, but the GA is not transparent and not well-understood, even by the Ministry of Energy. In addition, the Time-of-Use Billing (TOU) program rolled out with mandatory smart meters has made energy costs dramatically higher during business hours, disproportionately affecting businesses. The first complete impact study of the program has revealed less-than-spectacular results for consumption patterns and conservation, but no economic impact analysis has been conducted.

Background

The cost of electricity in Ontario has been climbing far beyond the rate of inflation.[72] The reason for most of this increase has been the growing GA, which, according to the Auditor-General, had reached 85 per cent of a residential bill by 2016.[73] Ontario's electricity rate per kWh is competitive, but the GA renders this irrelevant.[74]

The GA covers the cost of building new electricity infrastructure in the province, maintaining existing resources, as well as providing conservation and demand management programs. These include energy storage, large renewable procurement, the Hydroelectric Contract Initiative, the Industrial Electricity Incentive and Combined Heat and Power programs, the Hydroelectric Standard Offer Program, non-utility generators, and the Feed-in-Tariff (FiT) and MicroFiT programs. As with TOU, many of these were primarily aimed at conservation and greening Ontario's energy generation rather than economic growth and fiscal optimisation, and it is worth examining whether these myriad programs should all be funded by ratepayers. However, these programs are neither transparent nor well-understood. The Auditor-General called for greater clarity on these charges at the end of 2016, which was rejected by the Ontario Energy Board.[75]

Time-of-use pricing enables power companies to incentivize the use of electricity when demand is low, which theoretically translates into less demand overall.[76] However, many consumers, especially

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[72] Jackson, Taylor, Ashley Stedman, Elmira Aliakbari and Kenneth Green. Evaluating Electricity Price Growth in Ontario. Fraser Institute, 2017. https://www.fraserinstitute.org/sites/default/ files/evaluating-electicity-price-growth-in-ontario.pdf

[73] Allison Jones, *Among the dubious expenses filed by power generators in Ontario … raccoon traps* (http://nationalpost.com/news/canada/ontario-auditor-general-to-examine-health-care-school-boards-electricity-2), National Post, December 6, 2017

[74] Hydro Québec, *Comparison of Electricity Prices in Major North American Cities* (http://www.hydroquebec.com/publications/en/docs/comparaison-electricity-prices/comp_2015_en.pdf)

[75] Keith Leslie, *Ontario Energy Board refuses auditor's call to clarify global adjustment on hydro bills* (https://www.ctvnews.ca/canada/ontario-energy-board-refuses-auditor-s-call-to-clarify-global-adjustment-on-hydro-bills-1.3199973)

[76] Ontario Energy Board, *Time-of-Use (TOU) Prices* (http://www.ontarioenergyboard.ca/OEB/Consumers/Electricity/Electricity+Prices)

businesses, are not able to choose when to consume electricity. To those in such a position, time-of-use billing is simply an additional cost and does not accomplish the program's goal.

The IESO's recent three-year analysis of TOU revealed that, while TOU had limited success in load-shifting, there was no evidence of conservation as a result. General-class consumption showed very little load-shifting and no evidence of conservation.[77] This confirms the hypothesis that general class consumers have very little flexibility in terms of how much energy they consume and when.

However, no study has yet revealed what effect TOU is having on the broader economy in terms of hampering GDP and job growth, particularly among manufacturing and heavy industry, which are disproportionately heavy energy consumers. The dearth of information is compounded by the government's failure to introduce TOU as a pilot scheme with a control group. Such a study is now called for to assess whether the meagre results from TOU are worth the (currently unknown) economic costs, and whether different programs might achieve greater conservation at the same or lesser cost to the economy.

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

1. Conduct a comprehensive, independent review of the electricity sector and publish the results, including an objective economic impact analysis assessing the full range of inputs that make up the Global Adjustment (GA) and specific analysis of what programs are being billed to which users or taxpayers

2. Pursue cost-reducing measures based on these findings, where applicable

3. In pursuit of full transparency in the energy sector into the future, commit to altering the distribution of charges and costs included in the GA only after a demonstration that such an alteration would have a differential, positive, impact on socio-economic outcomes for all Ontarians

4. Commission an independent analysis of the impact of the Time-of-Use Billing program on the provincial economy and publish the results

5. Reassess the merits of continuing the TOU program accordingly.

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

[77] The Brattle Group, Mountain Economic Consulting & Associates, eMeter, *Analysis of Ontario's Full Scale Roll-out of TOU Rates – Final Study*, February 2016 http://www.ieso.ca/-/media/files/ieso/document-library/conservation-reports/final-analysis-of-ontarios-full-scale-roll-out-of-tou-rates.pdf

HH. Scale back the "One-size fits all" Scheduling Provision of Bill 148

Submitted by the Newmarket Chamber of Commerce and sponsored by the Vaughan Chamber of Commerce, Greater Sudbury Chamber of Commerce, Sarnia-Lambton Chamber of Commerce, Peterborough Chamber of Commerce, Greater Niagara Chamber of Commerce and Timmins Chamber of Commerce

Issues:

The Government of Ontario's "one size fits all" provision for scheduling fails to take into account the operational requirements of businesses in different sectors across Ontario.

Background:

As part of Bill 148, Fair Workplaces, Better Jobs Act, the Ontario Government made substantial changes to the Employment Standards Act (ESA). Particularly important were the changes to the rules around scheduling. Under the new rules set out for employers in Bill 148:

- Employees would have the right to request schedule or location changes after having been employed for three months, without fear of reprisal.
- Employees who regularly work more than three hours per day, but upon reporting to work are given less than three hours, must be paid three hours at their regular rate of pay.
- Employees can refuse to accept shifts without repercussion if their employer asks them to work with less than four days' notice.
- If a shift is cancelled within 48 hours of its start, employees must be paid three hours at their regular rate of pay.
- When employees are "on-call" and not called in to work, they must be paid three hours at their regular rate of pay. This would be required for each 24-hour period that employees are on-call.
- If a collective agreement is made between an employer and a union, the agreement would prevail in place of some of these new rules.

Remaining mindful of Ontario's business competitiveness is a top concern as it directly relates to economic growth and sustainability. The heightened restrictions around scheduling will impact Ontario's economic standing in the long-term. This will result in increased costs to operations, add unnecessary administrative burdens, and negatively impact the required flexibility and efficiency to remain competitive.

The scheduling changes in the Bill also enhance the perception of Ontario not being an ideal environment for business investments. Special Advisors Mitchell and Murray in their Final Report on the Changing Workplaces Review specifically acknowledged that scheduling "cannot be the same for all employees employed in all businesses. Scheduling can be a very complex and difficult subject". Recommendation 90 is that "government should adopt a sector-specific approach to the regulation of scheduling".

The Newmarket Chamber of Commerce supports this recommendation. A targeted approach would mitigate unintended consequences for businesses across Ontario.

Recommendation:

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

1. Delay the implementation of the scheduling provision which is currently scheduled for January 2019 until consultations with each sector have been completed and scheduling rules are created that factor in the operational needs of each sector.

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

II. Correct Calculations for Statutory Holiday Pay
Authored by the Quinte West Chamber of Commerce

Issue:

There has been a significant change to the calculation of statutory holiday pay under Bill 148 that creates financial hardship to those employers that have part time employees or those that work longer shifts but fewer days such as continental shifts.

Background:

As a result of Ontario's Bill 148, the formula for the calculation of public holiday pay in the Employment Standards Act (ESA) was amended effective January 1, 2018, as follows:

Prior to January 1, 2018: Total amount of regular wages earned by the employee in the four work weeks immediately preceding the public holiday, divided by 20.

Effective January 1, 2018: Total amount of regular wages earned in the pay period immediately preceding the public holiday, divided by the number of days actually worked in that pay period.

"Part X (Public Holidays) is amended. The rules for the calculation of public holiday pay under section 24 are amended to be based on the number of days actually worked in the pay period immediately preceding the public holiday. Sections 27, 28, 29 and 30 are amended to require an employer to provide an employee with a written statement that sets out certain information when a day is substituted for a public holiday." - Legislative Assembly of Ontario Bill 148, Fair Workplaces, Better Jobs Act, 2017

The changes to the calculations have made it too costly for employers to schedule part time employees in the two weeks leading up to a public holiday. Also for many Ontario manufacturers, they can no longer offer their employees continental shifts. (A type of work cycle, most commonly at a manufacturing plant or institution, with shifts worked four days in a row, followed by four days off in a row) One employer estimated that continental shift adds an additional ~1.75% to overall cost of payroll in a year as a result of this change.

E.g. Full time employee works 40 hours per week (5 x 8 hours)

Old rules 4 weeks hours 160 / 20 = 8 hours of pay

New rules income over previous two weeks divided by number of shifts. Assuming $20.00 an hour $1600.00 divided by 10 shifts = $160.00 or 8 hours pay (no change)

E.g. Part time employee works one eight-hour shift per week.

Old rules it would be 32 hours /20 and they would get 1.6 hours of stat pay or $32.00

Under the new rules you take the earnings over the previous 2 weeks, 16 hours @ $20.00 = $320.00 divide by number of shifts 2. So $320.00 / 2 = stat pay of $160.00

If someone works 10 shifts in the previous 2 weeks for a total of 80 hours or someone works 1 shift in the previous 2 weeks for a total of 8 hours their stat pay will be exactly the same.

Below is a link to the calculator from the Government of Ontario web site https://www.ontario.ca/page/public-holiday-pay-calculator

Recommendations:

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

1. Correct the Public Holiday Pay calculations so compensation is based on the hours worked in the pay period immediately preceding the public holiday not the number of shifts worked.

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

JJ. Mitigating the impact of Bill 148
Greater Peterborough Chamber of Commerce

Co-Sponsored by: Kawartha Chamber of Commerce and Tourism, Greater Kingston Chamber of Commerce, London Chamber of Commerce, Newmarket Chamber of Commerce, Sudbury Chamber of Commerce, Thunder Bay Chamber of Commerce

Issue:

With the recent passing of Bill 148 Fair Workplaces, Better Jobs Act, there is much concern as to the impact on business viability because of the large number of changes.

Background:

After the May 2017 announcement of the legislation, the Peterborough Chamber of Commerce embarked on an information gathering campaign as to how our 900 members would be coping with the proposed changes. While many accept the outcome of the bill with regard to minimum wage the challenges do not end there. The legislation contains a significant number of changes from personal emergency leave to scheduling that will impact each business differently. There are businesses that have concerns with integration of the new legislation into current policies, uncertainty as to whether or not their current polices will stand under scrutiny, and the guidelines that enforcement officers will follow.

We heard from our members that implementing the changes would cost thousands of dollars each month and tens of thousands over the course of a year. They are looking at their business models with an eye to reduced hours, reduced staff, and potential automation. This critical eye is not only because of the minimum wage adjustment, but also due to the significant number of changes to the Employment Standards Act and Labour Relations Act.

We know our Peterborough businesses are not alone in these challenges and as the provincial government has committed to building a fairer, better Ontario this has to happen in concert with the business community.

There have been several independent economic analyses detailing that there will be an impact on the number of jobs in Ontario and while this varies from 50,000 to 180,000 over the next two years, it is not to be dismissed and not to be solely the fault of a business trying to survive in a new legislative climate.

While the funding announced in the Fall Economic Statement for a reduction in the Small Business Tax Rate and Enhancing Support for Youth Employment offer some relief, there is more that could be done.

Businesses need time to transition. Yes, our Ontario entrepreneurs are hard working and committed, but just as transition programming was made available after the introduction of the Harmonized Sales Tax (HST), such programming is required again.

RECOMMENDATIONS:

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

1. Introduce a two year tax credit program that allows employers to recoup up to 32% of costs (e.g. Human Resources, Legal Consultants, Increased Accountant time etc…) as a result of Bill 148.

2. Increase the threshold of the Health Tax Exemption to $500,000 from $450,000, and index to inflation moving forward.

3. Introduce a Scale-Up Tax Credit that allows business to recoup up to 20% of costs associated with scaling up in the year in which money was spent.

4. Increase the registered charity and non-profit PST portion of the HST rebate to 100% to ensure that the sector can continue to meet rapidly increasing demands.

5. Reinstate the schedule to reduce and standardize the Business Education Tax Rate to the 1.22% threshold, unless a municipality is lower than that threshold.

6. Explore opportunities to create a bracketed small business deduction rather than a flat rate for small businesses with an annual income less than $500,000.

