

RESPONSES OF THE HAMILTON CHAMBER OF COMMERCE

1. Among the commitments from our campaign platform, which areas do you think should be the first priority as we look ahead to the 2008 Budget?

The Hamilton Chamber of Commerce represents the business community of Hamilton, and it is our belief that the first and most important priority for the government in 2008 is to foster a healthy business environment able to fuel a sustainable economy. Therefore we urge the government to start immediately implementing the commitments highlighted in the campaign platform for a "Stronger Ontario", i.e.:

- Attract the next generation of jobs
- Build strength from diversity
- Expand opportunity for all Ontarians
- Maintain strong fiscal management.

Of all commitments in the liberal platform we urge the government to go focus on the following in 2008:

- Help Ontario business stay competitive (by eliminating the capital tax, reducing provincial property taxes on business and reducing paper burden)
- Continue to balance the budget and pay down the provincial debt
- Establish Investment Ontario Inc – an agency modeled on successful efforts in Ireland with a view to secure new jobs in the province.
- Increase support for the Innovation Demonstration Fund to help bring new technologies to market faster and create Ontario jobs.
- Expand our Next Generation Jobs Fund to \$1.15 billion to support job creation in areas of great potential for Ontario
- Build strength from diversity and develop a framework in Ontario that will allow the fast integration into the labour force of 140,000 newcomers coming each year to the province each year.

1. What can the Ontario government do to continue to foster economic growth and job creation in the province?

The government has to recognize the increasing challenge of global competition and a high Canadian dollar and their combined effect on provincial economy. Creating a friendly business environment: meaning transparent and smart regulations and smart taxes will help Ontario businesses stay competitive. This should be the main priority for 2008 budget.

In addition to consistently advocating for the immediate elimination of the capital tax, the Hamilton Chamber of Commerce joins the Ontario Chamber in calling for comprehensive tax reform. This reform would include lowering the high business property tax, accelerating depreciation for investments in new capital and productivity enhancing technologies, upgrading the provincial sales tax to a value-added-tax, and considering reducing the corporate income tax rates.

2. Are there any programs or services the provincial government provides that are no longer needed?

Elimination of inefficient government programs and services should be subject to a comprehensive project/program evaluation. The Ontario Chamber of Commerce ("OCC"), of which the Hamilton Chamber of Commerce is a very active member, urged the government to commit in its 2007 budget to undertake cyclical program evaluation reviews for its public programs and services with a view to eliminate inefficient spending.

In the pre-budget survey, in which our Hamilton members participated, the OCC conducted in early 2007, survey respondents provided a broad range of public programs/services that they feel are inefficient or no longer required. Among frequently cited programs are: child care tax credit for families with reasonable incomes; government administrative costs, including wages and pensions; redundant agencies and ministries with overlapping mandates; legal aid programs; immigrant/refugees programs; shifting more public health services into private hands; overhaul of the WSIB system; reform of the welfare system to motivate individuals to enter the labour force etc.

Yet, we and the OCC warns the government to abstain from judging program effectiveness without a comparable measurement system and urges the government to embrace program/project evaluation as being a superior decision-making tool on policy options.

3. The Ontario government has continued to call on the federal government to work on a manufacturing strategy and EI reform. Should Ontario continue to press its case for 'fairness for Ontario'? If so, how?

The Hamilton and Ontario Chambers consistently has called both the federal and provincial governments to re-establish fairness for Ontario in terms of redistribution of wealth in Canada. Our analysis has proved that Ontarians have the least amount of accessibility to public services relative to Canadians in other provinces. Therefore we urge the provincial government to continue press its case for "fairness". Despite the relative progress achieved as of this year, the OCC continues to call that alternative solutions should be based on the following principles:

1. Provinces that receive equalization should not have a higher fiscal capacity than non-recipient provinces.
2. Provinces that benefit from equalization should not have higher per capita program expenditures than the average of contributing provinces.
3. As the largest wealth transfer in the world, measurement standards to determine outcomes must be put in place.
4. Equalization growth rate should not be higher than the average real economic growth rate.
5. Discretionary transfers from the federal government should be allocated on a per capita basis.
6. All alternative financing solutions including Tax policy initiatives should be employed.

7. Clearly define areas of Federal & Provincial jurisdiction. Provinces should commit to spending equalization funds/transfers on a reasonable level of public services.

It is only through a principled approach – with the intent of creating a stronger, more prosperous federation, that we can move forward successfully on this issue.