<u>HAMILTON CHAMBER OF COMMERCE</u>

NOTES FOR Presidential meeting with

The Honourable Dwight Duncan

Minister of Finance, Province of Ontario

<u>Monday, Nov. 21/05</u>

<u>Issues of import to the Chamber</u> (in no particular order):

- **<u>Social Services Costs:</u>** (see proposed OCC Policy attached)
  In summary, the current model of funding social services costs virtually solely of the backs of local ratepayers and busies taxes is not sustainable. To our knowledge we are only jurisdiction in the G8 which ha this expectation. The problem is particularly acute in older industrial centres like Hamilton, with almost 20% of our population now living in poverty. But, in the face of an inevitable recession, almost all municipalities across the province will be facing unsustainable demands for social services at a time when ratepayers and local businesses will be least able to support it. As Municipalities are quite rightly forbidden by law to finance themselves by deficits and have limited other financing will be faced with the inevitable unpalatable juices of cutting back on social services programs just when they are needed most, increase dramatically local levies or face financial ruin. Recommend review the recommendations of the "who Does what" panel of 1996/97 – their conclusions & recommendations remain equally, if not more valid, today as they were then.

- **<u>Deficit Elimination:</u>**
  Applaud the government for its hard work to date in deficit reduction & continued commitment to eliminate it entirely by 2007, if not sooner if utilization of reserves not required. This has taken tremendous courage, dedication & hard work on the part of the provincial government, particularly in the face of numerous "demands" from many sectors for increased funding. Simply, well done!

- **<u>"Fairness in Confederation"</u>**
  We enthusiastically applaud & endorse the leadership shown by the Province in addressing this long overdue re-evaluation of inter-provincial funding. In this matter, you enjoy our unqualified support.

- **<u>Debt Reduction:</u>**
  We have long advocated that the government retain its priority on reducing the debt. Our position continues to be that the government ***must take steps to reduce the debt-to-GDP ratio to a maximum of 15% by 2010.***

- ***GST/PST Harmonization & Continued Red Tape reductions:***
  Recommend that the government immediately establish a review with the goal of harmonizing PST with the GST within their current mandate, preferably within the next 8 months or so. 43% of businesses surveyed feel that harmonizing GST/PST would actually encourage economic growth.

  We applaud the positive initiative of the government in the last 24 months at reducing red tape; but this does remain a tremendous unproductive burden on business, particularly hard pressed smaller entrappers who lack the infrastructure & resources to deal with the heavy, & often conflicting/confusing demands of governments and government agencies at all levels. This is a real handicap to truly completive productivity. A thorough comprehensive review of all such demands for reporting should be made to ensure that what is being asked for is truly essential, & also streamline/harmonize such reporting with other levels of government; i.e. “one stop” & user friendly, preferably electronic, filing of information. Time, money & resources spent on needless/duplicated government reporting are resources taken away from genuine productively.

- **Capital Taxes:**
  47% of business surveyed believes that provincial capital taxes have a negative impact on their competitiveness. We reccomend that the province matches the federal timetable to eliminate Capital tax by 2008.

- **Property Taxes:**
  We recommend that Ontario launch a comprehensive property tax review panel similar to the business tax review panel that was created in 2000. Specifically, we wish to see a recommitment to the principle of achieving full CVA taxation system by 2010. Also modify the Business Protection Program (5% per annum cap) so that properties reach their appropriate CVA using a phased in approach, also by 2010. Similarly, again using a phased in approach, commit to move towards truly uniform business education tax rates, as they have been in residential since 1998, again by 2010. Again, to our knowledge, we are the only jurisdiction in the entire G8 with centralized funding of education that has different tax rates for different municipalities. This in effect provides indirect subsidies fro education in more affluent suburbs from older & less affluent cities.