7. Add information on the changes from Bill 148 to all applicable concierge services that apply to workplaces.

8. Allow Enforcement Officers to issue warnings for first time offenders on infractions related to the changes legislated in Bill 148 as opposed to fines for first-time offenders. Warnings versus fines would take into account the severity of the infraction. If a warning is issued, the employee would still receive what is owed to them.

9. Establish a 'Reward the Good Players' approach to recognize employers who have consistently demonstrated positive employment and labour practices.

10. For new legislation that shows an economic impact to small business or employers develop a framework for a defined implementation time frame.

11. Look at altering the WSIB rate structure and reduce it based on the impact of Bill 148 changes.

12. Amend the legislation/regulation to allow the Ministry of Labour to produce a copy of the claim as filed by the employee.

***** The OCC recognizes that as a not for profit organization, it would benefit from this change, but in the pursuit of the overall public interest, urges the government to address this change

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

FISCAL/TAXATION

A. 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

B. 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.[78] Ontario's total debt, which represents all borrowing without offsetting financial assets, is projected to exceed $300 billion in 2015-2016. According to the Fiscal Accountability Office of Ontario (FAO) economic growth in 2015-2016 is expected to be significantly slower than projected – this coupled with increasing Ontario's program spending to the 4-year average has the FAO predicting in their October 2015 report that the 2017-2018 Ontario deficit could be as high as $7.4 billion. Without a realistic plan to reduce the current deficit and ultimately the current level of debt, we jeopardize Ontario's economic recovery.

Background

In response to the recent recession, the Ontario government, like governments around the world, stimulated growth by running significant deficits. Now that Ontario's economy is regaining its footing, it is imperative that the province tighten its fiscal policy and move to credibly outline a plan to balance the budget by fiscal year 2017-2018.

The situation is approaching dire: Ontario's debt-to-GDP ratio is the highest of any province in Canada except for Quebec, and is expected to peak in 2015-2016 at 40 percent. Since the global recession of 2008-2009, Ontario's net debt-to-GDP ratio has steadily increased by 40 percent (from 28.1% in 2008-2009 to 39.5% in 2014-2015). This ratio is expected to hover close to 40 percent out to 2017-2018. Interest payments on the debt represent the province's third highest area of spending after health and education.

In late 2014 Fitch downgraded Ontario's long-term debt rating and this was followed by Standard and Poor in the summer of 2015 – both have indicated they are concerned about debt burden in Ontario. When a province's debt rating is lowered it becomes more expensive for governments, and taxpayers, to borrow money.

Rising debt not only exposes the budget to the risk of higher interest rates, as was the case in the early 1990's, but it also shifts the tax burden to future generations.

The following two principles outline the need for a credible plan for returning to fiscal balance:

First, the economy will continue to go through cycles. In order for the provincial government to maintain the option to respond to future downturns in the business cycle, it must balance its budget over the business cycle and during its current term. This can be achieved by running a surplus in good years, to finance deficits in bad years.

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

[78] Ontario's Fiscal Outlook, 2016

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

C. 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

D. 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[79] 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.

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.

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[79] 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.

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

E. 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

F. 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

G. 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.[80] Moreover, the Auditor General's investigation into the divestment found that "there may well be socio-economic benefits to justify subsidizing the ONTC."[81]

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 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.[82]

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

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

[81] ibid.

[82] 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

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.[83] 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.[84]

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

[83] 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
[84] ibid.

H. 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

I. 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

J. Ontario's Debt Reduction Strategy

Authored by the London Chamber of Commerce

Issue

Ontario's net debt, the difference between total liabilities and total financial assets, was $301.6 billion in in 2016-2017 – the highest of any non-sovereign jurisdiction in the world. While the Ontario Government's formula for forecasting a balanced budget is being challenged by the Provincial Auditor General, the Ontario Government is nevertheless projecting a balanced budget in 2017-2018 and the forecast is to remain balanced through 2020. However, Ontario's net cumulative debt has now exceeded the $300 billion mark. This should be a wake-up call, as that is more than double the $153.7 billion net debt of less than a decade ago.

One of the strategies associated with prudent fiscal management is the need to be prepared for a downturn in the economy. In order for the Ontario Government to be prepared for the next economic downturn, it will have to produce surpluses and reduce the debt significantly over the next three years. Economic cycles typically do not last far beyond 10 years, so we need to focus our preparations now to weather the next storm.

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 the huge servicing costs of that debt 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 ever increasing level of debt, we will be leaving that debt for future generations.

Background

In response to the economic downturn that took place in 2008, the Ontario government had relaxed its fiscal policy by running significant deficits year over year. Fiscal policy involving borrowing in recessionary/post recessionary times to boost the economy is a commonly used approach; however this approach must be balanced with a plan to repay the borrowed amounts during the ensuing years of post recessionary growth in order to be sustainable.

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 37.8% for 2016/17 up considerably from just 26% in 2008.

For its part, the Ontario Chamber remains concerned about the way that the Federal Government allocates $72.8 billion worth of transfers to other levels of government in Canada and sees it as a major disadvantage for Ontario. Since we see little relief coming from the Federal Government, the burden of responsibility must then lie squarely on the shoulders of the Ontario Government to get its debt levels under control.

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 $10 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 growth in Ontario. In other words, the Government must not use strategies which will impede Ontario's business community from the anticipated slow and steady economic growth 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 remain an excellent building blocks for the Ontario Government to begin identifying sources to find the $10 billion per year required to eliminate the increased debt accumulated in the last 10 years. This can only succeed if the Province adopts more ambitious targets coupled with transformational changes in the way government does business.

With a projected slower growth future for the province, combined with the growing demands of a rapidly aging population, the need to deal with our debt now becomes all the more critical.

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

Expand Alternative Service Delivery (ASD) in the health sector and replicate elsewhere where service quality can be improved and costs lowered. By opening up service delivery to the private and not-for-profit sectors, ASD models take advantage of market incentives to enhance productivity, achieve greater efficiencies, and harness new technology.
a. Beyond its fiscal benefits, ASD accomplishes many other public policy objectives: ASD enables government to leverage private sector investment to modernize the delivery of public services. • ASD enables government to access new and innovative business models. • ASD facilitates the commercialization of government intellectual property and business processes.
b. Utilizing ASD in specific services, such as the back-office reconciliation of Ontario Health Insurance Plan transactions and frontline services like Service Ontario, can help the government save money while preserving (or even enhancing) its capacity to deliver valuable services.

2. **Adopt a formal policy on asset recycling**. In Ontario, asset recycling could be one method of reducing the province's large infrastructure deficit, in the context of a reduced fiscal capacity. The Premier's Council on Government Assets is a good start, but the government must adopt a broader policy that applies to more government assets and regularizes the review process. In spite of the many non-action recommendations of the Premier's Council on Government Assets, the Government must move aggressively on this recommendation if the "*Maximizing Assets"* pillar of the Treasury Board is to have any meaning or impact.

3. **Tackle the underground economy to increase revenues by establishing tougher penalties for noncompliance** and a stronger focus on high-risk industries. The 2012 Drummond Commission estimated that strengthened compliance measures could yield over $500 million per year for the province. Without addressing this problem more aggressively, fewer and fewer Ontario businesses will be paying the bulk of Ontario's taxes while those that don't continue to grow.

4. **Apply more rigor to regularly mandated program reviews across all ministries and departments** 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. **Establish Outcomes-based Incentives and Accountability in the Public Service Sector.** 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. **Adopt user-pay models for government services**. 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: Transport for London UK (TfL), London's public transit agency, introduced a congestion charge in central London. The congestion charge acts as a user fee for roads in downtown London: during working hours, motorists are charged a tariff for bringing their vehicle into a designated area of the city. As a user pay scheme, the congestion charge has successfully acted to regulate the demand for road infrastructure and raise revenues.

7. **Adopt a Means Testing provision for specific services**. Means testing means that recipients with greater means may be asked to make a greater contribution to the cost of that service. Many services and benefits in Ontario are currently available to all Ontarians at the same upfront cost (often at no charge), despite significant variation in people's financial means.
a. Adding a means-testing provision to the price of a service takes into account an individual's 'ability to pay'. From a fiscal perspective, *means testing* can be a method by which government secures additional funds by reducing access for those with higher incomes. Individuals with greater means will pay more for a means-tested benefit or service.
b. By varying the cost of or access to a service based on means, it can also increase the efficiency and effectiveness of government spending. Means testing reduces spurious demand, thereby increasing access to those that require the service.
c. Example: Australia integrated means-testing into residential aged care as part of a reform package. The government reduces the amount it contributes toward the care and accommodation of individuals with greater financial means. This is one strategy that Australia is taking to increase the sustainability of aged care, in the context of an aging population similar to that of Ontario.

8. **Investigate cost saving alternatives** for the location of provincial back office functions to save on real estate, wages, and cost of living.

9. **Review the option to enhance the marketing and sale of Ontario Saving Bonds** where the return on investment would improve the provincial debt management position including the investment of surplus cash in the bond program rather than in external financial markets.

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

K. 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 expected 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 SMART COMMUTE 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. Subject to the reform of the arbitrations system as advocated for by the OCC designate all provincially supported transit in Ontario an essential service, ensuring a stable, healthy and competitive business environment.

Effective Date: April 28, 2018

Sunset Date: April 28, 2021

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

Greater Kingston Chamber of Commerce and 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. Municipalities are also mindful of the fact that Bill 148 will affect city operating budgets. Cities are setting aside money to cover most of the costs linked with the coming increase in the minimum wage in Ontario. Additionally changes to the Employee Standards and Labour Relations Acts include entitlements for personal emergency leave for part-time workers and statutory holiday compensation. 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 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 to the annual budget. That is approximately $274,000 in extra funding per year.

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 the 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.

In its 2017 pre-budget submission to the Provincial Government, the Ontario Chamber of Commerce identified the heads and beds levy as a way to improve the conditions for municipalities to thrive. 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:

- 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: April 28, 2018
Sunset Date: April 28, 2021

M. Maintain Ontario Mining Tax rates

Submitted by the Timmins Chamber of Commerce

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

Issue:

In the lead-up to the 2018 provincial election, the Ontario government continues to face 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, producing approximately $10.6 billion in non-fuel minerals, accounting for more than a quarter of Canada's total value of mineral production. Roughly $371 million is also spent on exploration projects in Ontario every year, ranging from prospecting to advanced exploration. Moreover, mining is the largest private-sector employer of Aboriginal Canadians, who account for 11% of all mining jobs in Ontario.[85]

Despite these contributions, the Ontario government has continued to see pressure to increase the mining sector's tax burden as a means of addressing the provincial debt. 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.[86] The province's sole diamond mine – the De Beers Victor Mine, set to close in 2019 – is subject to a separate 13% rate through the Ontario Diamonds Royalty, which is contained within the Ontario Mining Act.

Although the Ontario government has opted to maintain rates in recent years, it continues to be pressured by various entities, both internal and external, to change the status quo. A December 2015 report by Ontario's auditor general criticized the province's Ministry of Northern Development and Mines for its lack of effective encouragement of timely mining development in Ontario[87], inferring the need for higher rates. This has fueled discussion from special interest groups such as MiningWatch Canada that the government needs to raise tax rates for Ontario's remote, non-remote and diamond mines.

With much rhetoric about "business paying its fair share" dominating discussions in the lead-up to the 2018 provincial election, it is imperative that Ontario's existing conditions remain unchanged, as outlined in Ontario's Mining Act. 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.

[85] Mining Association of Canada, "Facts and Figures of the Canadian Mining Industry 2016", http://mining.ca/sites/default/files/documents/Facts-and-Figures-2016.pdf

[86] Ontario Ministry of Finance, "Ontario Mining Tax", https://www.fin.gov.on.ca/en/tax/mining/index.html

[87] Office of the Auditor General of Ontario, 2015 Annual Report, http://www.auditor.on.ca/en/content/annualreports/arbyyear/ar2015.html

This kind of regulatory uncertainty, combined with soaring energy rates, has already damaged Ontario's competitiveness: Ontario has slipped out of the top 15 mining jurisdictions in the world within the Fraser Institute's Annual Survey of Mining Companies, slipping to 18th in 2016.[88]

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: April 28, 2018
Sunset Date: April 28, 2021

[88] Fraser Institute, "Fraser Institute Annual Survey of Mining Companies, 2016", Feb. 28 2017

N. Addressing US Tax Cuts and Maintaining Ontario Business Competitiveness

Authored by the Greater Kitchener Waterloo Chamber of Commerce and Co-Sponsored by the Windsor Essex Regional Chamber of Commerce

Issue

Governments across Canada are under increasing pressure for a response to President Trump's recently passed agenda of corporate tax cuts.

