

1.3 Regardless of public policy approach chosen, pursue efforts to reduce Ontario's greenhouse gas (GHG) emissions in a manner that effectively mitigates risk to business competitiveness

HIGHLIGHTS

- The OCC is calling on the newly elected government to pursue greenhouse gas reductions in a manner that does not jeopardize Ontario's economic competitiveness.
- 32% of Ontario firms believe that cap and trade costs in 2017-2018 will have a negative impact on their business, including limiting their ability to grow.
- The OCC is calling on government to support those industries and regions that will be disproportionately impacted by cap and trade, to ensure Ontario's economic prosperity is not damaged in the process of transitioning to a low-carbon economy.

On January 1, 2017, the Province of Ontario implemented a cap and trade program, which sets a hard cap on greenhouse gas (GHG) emissions. As of late 2017, the Province has held four emission allowances auctions, which have generated almost \$2 billion. Proceeds from the auctions are being used by the government to fund programs designed to help households and businesses reduce their carbon emissions. The Ontario Liberal Party and the Ontario New Democrats support the continuation of cap and trade, while the Ontario Progressive Conservative Party support a carbon tax model.

In Ontario, 32 percent of firms believe that cap and trade costs in 2017-2018 will have a negative impact on their businesses, limiting their ability to hire new workers and/or scale up.¹ The OCC therefore is advocating that government-led approaches to reducing Ontario-produced GHGs should also include appropriate offsets to safeguard businesses competitiveness, particularly in the face of growing regulatory and cost burdens. They should also come with adequate implementation time for the research and development of new technologies to support an on-going transition to the low-carbon economy.

These could include, but are not limited to, ensuring that exposed industries are supported in the process of developing techniques for meeting emissions targets, and investing in those regional economies that are uniquely impacted by this new economy. It is also essential that the allocation of any revenue collected as part of GHG reduction programs be objective and transparent.

Carbon reduction policies that keep business competitiveness in mind would ensure that efforts to reduce Ontario's GHG emissions do not come at the cost of economic prosperity. Alignment between GHG emission policies and appropriate and equitable allocation of revenue is essential to ensure that businesses not only thrive in a low carbon economy, but that the unique challenges of each sector and region are properly addressed.

¹ Survey of n=908 OCC members conducted online by Fresh Intelligence between May 9 and June 30, 2017.