Background

The United States Senate and House of Representatives passed the final version of the Tax Cuts and Jobs Act on December 20, 2017. The plan cuts the corporate tax rate from 35 percent to 21 percent in 2018 and makes their combined federal-state rate lower than Canada. University of Calgary economist Jack Mintz has calculated that the overall tax rate on new investment in the U.S. will drop from 34.6 to 18.6 percent, lower than the current Canadian rate of 21.6 percent.

A December 20, 2017 opinion column in The Vancouver Sun[89] by Fraser Institute staff Charles Lamman and High MacIntyre noted that "neither the federal government, nor any of the provinces, has presented a plan to maintain Canada's competitive position on business taxes. To the contrary, some provinces in the past two years have actually raised their corporate tax rates, making us less competitive compared with the U.S."

Furthermore, current federal and provincial finances particularly in Alberta and Ontario make short-term tax relief highly challenging without running larger deficits.

In an April 26, 2017[90] Globe and Mail article, Canadian Business Council president and chief executive officer John Manley indicated that federal and provincial governments should start preparing to cut business tax rates for their next round of budgets. Ben Bergen of the Canadian Council of Innovators indicated in this same article that a lower U.S. corporate tax rate would definitely affect Canadian business in relation to access to talent, capital and customers.

Mintz has historically argued that Canada's competitive edge in attracting business investment has rested on two pillars – a lower corporate tax rate and free trade. One pillar is gone with the second highly unstable for Canadian businesses exporting into the U.S. In a December 19, 2017 Financial Post article[91] Mintz further observed that Canada's competitive position is about to get rocked, making it harder for Canadian governments to push costs onto businesses through higher taxes and regulations. Federal and provincial authorities will need to change course and if politicians sit on their hands, Canadians will see investment, jobs and profits flowing to the United States.

Mintz is not proposing tax cuts in response to Trump but rather a series of initiatives such as streamlined regulations and directing revenues from carbon taxes back to business. Above the tax cuts, notes Mintz, Canada is increasing regulations while the U.S. is implementing an agenda of heavy reduction.

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[89] Canada about to lose its edge on taxation: PM must respond to Trump cuts. Vancouver Sun. December 29, 2017
[90] Canada needs plan for U.S. tax cuts. The Globe and Mail. April 26, 2017
[91] Trump tax tsunami is about to wallop Canadian jobs and investment. Financial Post, December 19, 2017

In response to the federal government's proposed tax changes for small business in 2017, the Canadian Chamber of Commerce requested a comprehensive review of the Canadian tax system with a view towards fairness and simplification for all taxpayers and increasing the competitiveness of all businesses.

The Ontario Chamber of Commerce Compendium of Policy Resolutions 2017-2020 contains a series of recommendations addressing regulatory reform and red tape reduction including:

- Cease the piecemeal approach to new regulations that are negatively impacting Ontario business and adopt a principled approach to reduce the total cost to business, and conduct a robust and public cost-benefit analysis of all new regulations to determine their impact on competitiveness (Halton Hills Chamber of Commerce 2015);
- Move to a regulatory model whereby all proposed legislation and regulations must be supported by cost-benefit analysis and an examination on the impact for business. Also regulations and legislation must be reviewed for their degree of conflict and integration with existing legislation. Work with the federal government to adopt a standard of regulatory harmonization between the two levels of government (Burlington Chamber of Commerce 2016);
- Request that all municipalities reduce their regulatory burden on local business (Whitby Chamber of Commerce 2015).

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

1. Review relevant legislation and regulations affecting business and apply a measurement to determine their potential impact on investment attraction;
2. Support a review of the Canadian tax system to increase the competitiveness of all businesses and economic sectors.

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

O. Cannabis Excise Tax
Authored by the Mississauga Board of Trade

Issue

The Federal Government has proposed a Cannabis Excise Tax to be implemented once retail cannabis sales are legal in Canada. They have agreed to share this revenue on a 75-25% basis with the Provinces. Municipalities are also requesting a piece of this tax to offset local regulatory and enforcement costs.

Background
The Federal Government has released its table of excise tax charges that will be collected from the retail sale of cannabis once legalized in Canada. Details can be found at https://www.fin.gc.ca/n17/data/17-114_1-eng.asp.

In a recent meeting of Federal and Provincial Ministers of Finance, it was announced that the Federal Government will share 75% of the excise tax revenue with the Provinces recognizing costs that they are likely to incur in the regulation of the retail sale of cannabis going forward.

Municipalities, through the Association of Municipalities of Ontario (AMO), have been calling on both the Federal and Provincial Governments to also share this revenue with municipalities given that they too will incur costs associated with the regulation and enforcement on this new legal cannabis regime. AMO issued a news releases on this on November 30, 2017 - https://www.amo.on.ca/AMO-Content/News-Releases/2017/AMOCallsonOntarioGovernmenttoCoverMunicipalCannabi.

Given the fact that the relationship of municipalities in generally through the Province and not the Federal Government, and that 75% of the excise tax will be given to the Provinces, the municipalities should be entitled to a portion of the tax to support local costs for this system.

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

1. Provide municipalities ½ of the provincial take of the Federal Cannabis excise tax revenue it receives from the Federal Government to help municipalities offset the costs associated with the legalization and distribution of cannabis in Ontario.

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

P. Review transfers of responsibilities between the provincial and municipal governments to improve efficiency, service delivery, and cost

Authored by the Greater Niagara Chamber of Commerce

Issue

The downloading of provincial government services and costs onto municipal governments has resulted in a multi-billion-dollar funding gap as revenue streams were not downloaded to match. This has resulted in many programs being severely underfunded as municipal governments cannot effectively finance them. Those that are still running are often run inefficiently as municipal governments lack the human capital, economies of scale, experience, or market power to run them as cost-effectively as the provincial government. Although downloading has saved money for the provincial government, the net effect to the taxpayer has been higher costs and cuts to services.

Background

To balance the provincial budget, the Ontario government began a program of "downloading" its responsibilities onto municipalities in 1995, including programs such as child care, transit, housing, public health, and the Ontario Disability Support Program (ODSP). Even municipal total revenue growth of 1.6 per cent above nominal GDP has not been enough to prevent the appearance of a $3.3 billion funding gap.[92] [93]

The Province did not give municipalities any additional tools for revenue generation.[94] The Provincial-Municipal Fiscal and Service Delivery Review resulted in $1.9 billion being re-uploaded, but this has narrowed the gap, rather than closing it.[95] While ODSP has been re-uploaded, for instance, municipal governments still fund transit services that used to be provincial, and Ontario is still the only province in Canada where property taxes fund provincial income redistribution programs such as Ontario Works.
Collecting only 7-8 cents of every Ontario tax dollar, municipalities are simply unable to fund these programs adequately.[96] Factoring in education costs, 50 cents of every 2016 property tax dollar went to running provincial programs.[97]

The necessity of spending such a huge amount of municipal tax revenue on provincial programs is that spending in other areas, such as infrastructure, has not kept up. In 2012, the infrastructure backlog alone had reached over $60-billion.[98]

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[92] Pat Vanini, Association of Municipalities of Ontario Executive Director, quoted in "The property tax crunch," Brodie Fenlon (*The Globe and Mail*, March 27, 2017) (retrieved from https://www.theglobeandmail.com/incoming/the-property-tax-crunch/article1083881/ on January 26, 2018)

[93] Livio Di Matteo, "Beware of Ontario municipalities asking for 'revenue tools'" (Vancouver: *Fraser Institute,* August 18, 2016) (retrieved from https://www.fraserinstitute.org/blogs/beware-of-ontario-municipalities-asking-for-revenue-tools on January 26, 2018)

[94] The City of Toronto has been granted special taxing powers and the 2017 Budget allowed municipalities to levy a per-room hotel tax, which cannot help municipalities which are not tourist hotspots outside Toronto

[95] Ontario Ministry of Municipal Affairs & Ontario Ministry of Housing, *Provincial Uploads*,

[96] Pat Vanini, ibid.

[97] Ibid.

[98] Association of Municipalities of Ontario, *Towards a New Federal Long-Term Infrastructure Plan, AMO's Submission to Infrastructure Canada* (Toronto: AMO, 2012)

The level of government at which taxes are paid is immaterial for Ontario's businesses. Transfers of responsibilities should aim at efficient service delivery, not at saving one level of government's budget at the expense of another's.

Recommendations

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

1. Commission an independent review of all transfers of responsibilities since 1995 to assess, in terms of absolute cost and service delivery, whether residents and taxpayers are better served by said responsibilities residing with the provincial or municipal governments. This review should be completed by the end of 2022.
2. Accompany all transfers of responsibilities with sufficient and sustained funding adequate to service delivery
3. Consult with municipal governments before embarking on provincial services reviews or cuts that would impact municipal government services.
4. Ensure representation from the Ontario business sector on the review panel.

Effective Date: April 28, 2018
Sunset Date: April 21, 2021

Q. Protect tourism industry competitiveness within the Municipal Accommodation Tax
Submitted by the Timmins Chamber of Commerce
Co-sponsored by the Thunder Bay Chamber of Commerce, the Greater Sudbury Chamber of Commerce, the Sault Ste. Marie Chamber of Commerce

Issue:
As communities across Ontario consider implementing the new Municipal Accommodation Tax, measures must be taken to ensure that the tourism industry is appropriately protected against uncompetitive increases, and that affected businesses have a say in how those tourism dollars are used.

Background:
Ontario's tourism industry plays a vital role in the provincial economy[99], supporting nearly 180,000 related businesses and 372,000 jobs while generating over $28 billion in provincial GDP.[100]

However, in addition to being disproportionately impacted by rapid changes to Ontario's minimum wage,[101] this industry faces another obstacle: on Dec. 1, 2017, Ontario municipalities were accorded the ability to impose a Municipal Accommodation Tax on facilities that provide stays under 30 days. This is of concern to industry groups, who fear it may reduce their competitiveness, and directly impact the provincial economy.[102][103] One such group includes the Ontario Chamber of Commerce, which had expressed in the lead-up to the 2017 provincial budget that it opposed providing the City of Toronto the ability to levy this particular tax, in part because of its potentially detrimental impact, but also because of its potential to be applied to other municipalities – something which has since come to pass.[104]

This concern has arisen because the new "hotel tax" differs greatly from the Destination Marketing Program (DMP), which it will effectively replace. Whereas the DMP is a voluntary model that allows participating businesses to help oversee how its tourism dollars are spent, the new tax can be applied unilaterally by municipal governments.

Additionally, the new tax is being touted as having been "developed as a revenue tool for municipalities"[105]: as little as 50 percent of its revenues – or, in municipalities with an existing DMP, an amount that matches the total revenue it generated – must be provided to a non-profit tourism organization, with the remainder flowing to City coffers. This, along with its non-voluntary approach, removes much of the spending oversight by those businesses who are directly impacted.

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[99] Ontario Chamber of Commerce, "Closing the Tourism Gap: Creating a Long-Term Advantage for Ontario", Nov. 17, 2016
[100] Ontario Tourism Marketing Partnership Corporation, "About Destination Ontario,"
[101] Financial Accountability Office of Ontario, "Assessing the Economic Impact of Ontario's Proposed Minimum Wage Increase", Sept. 12, 2017 http://www.fao-on.org/en/Blog/Publications/minimum_wage
[102] Financial Post, "Ontario municipalities are getting new powers to tax hotels and hoteliers are furious", April 28, 2017
[103] Ontario Restaurant Hotel & Motel Association, "RE: City of Toronto Act (COTA) – Hotel/Lodging Room Tax", January 17, 2017
http://www.orhma.com/Portals/0/Insider/2017/ORHMA%20LETTERTO%20PREMIER%20HOTEL%20TAX%20COTA%20JAN%202017.pdf
[104] http://www.occ.ca/wp-content/uploads/OCC-Letter-Toronto-Hotel-Tax-1.pdf
[105] Niagara Falls Review, "Diodati calls for clarity on hotel tax, DMF", Nov. 8, 2017
http://www.niagarafallsreview.ca/2017/11/08/tourism-sector-calls-for-clarity-on-hotel-tax-dmf

As such, the lack of a cap on this tax is a significant industry concern. At a time where municipalities are faced with increased costs and shrinking revenues, the ability to levy a simple and potentially limitless tax against non-residents may prove all too attractive. Competitiveness may be further harmed should municipalities seek to exceed rates seen in other provinces and regions; to date, every Ontario municipality who has passed the hotel tax has done so at 4 percent.

Various groups have spoken out about the potential impact of the legislation and its lack of potential restrictions, suggesting that such measures may create "noticeable losses", and that "the impact on the convention business might be significant."[106] Similarly, industry groups indicate that "the imposition of this tax with no defined amount and no cap has the potential to bring the total sales tax on a hotel room to an unprecedented high."[107] While the implementation of this tax across a number of communities means that its full repeal is unlikely,

RECOMMENDATIONS:

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

1. Cap the Municipal Accommodation Tax at 4 percent, except in municipalities where existing Destination Marketing Program fees exceed 4 percent, in which case the cap should match that total and all funds be directed to the appropriate non-profit tourism organization.

2. Ensure businesses who pay a Municipal Accommodation Tax can participate in the oversight and distribution of the tourism-focused portion of revenues.

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

[106] Institute on Municipal Finance & Governance, Munk School of Global Affairs, "New Tax Sources for Canada's Largest Cities: What are the Options?", November 2016 https://munkschool.utoronto.ca/imfg/uploads/368/imfgperspectives_no15_kitchenandslack_nov_23_2016.pdf

[107] Greater Toronto Hotel Association, "GHTA Responds to New Tax on Hotels in 2017/18 Provincial Budget," April 27, 2017

INFRASTRUCTURE/TRANSPORTATION

A. 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

B. 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

C. 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

D. 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

E. 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;

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

F. 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

G. 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[108]; 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.[109]

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.[110] This problem is only expected to worsen in the coming years.[111]

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"[112] – a concern expressed by countless Indigenous leaders.

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[108] 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/
[109] http://aptn.ca/news/2013/02/15/attawapiskat-councillor-accuses-de-beers-of-trickery-as-showdown-looms-on-diamond-mine-ice-road/
[110] https://news.vice.com/article/canadas-ice-roads-are-melting-and-that-is-terrible-news-for-aboriginal-communities
[111] *Enhancing the Resilience of Manitoba's Winter Roads System*: International Institute for Sustainable Development, 2014.
[112] 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/

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

H. 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.[113] 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.[114]
We agree with the stated objective, however the latest proposal by the government fails to meet this goal.

As of September 4, 2013, the final transportation development strategy includes the following multimodal elements:

- Optimizing the existing transportation network
- Supporting transit initiatives that are consistent with the Metrolinx Regional Transportation Plan and the GO Transit 2020 Strategic Plan, as well as recommendations to improve the efficiency and effectiveness of the non-roadway modes of transportation.
- Several highway widening and new highway corridor recommendations, including:
  - Hamilton and Halton: Widening of key highway facilities by two or more lanes to address medium term transportation needs. In addition, a future study is recommended to identify a longer-term transportation strategy.
  - Hamilton to Niagara: Widening of the QEW to eight lanes (including HOV lanes), and continuing to monitor traffic volumes on the QEW to determine capacity requirements beyond 2031.
  - Niagara: New highway corridor connecting Highway 406 south of Welland to the QEW near Fort Erie.

There has been opposition to this hybrid strategy from many stakeholders, including municipalities, business and environmental groups, and the Ontario Chamber of Commerce.

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

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

I. 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

J. 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.[115]

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.

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.

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

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

K. 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 2020.
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. Pathways for integration with Municipal Official Plans and regional growth plans (e.g.: Growth Plan for the Greater Golden Horseshoe)
    e. A provincial maritime strategy
    f. A multimodal strategy surrounding airports, building on the work of the Southern Ontario Airport Network.
    g. A financing plan for transportation improvement projects; and
    h. Quick wins to improve connections between regions and trade corridors.

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

L. Develop a Provincial Long Term Broadband Strategy
Submitted by the Sarnia Lambton Chamber of Commerce and sponsored by the Greater Kitchener Waterloo Chamber of Commerce, Newmarket Chamber of Commerce, Ajax Pickering Board of Trade, Whitby Chamber of Commerce, and Richmond Hill Board of Trade

Issue:

Now that high speed broadband internet is considered to be an essential telecom service by the Canadian Radio-television and Telecommunications Commission (CRTC) and the Government of Ontario, the Province has a responsibility of ensuring that all Ontarians have equitable access to reliable, affordable and quality service in order to fully participate in the digital economy.

Background:

In 2017 the Government of Ontario officially endorsed the CRTC's declaration that high speed internet service is an essential service and committed to developing a provincial broadband strategy in 2018. According to the Rural Ontario Institute's (ROI) *2017 Rural Ontario Foresight Papers* on broadband, there are three factors that should be addressed in the broadband strategy: infrastructure, digital literacy and affordability

Access to broadband infrastructure is predominantly an issue in rural and remote areas. The CRTC has determined that a universal standard of 50 MB download speed is the minimum of "what is currently available to the vast majority of the population and what is likely to be required in the future for Canadians to have new and creative ways to participate in the digital economy."[116] The ROI paper points out that as many as 19%[117] of households in rural and remote areas of the country, including areas of Ontario, reach speeds of less than 5 MB. While there are varying opinions on what the minimum speed criterion should be, it is argued that "small businesses and employees working remotely need higher speeds to use the business tools and applications that are offered online" and that "…the lack of availability of higher speeds constitutes a barrier to attracting businesses and investors into their communities."[118] High speed internet access may be even more important in rural and remote areas where residents cannot access government programs, health and education services, job opportunities or consumer goods and services locally. It's also a key tool enabling farmers to practice modern "precision farming".

Millions of dollars have recently been invested in Ontario's broadband infrastructure. In 2016, $288 million was committed by all levels of government and the private sector to Phase I of the Southwestern Integrated Fibre Technology Project, which plans to connect more than 350 communities to high speed internet.

Despite such large investments, rural, remote and last mile homes still lack adequate access primarily due to financial reasons. Fibre to the Premises is considered to be the most viable long term infrastructure investment, technologically speaking, but it is too costly to build to low density areas. 5G wireless technologies are also costly, have a limited range and are considered to be unsuitable for some

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[116] Telecom Regulatory Policy CRTC 2016-496 (article 79) https://crtc.gc.ca/eng/archive/2016/2016-496.htm
[117] Rural Ontario Institute, Rural Ontario Foresight Papers 2017: "Broadband Infrastructure for the Future".
[118] Telecom Regulatory Policy CRTC 2016-496 (article 68) https://crtc.gc.ca/eng/archive/2016/2016-496.htm

rural communities. At the same time, rural municipalities that have a declining tax base and a rapidly expanding infrastructure deficit do not have the spare funds to build and maintain their own fibre networks, particularly to the last mile.

Long term infrastructure planning should take into consideration evolving technologies, increasing speeds and demand, maintenance costs and ownership rights and responsibilities. Access to infrastructure could be increased by setting provincial building code standards that require high speed connectivity to the premises, requiring wholesale access to existing networks and finding creative interconnection solutions.

In addition to infrastructure, Ontarians need the skills and literacy to participate in the digital economy. The provincial government recognized this by appointing a new Minister Responsible for Digital Government and a Chief Digital Officer. They are responsible for improving online access to government programs, advancing digital literacy and developing a Digital Government Action Plan. All of these efforts should be aligned with the government's broadband strategy.

Affordability is another factor that limits some Ontarians ability to participate in the digital economy. Low income residents who must choose between food and shelter costs and high speed internet are much less likely to access government services and online courses or be participants in the online economy. According to the CRTC,[119] affordability constraints may make it even harder for them to overcome social economic challenges. It is essential that Ontario's broadband strategy ensure that high speed internet is affordable for all.

Recommendation:

That the Government of Ontario

1. Include the following goals in its new broadband strategy:

    - Ensuring that all Ontarians have affordable access to high speed broadband internet through ongoing funding for operating and capital expenditures with plans for upgrades as new technology emerges;
    - Communicating existing broadband availability, access standards and upgrade plans across the province;
    - Establishing speed and reliability targets that align with the CRTC's targets and are re-evaluated according to a set schedule to ensure international comparability;
    - Recognizing the roles of other non-governmental agencies and the unique needs of different regions and communities;
    - Actively seeking out private sector investment and alternative funding sources for last mile connectivity;

[119] Reza Rajabiun, David Ellis, Catherine Middleton, Literature Review: Affordability of Communications Services, March 2016 https://www.ryerson.ca/~cmiddlet/ourresearch/lit-review-for-crtc-2016-affordability-rajabiun-ellis-middleton.pdf

- Advancing e-commerce and e-service literacy for all;
- Amending the provincial building code standards to ensure that new and modified buildings include provisioning for physical internet access where practical; and
- Identifying and removing any hurdles around building, wholesaling, leasing and ownership of broadband infrastructure.

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

M. Providing transportation for small communities to help Small Businesses move and employ people.
Authored by the Halton Hills Chamber of Commerce

Issue

Businesses in small communities without public transportation often suffer from the inability to attract talent for employment positions, hindering their productivity and growth.

Background

Small communities (less than 50,000) in Ontario struggle with a lack of public transportation to move people, leading to a shortage of willing labour for positions in local businesses. The assumption that people in these communities have access to a personal automobile has created a bottle-neck in productivity for businesses. Further, retail and service-based businesses are becoming less accessible to our aging population with a lack of public transportation options.

The Canadian Rural Partnership, a federal government initiative that helps coordinate programs, policies and activities in small, rural communities has reported the decrease in transit options in these communities.

Small communities often have limited budgets and ridership to warrant full-blown public transit systems. The most typical needs for transit are for people without access to a personal automobile to attain employment and fulfill basic needs such as shopping and healthcare services.

In 2017, the Town of Innisfil lead the way with a partnership between the town and Uber and Barrie Taxi, providing subsidized trips for people travelling to specified destinations. This program cost riders between $3 and $5 per trip, and by the Council’s estimate has saved Innisfil approximately $200,000 in a 4.5-month period. Other communities in Southern Alabama and Nova Scotia have had success with chartered buses providing transit for commuters. While these programs provide short-term relief, it is an interim solution to a larger transit problem in small and rural communities.

There have been instances of businesses in small communities in Ontario turning away new projects and reducing shifts due to a lack of labour with access to transit.

Recommendations

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

1. Develop a process for connecting business partners with municipal and regional and non-traditional (i.e. Uber & Lyft) transportation partners in neighbouring communities with resources that can be mobilized to provide relief for small businesses.
2. Provide funding for programs that connect and help businesses employ people outside of their community.

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

N. Land Use Planning, Housing Affordability and Talent Attraction

Authored by the Greater Kitchener Waterloo Chamber of Commerce

Issue

Provincial land use planning policies and their impact on housing prices are leading to concerns over the ability of Ontario businesses and municipalities to attract talent and investment.

Background

There is a rising concern over the cost of Ontario housing and the ability to attract skilled talent for current and future employer requirements.

The Toronto Region Board of Trade in collaboration with the Toronto Real Estate Board and Environics recently surveyed over 800 individuals between the ages of 18 and 39 living in the Greater Toronto – Hamilton Area regarding their insights on the housing market.

Four of five respondents indicated that high rents and home prices are impacting their capacity to save for retirement while a further 65 percent agreed that shelter costs prevent them from adequately addressing their debt. Over 80 percent of respondents were **not** interested in purchasing a condominium unit.

A November 1, 2017 Toronto Star[120] article indicated the Toronto Region Board of Trade initiated the survey in response to their member concerns regarding talent retention, the supply of appropriate housing, and the perceived prospects of home ownership. The issue is not a crisis however demands government attention if Toronto is to continue to attract and retain globally competitive employers and employees. The average price of a re-sale home in the Toronto region in August 2017 was approximately $732,000, rising to $775,546 in September.

Concern on housing is not restricted to southern Ontario. A CBC report[121] from April 2017 indicated that a six percent increase in Sudbury prices from 2016 is squeezing many young families and downsizing seniors out of the market.

Last March the Ontario Home Builders' Association (OHBA) and the Ontario Real Estate Association (OREA) issued a media release urging "the Provincial Government to create a housing experts task force to provide ideas for increasing housing supply in Ontario, thus alleviating the growing home affordability challenges facing Ontarians." The two organizations noted that population growth and a strong economy in the Greater Toronto and Hamilton Area (GTHA) has created a high demand housing market where supply is critically low and home prices are out of reach for many families and first time home buyers.

The OHBA and OREA provided a series of proposed measures to address the housing supply issue in Ontario including:

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[120] How Toronto's housing costs are hampering the city's ability to attract talent. Tess Kalinowski. The Toronto Star. November 1, 2017

[121] Hefty housing price jump squeezing out some buyers in Sudbury. CBC News. April 28, 2017

- Fixing the current "One Size Fits All" Growth Plan by allowing local municipalities more flexibility in creating choices in housing apart from high-densities across the downtown core areas:
- Addressing the "Missing Middle" of the housing supply - there exists a huge opportunity to modernize outdated zoning laws and build the "missing middle" of the housing supply in existing communities that are connected to transit and closer to jobs. This includes laneway housing and other multi-unit structures;
- Targeting infrastructure to support new housing supply and starting the process of moving homes to the market for buyers at an affordable price.

A September 2017 report from the Federation of Rental-housing Providers of Ontario (FRPO)[122] noted that rental demand in Ontario has reached a multi-decade high, driven primarily by robust economic and population growth, job creation, and a decline in home ownership and affordability. At the same time, supply growth for rentals has been almost entirely comprised of secondary units offered by investors in the condominium market.

The report concludes that the factors supporting growth in rental demand are projected to strengthen over the decade while supply will be restricted due to the recently introduced policy to extend rent controls affecting purpose built construction and condominium investors. Market trends clearly require a policy approach that promotes new rental development and continued investment in purpose built units and condominiums.

An October 20, 2017 media release from a coalition of construction and environmental groups including the OHBA, Building Industry and Land Development Association (BILD) and the Canadian Environmental Law Association indicated a widespread concern with the rush to dismantle the Ontario Municipal Board and pass Bill 139 (which received Royal Assent on December 12, 2017).

The OHBA has indicated that proposed reforms will undermine evidence-based land use planning and decision making across the province and will reduce the appeal rights for developers, ratepayers other stakeholders. The correspondence further argues the changes will have a negative impact on transparency, accountability and fairness over the way Ontario communities are planned and built.

The requirement to seriously review the land use planning system in Ontario was demonstrated by a December 2017 article in the Financial Post[123] where it was noted that Mattamy Homes, North America's largest private residential homebuilder, is escalating investments in the United States as "regulatory excess" sends land prices and frustration skyrocketing in Ontario.

The article further indicates that a push to curb sprawl has pinched supply and sent prices soaring. Mattamy CEO Peter Gilgan stated that there is a "complete fabrication" around how much land is available for development and the current approval process is untenable.

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

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[122] Ontario Rental Market Study: Measuring the Supply Gap. Prepared for the Federation of Rental-housing Providers of Ontario by Urbanation Inc. September 2017
[123] Regulatory overkill is driving Canada's biggest homebuilder south. Financial Post. December 19, 2017

1. Initiate an economic analysis on the potential impact of rising housing prices on talent and investment attraction in Ontario;
2. Not proceed with the further implementation of the Building Better Communities and Conserving Watersheds Act until the aforementioned analysis is complete;
3. As proposed by the Ontario Home Builders' Association and Ontario Real Estate Association, allow municipalities more flexibility with respect to density requirements in downtown urban core areas.

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

O. Maximizing Growth in Built Areas

Authored by the Greater Peterborough Chamber of Commerce Co-sponsored by the Kawartha Chamber of Commerce and Tourism, Brantford-Brant Chamber of Commerce

Issue

In many Ontario communities, historic downtowns are a source of pride and joy. However, these downtown buildings often leave unused space on the table. This resolution offers a potential solution to help property owners, municipalities, and the province to maximize the use of 2nd and 3rd floor spaces on Main Street, Ontario.

Background

There is potential that there will be no complete agreement on how to accomplish this goal as many of the buildings are in private ownership. That said, the ability of the municipality and an owner to understand the full scope of a renovation or upgrading required of a building is imperative as cost, or the potential not to see a return on investment is high.

In the Places to Grow Act, there is great focus on density requirements. For a downtown such as Peterborough the requirement is 150 residents per hectare. Yet with older, sometimes heritage-designated, buildings in Ontario downtowns there are constant challenges to realizing redevelopment and infill of these spaces.

The Community Improvement Plans provide an incentive framework to address some of these concerns, however in many cases these programs tend to be overextended or see limited uptake because costs of renovations can easily outpace the incentive. Many communities have façade improvement programs, brownfields tax assistance programs, energy efficiency programs and, in Peterborough, there is even a Residential Conversion and Intensification Grant Program that provides property owners with a grant of $10/square foot renovated as part of a Community Improvement Plan.

These programs do not adequately address the challenges most commonly faced by businesses in these core areas which are regulatory requirements that are substantially higher than when the buildings were first constructed. Ontario's Building Code, the Fire Code, the Ministry of the Environment, and the Municipal by-laws tend to make the costs of restoration exorbitant for most businesses. Many businesses do not even seek advice for fear of having their buildings closed unless costly upgrades are made to meet these requirements.

Creative approaches require architects, engineers, planners, and municipal officials to work with businesses to derive viable solutions for redevelopment. This is not something that should be done on a piecemeal basis but as an extensive program that involves systematic analysis of the key challenges and a targetted response from each municipality.

The benefits of upgrading or development of these types of units are numerous, in that, they could be used for commercial space, high end or affordable housing, help infill urban areas and become economic catalysts for continued development. The challenge is encouraging development that is not punitive on property owners, but results in buildings that are safe and occupied.

In the provincial Fall Economic Statement, the government announced a Main Streets program to potentially assist with façade improvements and digitization of central urban areas. $40 million was set aside for this venture to "help strengthen communities' promotional, planning and implementation activities, as well as providing direct business support for capital improvements, enhanced digital capabilities and improvements to energy efficiencies." While welcomed, there is a missed opportunity to use the allotted funds to truly understand the cost of renovating older buildings in a downtown core as well as the impact of having a significant amount of square footage be unoccupied. In order to strengthen our built areas there needs to be a good understanding of the current infrastructure needs and capabilities.

As such, this resolution proposes that the Main Streets Fund be used for a pilot project that allows private building owners and municipal officials to assess, without punitive action, the needs of a building or series of buildings in a downtown core.

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

1. Designate the Main Streets Fund to be used to for a pilot project that allows private building owners and municipal officials to study and assess, using an independent consultant and without punitive action, the needs of a building or series of buildings in a downtown core.
2. Allow for a renovation plan or commitment to be worked out that is agreeable to the property owner and the municipality.
3. Allow for a balanced approach to intensification and heritage preservation that takes into consideration a community's current building stock and its ability to function in a contemporary economy.
4. Allow for intensification districts just outside the core, but within the designated built up area that can be developed in tandem with the Urban Growth Area and not impact the current intensification numbers.
5. Study the effect of the Accessibility for Ontarians with Disabilities Act has on the viability of the intensification projects of existing buildings.

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

P. Amend the Ontario Labour Relations Act To Enable Fair And Open Tendering For Public Infrastructure Projects

Authored by the Sault Ste. Marie Chamber of Commerce, Co-Sponsored Greater Kitchener Waterloo Chamber of Commerce, Hamilton Chamber of Commerce, and Mississauga Board of Trade.

Issue

The current Labour Relations Act is preventing some municipalities and public entities from openly tendering and procuring construction projects, which reduces competition and increases construction costs. Should a Municipality or School Board challenge their designation as a "business" the process is expensive, cumbersome and lengthy.

Background

Language in the Labour Relations Act allows municipalities and school boards to become certified "construction employers," which ties all of the municipalities' construction work to a particular union (or small group of unions) and its bound contractors. As a result, up to 70 percent of the industry is unable to compete for work on publicly owned and publicly funded projects, inflating construction costs by as much as 30 percent. In 2012, approximately $942 million worth of municipal construction work in Ontario was subject to restricted tendering.

The economic and budgetary implications for the public sector as a result of restricted tendering practices are substantial. According to comparative analysis from countries around the world on major infrastructure projects, the potential cost savings from an open tendering process indicates that construction costs fell by an average of 20 to 25 percent as the number of bidders increased from two to fifteen. A recently released academic study by Cardus[124] modeled the impact of a closed tendering environment in the City of Hamilton by projecting that:

- The gap between the winning bid and the next highest bid in Hamilton (restricted since 2005) was more than twice – 105% — as wide as that in neighbouring municipalities (like Halton or Brant) that had open tendering.
- Comparing the gap between the winning bid and the average (mean) bid in open and closed municipalities, the difference was 114% wider; the gap for the highest bid was also wider: 155%.
- The Participation of vendors in the newly restricted environment shrunk by over 83%.

Therefore, a change to the Ontario Labour Relations Act would improve the value and impact of provincial and federal infrastructure investments. To achieve these objectives, the government of Ontario must modernize the labour law to ensure fair and open tendering of public infrastructure projects throughout Ontario. A fairer tendering process, encourages competition, decreases costs and supports fiscally responsible infrastructure investment.

Furthermore with the implementation of Bill 148 municipal costs are rising across many of the operational costs centers. There has been increasing pressure on Municipal budgets top pass these costs on to property owners. In many communities, such as Sault Ste. Marie, economic conditions are

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[124] "Up, Up, And Away: The impact of Restrictive Tendering". Cardus (2017) https://www.cardus.ca/research/workandeconomics/publications/5163/up-up-and-away/

challenged, demographics are shifting, populations are shrinking and property assessment in some sectors are declining threatening their ability to maintain competitive tax burdens.

Adding to the challenges Municipalities are limited by the Municipal Act in their ability to generate revenue to offset the costs of delivering services to the tax payer. This by its own should be of substantial consideration when assessing whether a municipality is to be defined as a business, which is defined by risk taking, market forces, competing for capital and generating a return on investment that can be distributed to owners and/or shareholders, as well as reinvested in capital investment to support growth and sustainability.

There are several municipalities in the Province of Ontario that are currently impacted by closed tendering rules, including but not limited to Sault Ste. Marie, Hamilton, Kitchener Waterloo, Toronto and Mississauga.

Recommendation

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

1. Immediately amend the Ontario Labour Relations Act to clarify that municipalities and school boards are not construction employers.

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

Q. Reinvest in Our Communities – Ontario version of the Michigan Community Revitalization program
Authored by the Windsor Essex Regional Chamber of Commerce Co-sponsored by the Sarnia Lambton Chamber of Commerce, Kitchener-Waterloo Chamber of Commerce and Kingston Chamber of Commerce

Issue
Ontario has taken small steps in the right direction addressing reusing, repurposing blighted, functionally obsolete buildings or property – some of which could be historic buildings.

Some of this has been done under the Community Improvement Plan or "CIP" legislation as it is widely known, which provides some cost relief. While many believe it's a small step in the right direction, more aggressive action can be taken at the Provincial level to generate and accelerate private investment and community revitalization – a key government goal.

The State of Michigan, which is similar to Ontario's size in terms of population, size and economy and is Ontario's neighbor, largest trading partner and friendly competitor, has been aggressive in participating in reinvestment in their communities. Michigan, in a non-partisan way, has had success using its Michigan Strategic Fund (MSF) in part to help revitalize communities. It is an opportunity to look at successful best practices.

Under the MSF, they set up the Michigan Community Revitalization program, which for eligible properties, the State will participate up to $10 million for loans and up to $1.5 million in grants not to exceed 25% of the investment.

Background
The Windsor-Essex Regional Chamber of Commerce, through its chamber network in Michigan, has observed success in the Detroit revitalization over the past number of years and the MCR plan has been a factor in its success. Many communities across Ontario have similar blighted, functionally obsolete buildings or properties in communities and neighborhoods that would benefit from a similar fund set up here. This would also aid in urban re-intensification – a goal of the government of Ontario.

Some of our older, historic, industrial or dilapidated real estate is suffering. Costly revitalization, legacy issues and many regulations has led to lack of demand for many of these properties and are a significant problem for cities and towns across Ontario.

A similar community revitalization program in Ontario that could aid private sector commitment and investment can be created as a community reinvestment program similar to what they have in Michigan.

It would contribute to Ontario's job creation, foster redevelopment of functionally obsolete or historic properties, reduce blight and could protect the natural resources of Ontario.

For the program to be successful, Ontario can borrow and adapt many of the concepts and ideas from Michigan.

Recommendations

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

1. Authorize the appropriate Ontario government officials to meet with Michigan officials to provide the needed background and process for setting up such a fund for Ontario.

2. Create a community strategic fund similar to that of the Michigan Community Revitalization program to address properties deemed as blighted, functionally obsolete or historic resource sites

Effective Date: April 28, 2018

Sunset Date: April 28, 2021

SKILLS

A. 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

B. 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. [125]
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."[126]

The Dean Review suggested a number of criteria that could be considered by the Ontario College of Trades ratio review panel included demographic and labour market information for the trade, and the demand for skilled trades in different regional/geographic areas of the province. While this recommendation is encouraging, under a review panel these criteria would be applied across the trade and that may not be necessary. However, an approach that allows employers to apply for a ratio increase based on specific criteria might help spur economic growth in smaller communities with geographic and regional challenges.

Currently, apprentices need to rely on journeypersons and employers to help them with their education and training, which in turn helps the apprentice to successfully write their Certificate of Qualification and to become certified in their trade. In smaller urban and rural communities where the pool of employers and journeypersons is much smaller, having a flexible ratio system is critical to workforce development in the skilled trades, and to long term and sustainable economic growth across Ontario.

Sustained changes to the apprenticeship ratio system are needed, but the proposed pilot project is an opportunity, in the short term, to gather data and assess the need of small and medium-sized employers in different regional and geographic areas of the province.

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

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

C. 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

D. 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.[127]

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.[128] 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 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

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

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

E. 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[129] 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 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

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

ensure the organization "does what it was set up to do." [130] 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:

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

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

F. 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[131], as compared to the two-thirds of the non-Indigenous population of the same age.[132] Additionally, 10 percent of the working-age Indigenous population has a university degree, as compared to the non-Indigenous population's 26 percent.[133]

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.[134]

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 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.

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131 Statistics Canada, "Educational attainment of Aboriginal peoples in Canada", National Household Survey 2011

132 Ibid.

133 Ibid.

134 Association of Universities and Colleges of Canada, "Creating opportunities in education for Aboriginal students," 2013

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.[135]

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

[135] 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

G. 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[136] 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[137], 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:

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

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[136] Incentives need to meet rising demand for tradespeople that teach in schools. Daily Commercial News. September 15, 2004
[137] Go Tech, young teachers. Hamilton Spectator. January 29, 2016

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

H. 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[138]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.

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

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

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

I. 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

J. 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 Ontario Government 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.

5. Work with other provinces/territories and the federal government to harmonize the codes and regulations with which certified occupations must comply

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

K. Strengthening Labour Market Information for Business Competitiveness
Authored by the Greater Sudbury Chamber of Commerce
Co-sponsored by the North Bay and District Chamber of Commerce, the Sault Ste. Marie Chamber of Commerce, the Thunder Bay Chamber of Commerce, and the Timmins 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 Advanced Education and Skills Development (MAESD) is the lead on LMI for the province. MAESD is in the process of launching a new site called Ontario Labour Market Information that provides information and reports on trends in the labour market. 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. The federal government announced in Budget 2017, plans to develop a new LMI organization following the recommendation of the Advisory Council on Economic Growth, but it is not yet clear if this organization will provide LMI that is more local and granular. And while the federal government has indicated it will report LMI at the level of economic regions, this is often not detailed enough: 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 Commission for Employment and Skills Survey should be examined and advanced by the Province to the federal government. The most recent survey concluded in 2015 and 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. MAESD's new Ontario Labour Market Information site seeks to do this, but it is still under development. In order to ensure that this site does in fact make LMI more accessible, MAESD must ensure that employers are consulted throughout the development process and that the site is revised accordingly. Presently, information is not always coordinated or shared in an easily accessible and digestible manner for employers, job seekers, and decision makers. Effective development of this site should constitute a substantial step in the right direction.

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. This collaboration with the federal government and other provinces may be achieved through active engagement with the federal government's new LMI organization when it becomes operational.

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.

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;
5. engage with the federal government's new LMI organization when it becomes operational.

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

L. Closing the Skills Gap

Authored by the Greater Kingston Chamber of Commerce Co-Sponsored by the Mississauga Board of Trade, Burlington Chamber of Commerce, Greater Kitchener-Waterloo Chamber of Commerce

Issue

Getting people into the labour market is crucial to foster innovation, economic growth and social well-being. Ensuring the right balance between specific labour market needs and generic competencies is a challenge faced today by higher education institutions around the world.

Background

Improving job readiness within an industry sector by exposing employees to specific challenges within the sector and offering training to increase their skills, is in theory a good practice. However, skeptics would argue that industry is in business to make money and if they can just as easily find the talent they need by bringing in foreign trained workers, or poaching from their competition, why wouldn't they. It's a partial solution but only a small part.

The Construction Sector Council declared that between 2012 and 2020, the construction sector will need 319,000 new workers.

Engineers Canada projects that 95,000 professional engineers will retire by 2020 and Canada will face a skills shortage because the workforce cannot be replaced fast enough.

A study by Prism Economics and Analysis for the Ontario Society of Professional Engineers concluded that there is, and will be, a "chronic shortfall between the demand for experienced engineers and the current and projected supply".

There are sector councils that can carry out labour market forecasts that will deliver a roadmap to where the jobs of today and the future lie. This can only help in producing the labour force necessary.

An analysis of the skill composition of employment based on occupation and educational attainment shows a difference between the supply of and demand for highly skilled employees in most countries. The attractiveness of research positions and skilled careers is critical for innovation. According to Rick Miner's estimates, there will be 550,000 unskilled workers who won't be able to find work by 2018. By 2021, the number could be well over a million. At the same time, it's estimated there will be 1.5 million skilled job vacancies this year, and 2.6 million by 2021, according to data cited by Chris Sorenson in, Maclean's Magazine, March 2013.

Economists call it a skill "mismatch." The skills mismatch is multi-faceted. We are confronted by a supply-demand mismatch driven in part by the decisions of students to pursue qualifications in fields with limited employment opportunities. In addition to the supply-demand mismatch, employers also emphasize that competencies such as communication, emotional intelligence, creativity, design, interpersonal skills, entrepreneurship, technological skills and organizational awareness are key indicators to the success of job candidates and employees. The deficit of these skills is often cited by employers as an obstacle in the recruitment process.

The result is an unemployment rate that refuses to fall below seven per cent (about 13.5 per cent among youth), while employers increasingly complain about vacant jobs that promise good wages—

particularly in Western Canada, where the oil, gas and mining industries are booming. “The new phenomenon here is that we’re going to be seeing pockets of persistent high unemployment existing right alongside serious worker shortages in particular industries,” says Perrin Beatty, the Canadian Chamber’s CEO, in an interview in Maclean’s Magazine, March 2013.

Careers in the skilled trades are not promoted sufficiently in secondary schools and that affects post-secondary enrolment toward training for those careers.

Many Canadian organizations realize the issues and have offered concrete solutions.[139] “Educational institutions should focus on teaching broader skill sets to facilitate easier transitions through the labour market. Someone who can fill numerous voids within an organization becomes much more valuable than someone limited to just one, which also limits their visibility into how the organization works as a whole, and dramatically decreases their value. Using a sales example, a company would much rather hire someone that can facilitate the entire sales process from start to finish over someone that’s just good at making sales calls.

Also, create shorter, more flexible programs so adult students can upgrade their skills later in life. Plus, coordinate with employers to ensure university and college training curriculum are meeting employer needs.

Recommendations

The Ontario Chamber of Commerce urges the Ontario Government to:

6. Allocate new resources to post-secondary educational institutions to support experiential learning and investment in industry-relevant technology.

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

[139] Institute for Competitiveness & Prosperity “The Labour Market Shift” September 2017

M. Open Canada Ontario Job Grant Eligibility to Small Business Owners
Authored by the Prince Edward County Chamber of Commerce

Issue:
Currently, business owners with a controlling interest are not eligible to participate in funded training through the Canada Ontario Job Grant (COJG). Allowing small business owners to qualify for the COJG would give them much needed tools to successfully run their businesses. Training in human resource management, leadership and management training could help small business owners remain competitive, become better employers, improve their employee retention rate and elevate their understanding of rules, regulations and best practices.

Background:
The Canada Ontario Job Grant is a 6-year initiative that has been successfully subsidizing employee training since its inception in March 2014. This program helps take the financial pressure off businesses looking to improve their employees' skills by subsidizing short-term, third-party training for new and existing employees. This joint federal-provincial funding initiative is split up into provincial variants, each with its own eligibility and funding focuses. This initiative has gone some way to addressing the skills gap in Ontario, but if the small business owners cannot access subsidized funding a significant aspect of the skills gap will remain unaddressed.

While improving the skills of employees is incredibly important, where do business owners get help to improve their own skills? Most small business owners wear many hats: human resources, bookkeeping, health and safety, marketing etc. Ensuring business owners have access to funded training is an investment in their workforce, it encourages the use of best practices, knowledge of and adherence to laws and regulations and continual professional development.

Creating effective employee retention programs is a skill that is worth training for, research shows that integration into one's work group is positively related to commitment and turnover.[140] Employee "churn" is real, reports state that half of all hourly workers leave their job in the first 4 months[141]and half of all senior hires fail within 18 months.[142] Were these "bad hires" or was is "bad onboarding"? Failure to properly orient new employees can leave a new hire feeling un-prepared, un-supported and even unsafe. How does a small business owner know what the best practices are for orientation and on-boarding, what health and safety documentation is required, changing payroll taxes, what about new legislation and requirements?

The COJG has helped rural small businesses give the local workforce an arsenal of sought-after, transferable skills since 2014. In Prince Edward County alone, over $150,000 has been invested to deliver employer-lead training and helped more than 50 small businesses (not including local trainers and educational institutions) since the introduction of the program.

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[140] Kammeyer-Mueller, J. D., & Wanberg, C. R. (2003). Unwrapping the organizational entry process: Disentangling multiple antecedents and their pathways to adjustment. Journal of Applied Psychology, 88, 779-794.
[141] Smart, B. (1999). Topgrading: How leading companies win by hiring, coaching, and keeping the best people. Upper Saddle River, NJ: Prentice Hall. 4 Krauss, A. D. (2010).
[142] Onboarding the hourly workforce. Poster presented at the Society for Industrial and Organizational Psychology (SIOP), Atlanta, GA.

Small business owners have training needs which remain unmet due to financial constraints, a highly trained workforce working with employers who understand their roles and responsibilities is a recipe for worker retention and attraction and directly addresses the growing skills gap.

RECOMMENDATIONS:

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

3. Allow small business owners access to Canada Ontario Job Grant subsidies for their own training needs
    a. Encourage the federal government to allow access to all Canadian small business owners
    b. Encourage the federal government to continue offering the Canada Job Grant after the initial 6-year program has ended in 2020
4. Increase funding to the Canada Ontario Job Grant relative to the increased demand resulting from small business owners accessing the program.

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

N. Improve Workforce Competitiveness by Adopting Select for Success as a Vital Support Service for Small Business owners in Rural Communities and Small Urban Centres

Authored by the Windsor Essex Regional Chamber of Commerce

Issue

Ontario is facing a threatening skills deficit and experiencing a significant demographic shift with its aging population. Small business owners in rural communities and small urban centres are constrained and negatively impacted to attract and retain workforce talent to remain competitive.

Background

According to Statistics Canada, Ontario's unemployment rate at 5.5% (as of November 2017) is below the national rate of 5.9%. This is a positive news for the Ontario economy which has experienced a relatively strong economic growth in 2017.

While it's encouraging and the story appears positive, a closer look at the experience of Ontario small business owners present a different story. At least 62% of Ontario Chamber of Commerce (OCC) members have attempted to recruit staff in the last six months but only 14% of those did not experience a challenge in hiring. Sixty percent of OCC members cited the biggest challenge as finding an individual with the proper qualification. Only 43% of OCC members are currently operating at full capacity. This number is higher (57%) among large businesses.[143]

Employers and small business owners particularly in smaller urban and rural centers in Ontario must be supported in its struggle to transition to a disruptive, high-skilled economy. OCC is in a unique position as an intermediary for employers and small business owners to ensure that rural communities and small urban centres have access to skills and workforce development required to compete in the global economy. This will be realized by adopting Select for Success as a vital support service for employers and small business owners in the Province of Ontario.

Select for Success, is an employer-based support program funded by Immigration, Refugees and Citizenship Canada (IRCC) and lead by New Canadians' Centre of Excellence Inc., with regional partners, Thunder Bay Multicultural Association and Newcomer Centre of Peel. All three regions, covering western, central and northern Ontario, facilitated a three-stage process to understand employer hiring practices, devise strategies to engage employers in smaller rural and northern regions and address newcomer employment. A comprehensive list of recommendations resulted in building the framework and implementation plan for the creation of the program known as Select for Success. Select for Success, built on four years of good foundation, is scalable. It has the infrastructure and the hand holding component that is crucial for the needs of employers and small business owners.

Recommendations

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

1. Work with the OCC and its Chamber Network to increase awareness and promote the programs and services that are available in their communities through Select for Success

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[143] Survey of n=773 OCC members conducted online by Fresh Intelligence between October 25th 2016 and November 30th 2016. Survey of n=1004 Ontarians conducted by The Gandalf Group between December 28th, 2016 and January 3rd 2017. A random probability sample of this size has a margin of error of +/-3.1%, 19 times out of 20.

2. Promote Select for Success actively and scale the program up to effectively engage a broader number of businesses.
3. Work to enhance coordination and communication between the OCC members and Select for Success partner agencies.

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

O. Reform of Ontario Apprenticeships and Retraining
Authored by the Greater Kitchener Waterloo Chamber of Commerce Co-sponsored by the Greater Kingston Chamber of Commerce

Issue

The Ontario Government has continually rejected recommendations from employers across Ontario on reforming the Ontario Apprenticeship system.

Failure to address these issues is seriously eroding provincial competitiveness and Ontario is losing economic opportunities through a chronic shortage of skilled employees in construction trades and advanced manufacturing.

Background

On February 7, 2018, Minister of Advanced Education and Skills Development Mitzie Hunter formally announced Ontario's new Apprenticeship Strategy.

The strategy, according to a ministry news release, transforms the existing Apprenticeship Training Tax Credit into the Graduated Apprenticeship Grant, promotes apprenticeships as a valuable post-secondary pathway, enhances supports to apprentices, and will ensure that students in K-12 are aware of careers in the skilled trades.

There is no reference in the new strategy to the Ontario College of Trades or apprenticeship ratios, two issues that are critically important for many Ontario employers and their chromic shortage of qualified trades. At the 2017 Ontario Chamber of Commerce Annual General Meeting in Sarnia, a resolution was passed to dismantle the current Ontario College of Trades and return responsibility for trades regulation to the provincial Ministry of Advanced Education and Skills Development.

The basis of the resolution was the College has not delivered on its original mandate to regulate skilled professions and more importantly resolve chronic deficiencies with the provincial apprentice system. As noted in the 2017 resolution, the journeyperson-to-apprentice ratio has not been significantly revised by the College and the province remains dependent upon antiquated labour laws and a 1970s apprenticeship model that rewards a few well-connected stakeholders.

For some categories of electricians, the journeyperson to apprentice ratio is 6 to 1. These regulations do not address the interests of employers or the general public the College of Trades is mandated to protect.

As the College fails to address these issues, opportunities are being limited for young, laid-off and immigrant workers seeking careers in the high-demand skilled trades.

The 2017 Ontario Budget committed to, as noted in Minister Sousa's budget speech, a recalibration of the Second Career program which was critical for unemployed workers integrating back into the provincial workforce during the 2008 recession. Second Career did assist many employers in advanced manufacturing, health care and the construction trades however as the Minister's Budget statement indicated it is currently not functioning near optimal levels. No further announcements have been made subsequent to the 2017 Budget tabling.

Recommendations

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

1. Immediately address employer concerns on the apprenticeship system by abolishing the Ontario College of Trades and reforming the process for determining journeyperson to apprentice ratios;
2. Meet the commitments of the 2017 Ontario Budget to re-start the Second Career program

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

P. Closing the Gap on Financial Literacy for Ontario's Youth
Authored by the London Chamber of Commerce

Issue:
Given the current levels of unprecedented household debt and an increasingly complex financial system, Canadian youth must be educated about the intricacies of current day personal finance including borrowing, investing and taxes.

In the summer of 2017, EQAO test scores revealed that half of Ontario's grade six students failed to meet provincial standards in math. Education Minister Mitzie Hunter acknowledged the problem amid calls to overhaul the math curriculum.[144] Troubling as these results may be, the lack of basic math skills is not merely an academic concern. According to the National Balance Sheet and Financial Flow Accounts released September 15, 2017, by Statistics Canada, Canadian households borrowed $28.9 billion in credit market debt and $16.5 billion in mortgage debt. Consumer credit and non-mortgage loans increased by $6.1 billion to $12.3 billion. Conceptualized at a household level, Canadians borrowed $1.68 for every dollar of disposable household income.

Climbing household debt is increasingly concentrated among younger Canadians, with the most indebted borrowers tending to be under 45 years of age.[145] Young Canadians are taking on record levels of debt from several sources including post-secondary education, big-ticket purchases such as homes and vehicles, and credit cards.

As a group, younger Canadians tend to have inadequate financial knowledge to navigate the complexities of present-day personal finance. According to a PriceWaterhouse Cooper study, only 24% of millennials demonstrate basic financial literacy and only 8% showed a high level of financial literacy. In the 2017 BMO wealth management survey directed towards millennials, 23% of survey participants cited paying down debt as the highest financial priority. Further, 41% reported that retirement was too far away for them to consider saving for retirement and that paying down debt was a more immediate concern.[146]

It is imperative that youth in Ontario graduate high school as financially literate young adults or these troubling statistics will only worsen. A consumer debt crisis is brewing.

Current Situation:

Ontario legislators have attempted to address the issue of financial literacy through various policies. Member of Provincial Parliament, Vic Fedeli, introduced a Private Member's Bill in the fall of 2016 titled "An Act to amend the Education Act with respect to a comprehensive financial literacy course".[147] The

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[144] Alphonso, Caroline "Half of Grade 6 students fail to meet Ontario math standards" *Globe and Mail* Aug 30 2017 available online: https://www.theglobeandmail.com/news/national/half-of-grade-6-students-fail-to-meet-ontario-math-standards/article36124763/.
[145] Blatchford, Andy "Household Debt Among Young Canadians Is Key Economic Vulnerability: BoC" *Huffington Post* Dec 15 2015 available online: http://www.huffingtonpost.ca/2015/12/15/canada-s-key-vulnerability-of-household-debt-highest-among-younger-people-boc_n_8812124.html.
[146] BMO Wealth Management, *Generation Why! BMO Wealth Management Report*, Cdn Edition Jul 2017 available online: https://www.bmo.com/assets/pdfs/wealth/BW_report_generation_why_E04.pdf.
[147] Bill 69, *An Act to amend the Education Act with respect to a comprehensive financial literacy course*, 2nd Sess, 41st Leg, Ontario, 2016 (first reading).

bill sought to amend Ontario's Education Act to require secondary school students to pass a financial literacy course in grade ten in order to graduate. This bill passed through first reading on November 16, 2016, however, MPP Fedeli withdrew his bill due to the Ontario Government's announcement of a pilot project to tackle the same issue.

On March 23, 2017, Minister Hunter announced 29 pilot projects across the province to implement financial literacy as one of four units into the career course required of all Ontario grade ten students scheduled for the 2018-2019 school year.[148] This policy roll-out received some push-back for not going far enough, particularly from Money School Canada executive director Tricia Barry. Barry's criticism focused on a lack of sufficient budgeted funds for professional development for teachers expected to teach the program, and the lack of core money management concepts in the curriculum.[149] The government modified the pilot program to include greater content related to budgeting and financial management, a new module on digital literacy and a dedicated coordinator for each school board.[150]

Opinions vary on the above-noted approaches. Some critics suggest that high school is too late and that the education should begin as early as grade six, while others feel that an entire course dedicated to financial literacy is not the answer as such a policy would require something else to be deleted from the curriculum in order to accommodate it. Notwithstanding the divergent approaches, it appears there is a consensus on the following:

- Consumer debt is at an alarming high and climbing;
- Our banking system is more complex than ever;
- Young people are amassing substantial debt and have limited financial literacy; and,
- If this issue is not addressed promptly, the Ontario economy is in trouble.

RECOMMENDATIONS:

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

1. Create mandatory elementary and secondary-level courses aligned with the Ministry of Education's Transformation Steering Committee's guidelines[i] that address the following:
    a. The fundamentals of Canadian banking system;
    b. Calculating and understanding various types of debt such as compound interest, bank loans, OSAP, credit cards, lines of credit, secured and unsecured loans, and mortgage payments;
    c. Retirement planning;
    d. Saving;

[148] Ministry of Education, "Preparing Students to Thrive in Ontario's Innovative Economy" Mar 23 2017 available online: https://news.ontario.ca/edu/en/2017/03/preparing-students-to-thrive-in-ontarios-innovative-economy.html.
[149] Levy, Sue-Ann, "Ontario's students are financially illiterate" Toronto Sun Jun 12 2017.
[150] Ministry of Education, "Financial and Digital Literacy Coming to Career Studies Course Next September" Nov 3 2017 available online: https://news.ontario.ca/edu/en/2017/11/financial-and-digital-literacy-coming-to-career-studies-course-next-september-1.html.

e. Securities;

f. Financial products such as RESPs, RRSPs, and TSFAs; ,

g. Basic income tax; and

h. Business financing and entrepreneurship.

2. Provide regular continuing professional development training for teachers required to teach this aspect of the curriculum with measurable standards teachers are required to meet.

3. Involve various stakeholders such as banks, credit unions and the province's accounting body to assist with curriculum development.

4. Implement a standardized survey or test for students participating at various levels of this curriculum requirement to measure financial literacy rates among youth in Ontario.

5. Consult organizations such as junior achievement that have been delivering financial literacy programs for over 57 years.

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

SPECIAL ISSUES

A. 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

B. 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 specialty 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[151] 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."

[151] 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

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 specialty 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

C. 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

D. 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.[152] 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.[153] 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.[154] 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.

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.[155]

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[152] 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)
[153] 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)
[154] 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/)
[155] 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/)

These sales generated $63 million USD in tax revenue and an additional $13 million USD collected in licenses and fees.[156] The state's Department of Revenue projects that marijuana sales in the state will exceed $1 billion USD in 2016.[157]

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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[156] ibid.
[157] Colorado Legislative Council Staff, *Focus Colorado: Economic and Revenue Forecast* ([157] http://www.leg.state.co.us/clics/clics2014A/cslFrontPages.nsf/FileAttachVw/Forecast/$File/forecast.pdf#page=32)

E. 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

F. 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

G. 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.[158]

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

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

H. 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.[159]

Reducing Statutory Delays

Currently in Ontario if a tenant has not paid their rent, it is the landlord's responsibility to pay a

$170 filing fee and schedule a hearing after waiting 14 days before being able to file with the board. In British Columbia, if the rent is not paid, the onus is on the tenant to pay a $50 filing fee to dispute an eviction. It is our opinion that British Columbia's Act places the responsibility in the right place: by making the tenant accountable for the expenses incurred to schedule a hearing when it is THEIR rent that has not been paid. Ontario's current process places unnecessary financial burdens on landlords and wastes valuable administrative time and associated costs: a tenant often does not attend a hearing nor are they likely to have a receipt proving their rent was paid when it wasn't. Currently a landlord needs to wait 14 days to file with the board, 30 days to get a hearing date, 3 days after the hearing to get the

[159] 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

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

I. 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.[160] 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.[161] 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.[162]

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."[163] Moreover, the Auditor's report found that this is "creating uncertainty for the mining industry."[164]

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 transparency, and does nothing to solve ongoing disputes."[165] The Ontario Prospectors Association has made

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[160] Canadian Chamber of Commerce, *Top 10 Barriers to Business Competitiveness 2016*

[161] http://www.republicofmining.com/2016/01/18/mining-and-indigenous-peoples-our-future-by-pierre-gratton-november-23-2015/

[162] Fraser Institute, "Uncertainty deterring mining investment in Ontario," January 2016 https://www.fraserinstitute.org/blogs/uncertainty-deterring-mining-investment-in-ontario

[163] 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

[164] ibid.

[165] 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

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

J. 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

K. 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

L. Fairness for Business 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 to door to door convincing customers to enter into lengthy and expensive energy contracts, or other annoying solicitors. The problem, however, is that the legislation is worded too broadly and captures any business who attends at the customer's 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.

Recommendations

The Ontario Chamber of Commerce urges the Ontario Government 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: April 28, 2018
Sunset Date: April 28, 2021

M. Workplace Mental Health Strategy

Authored by the Burlington Chamber of Commerce and Ajax-Pickering Board of Trade.

Issue

It is widely recognized that mental health problems in the workplace have a severe impact on Canada's and Ontario's productivity. Addressing these problems is more than good business; it is the right thing to do. Despite significant efforts by both provincial and federal governments over the last few years, there remains much to be done in the areas of research and promotion. The provincial government has a key role to play in continuing its efforts at mitigating the costs of workplace mental health issues and ensuring that employers are ready and able to properly and positively address workplace mental health issues.

Background

The Mental Health Commission of Canada and the Canadian Centre for Occupational Health and Safety have provided the following research evidence to demonstrate the significant impact of mental health problems in the workplace.

- 1 in 5 Canadians experience a psychological health problem or illness in any given year and is some areas, such as Ontario, this number is as high as 1 in 4.[166]
- Psychological health problems or illnesses are the number one cause of disability in Canada.[1]
- Psychological health problems cost the Canadian economy ~$51 billion per year, $20 billion of which results from work-related causes. [1]
- 47% of Canadians consider their work to be the most stressful part of daily life. [1]
- Psychological health problems affect mid-career workers the most, lowering the productivity of the Canadian work force. [1]
- Only 23% of Canadian workers would feel comfortable talking to their employer about a psychological health issue.[167]
- According to the Centre for Addiction and Mental Health (CAMH), in any given week, at least 500,000 employed Canadians are unable to work due to mental health problems. This includes approximately 355,000 disability cases plus approximately 175,000 full-time workers absent from work due to mental illness.

At one time a similar crisis existed with workplace physical safety. Measurement and tracking of incidence rates, coupled with public awareness and the implementation of occupational health and safety regulations and legislation, played a strategic role in turning the tide. The same can be true for workplace mental health.

When not addressed, psychological health problems in the workplace lead to absenteeism, decreased productivity and quality of work issues, which in turn impact business success. By identifying and reducing workplace risks of psychological injury or illness, employers will benefit from workforce stability, increased productivity, reduced insurance costs, reduced risk of legal or regulatory sanctions, and a healthier financial bottom line. Similarly, employees will benefit due to the impact upon their health, morale, work life quality and ability to perform at their highest capacity.

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[166] Mental Health Commission of Canada. 2016. National Standard

[167] Canadian Centre for Occupational Health and Safety. 2016. Mental Health

Recommendations

The Ontario Chamber of Commerce urges the Ontario Government to:

1. Identify mental health in the workplace as a key priority for occupational health and safety research grants and funding innovation projects.
2. Ensure that local community resources, using evidence based treatment practices, are visible to employers and employees, easily accessible and affordable.
3. Promote the National Standard of Canada for Psychological Health and Safety in the Workplace (CSA Z1003)
4. Provide training and education for business leaders with a focus on positive ways to address and respond to workplace mental health issues.
5. Consult with private sector workplace benefit providers to ensure an appropriate supporting policy framework exists to allow more employers to offer Employee Assistance Programs (EAP) to their employees.

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

N. 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.

Recommendations

The Ontario Chamber of Commerce urges the Ontario Government to:

1. Establish a joint government–industry nuclear science, technology and innovation council.

2. Leverage Ontario's nuclear technology and expertise domestically and abroad.

3. Provide greater certainty and clarity to the nuclear regulatory review process.

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

O. 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 $440.00 annually and is valid ONLY for King's highways. This cost is considered very reasonable.

Alternatively, a business can also purchase a single "trip" permit valid for a limited timeframe with costs varying between $65.00 to $700.00 depending on distance travelled and weight of the load carried.

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. Brantford-Brant, Toronto, Ottawa, Chatham-Kent, Haldimand, etc.); which leaves a total of 245 potential contacts for permits.

Considering 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 local businesses who were stopped and charged multiple times in the past 15 years; the fines were at least $500.00. 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.

2. Develop a database with each municipality's rules, restrictions and information to provide businesses with a centralized hub for all permit information.

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

P. Expanding Ontario's Leadership on Climate Change Mitigation through Supporting Net-Zero Homebuilding

Authored by the Guelph Chamber of Commerce

Issue

Ontario homebuilders are unable to leverage their innovative capacity and maximize their business and economic output by accessing the Green Ontario Fund to scale up the building of net-zero homes.

Background

A net-zero energy home produces as much energy as it uses on an annual basis, depending on occupants' behavior. In terms of technology, materials and efficiency standards, the homes are built at least 15 years ahead of where the building industry is today. They include features such as advanced heating, cooling, ventilation, high-efficiency windows, superior levels of insulation and air tightness and solar panels that feed the electrical grid. Net-zero homes have been around for many years but they have typically been custom-built and at a significantly higher expense than regular homes. Net-zero homes offer the potential to save money on energy costs year-round as well as protect home-owners from future energy price increases. Most importantly, they lower greenhouse gas emissions, conserve resources, reduce pollution, and minimize the household's ecological footprint.

As part of the implementation of the Ontario government's *Climate Change Action Plan* the Green Ontario Fund was created. Funded through proceeds from Ontario's carbon market, the Green Ontario Fund is a not-for-profit provincial agency under the Ontario Ministry of Environment and Climate Change tasked with reducing greenhouse gas pollution in buildings and industry to help meet Ontario's emission reduction targets. Through programs and rebates, it is intended that the Green Ontario Fund will help people and businesses take climate action into their own hands. Similarly, the *Climate Change Action Plan* stated clearly that there was an imperative to halt the ongoing rise in building-related emissions by giving Ontarians more choices, incentives and tools to make the right energy choice for their homes and businesses, by making new buildings increasingly energy efficient over time. With over 76,000 new home starts in Ontario, it makes it increasingly timely that builders of net-zero homes receive the support needed to build these homes on a larger scale in a cost-effective manner.

Recommendations

The Ontario Chamber of Commerce urges the Ontario Government to:

2. Recalibrate the regulations associated with the Green Ontario Fund to allow Ontario's home builders the access to funds to support building net-zero homes.
3. Recalibrate the regulations associated with the Green Ontario Fund to provide a New Home Rebate Program, to support consumers in the purchasing of net-zero homes.
4. Provide greater capacity for these builds by reviewing relevant legislation to increase land supply in regions where this is restricted.
5. Amend the *Development Charges Act* to take into account the service needs of net-zero homes.

Effective Date: April 28, 2018

Sunset Date: April 28, 2021

Q. Increasing Democracy in Ontario's Workplaces
Authored by the Greater Sudbury Chamber of Commerce
Co-sponsored by the Sault Ste. Marie Chamber of Commerce and the Timmins Chamber of Commerce

Issue
The Labour Relations Act, 1995 creates a legal regime which unduly favours union certification, instead of neutrally regulating the process. In 2005, Bill 144 removed secret ballot voting and introduced the card-check system for union certification to the construction industry and in 2017, Bill 148 extended the system to the building services industry, the homecare and community services industry, and the temporary help agency industry. Card-based certification is a major step backwards in democratic processes and is inconsistent with almost every jurisdiction in Canada and the United States.

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 ballot 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, the Federal government, Alberta and Newfoundland and Labrador have re-instated card-based certification. In 2015 The Supreme Court upheld Saskatchewan legislation (the *Trade Union Amendment Act*) that eliminates card-based certification.

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 2017, Ontario passed Bill 148, the *Fair Workplace, Better Jobs Act*, which extended the card-check system to the building services industry, the homecare and community services industry, and the temporary help agency industry. 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.

There are a number of concerns with the move away from secret ballot voting. Card-based certification makes 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. The business then loses its ability discuss the issue or to negotiate individually with its employees.

Card-based certification introduced under Bill 144 and expanded under Bill 148 is undemocratic, threatens economic prosperity and significantly shifts the balance in certification votes in favour of organized labour. Card-based certification is vulnerable to abuse and forms of intimidation and undermines the ability of employees to express their true opinions in a legitimate and democratic form. Almost every other jurisdiction in Canada and the United States has recognized this and requires secret ballot voting. Since there is no evidence to suggest that secret ballot voting does not allow employees to express their wishes, and significant risk that card-based certification would do just that, the provincial government should ensure that secret ballot voting is required for union certification among all provincially regulated workers.

Recommendations

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

1. eliminate the card-based certification system for union certification for small construction employers and repeal the Bill 148 amendments to the Labour Relations Act expanding card-based certification;
2. notwithstanding recommendation 1, 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;
3. 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: April 28, 2018
Sunset Date: April 28, 2021

R. Bill 2, Cutting Red Tape for Motor Vehicle Dealers Act, 2018
Authored by the Newmarket Chamber of Commerce and sponsored by the Vaughan Chamber of Commerce, Sarnia-Lambton Chamber of Commerce, Greater Niagara Chamber of Commerce, Greater Peterborough Chamber of Commerce and Hamilton Chamber of Commerce

Issue

Car dealerships lose productivity and manpower every time they are required to have their paperwork processed for vehicles sold or leased. In certain cases, there is no concierge service for Car Dealerships and even worse, some Service Ontario location only allow two transactions processed at one time. These delays are at a significant cost to the car dealerships and may result in unnecessary delays for the consumer.

Background

Bill 2 was before the Ontario Legislature in 2015 – then known as Bill 152 and in 2016-then known as Bill 3. The Ontario Legislature was prorogued in 2016 as well as 2018 and the legislation, which had strong all-party support, never made it to the Standing Committee after passing 2nd reading in 2015, and 1st reading in 2016. If passed, Bill 2 would eliminate the outdated and unnecessary requirement for auto dealers to physically transport paperwork back and forth to a Service Ontario location upon completion of a sale or lease.

Instead, auto dealers could register vehicles online, from their dealership. This digitization of the vehicle sales process will cut red tape, and save dealers time and money. Furthermore, consumers would be able to take possession of their newly purchased vehicle minutes after signing on the dotted line – rather than wait hours or days and make another trip to the dealership to pick up their new vehicle.

Quebec has offered digital vehicle registrations to its new car dealers since 2002 and New York State dealers have had a similar program since the mid-1990s. New Brunswick, P.E.I., Newfoundland and Labrador, Michigan and a number of other U.S. states also provide this service.

Ontario’s auto sector and consumers would greatly benefit from a digital, efficient and secure vehicle sales process while allowing them to serve their customers better. By implementing Bill 2, Ontario will follow through on its 2016 Budget statement that, ”To meet the expectations of the public, government digital services must mirror the simplicity and effectiveness Ontarians have experienced using private-sector digital services. This does not simply mean putting existing processes online; it means fundamentally rethinking how government programs and services are delivered in Ontario.”

Recommendations

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

1. Pass and Implement the Bill 2 legislation as soon as possible.

Effective Date: April 28, 2018
Sunset Date: April 28, 2021

S. Protect Employers Rights to Screen for Police Records
Authored by the Quinte West Chamber of Commerce, co-sponsored by the Belleville Chamber of Commerce

Issue:

It is imperative that any changes to the Ontario Human Rights Code do not eliminate an employer's right to screen prospective and current employees for a clear police record (absence of a police record) as an employment requirement in Ontario.

Background:

Currently Bill 164, Human Rights Code Amendment Act, 2017 has been sent to the standing committee for Regulations and Private Bills. If passed, this would add the words 'police records' to the list of reasons prohibiting discrimination in the province, including for employment. The government needs to take a clear stand confirming that screening for police records by employers is not a Human Rights Code issue.

Businesses in Ontario do not screen for police records with the intent to discriminate and harm individuals who are seeking employment. Many businesses are working in regulated industries and are bound by criteria, which include the screening of prospective and current employees. This is to ensure the safety of their products, their clients and their employees.

For example, manufacturers are expected to ensure the security of the manufacturing process and supply chain performance to mitigate the risk of loss, theft, contraband smuggling and terrorism and to protect the interest of their stakeholders. In order to ship to their customer's distribution centers in the United States of America, they are required to conform to the Security Criteria of C-TPAT for Foreign Manufacturers.

"Consistent with foreign regulations, background checks and investigations should be conducted for prospective employees. Once employed, periodic checks and reinvestigations should be performed based on cause, and/or the sensitivity of the employee's position." **US Border Customs and Border Protection Foreign Manufacturer Security Criteria**.

Within Ontario, the Occupational Health and Safety Act (OHSA) sets out roles and responsibilities for employers with respect to workplace violence and workplace harassment, including developing and implementing policies and programs. For these reasons, many employers are required to screen prospective employees and existing employees for the absence of a police record to ensure they are providing their employees with a safe workplace.

"Under the Preventing Workplace Violence and Workplace Harassment Employers must proactively assess the risks of workplace violence that may arise from the nature of the workplace, the type of work or the conditions of work. Measures and procedures to control these risks must be included in the workplace violence program. Employers must advise the Joint Health and Safety Committee or health and safety representative, if any, or workers, of the results of the assessment, and provide a written copy, if available." ***Ministry of Labour Occupational Health and Safety Act***

RECOMMENDATIONS:

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

1. Protect the rights of employers to screen prospective and current employees for police records.

Effective Date: April 28, 2018
Sunset Date: April 28, 2021