ONTARIO CHAMBER of COMMERCE

OCC Economic Renewal & Business Competitiveness

2010-2013

As the most diverse and most influential business group in the province, the Ontario Chamber of Commerce works closely with governments, labour, academia and various other groups to create a stronger and more vibrant economy in Ontario and the surrounding regions.

The OCC represents 60,000 members through 160 independent chambers of commerce and boards of trade throughout the province. The OCC has worked on behalf of business since 1911.

SECTION I

A Competitive Tax and Regulatory Regime

A. Modernizing Ontario's Corporate Tax Structure

a. Ontario Innovation Tax Credit

(Submitted by the Thunder Bay Chamber of Commerce)

Issue:

At a time when many companies in Ontario are facing challenges, the province should encourage Scientific Research and Experiment Development so companies will pursue research and development. Companies' currently declare the OITC as revenue in the next year. As the Federal Government already does the review at no cost to the Province, the net effect would be approximately $250 to $300 million. Without any additional administrations costs, these funds go directly to the businesses. The benefit for the province is improved balance sheets for the businesses, stronger, healthier business that are more attractive for financing and growth potentially subject to paying more corporate taxes and employing more Ontarians.

Background:

The Ontario Innovation Tax Credit (OITC) is a 10% refundable tax credit for qualifying public and private corporations having a permanent establishment in Ontario. The OITC is calculated on qualifying expenditures (annual maximum of $2,000,000) made in the taxation year for Scientific Research and Experimental Development (SR&ED) carried on in Ontario that are eligible for the federal investment tax credit under section 127 of the Income Tax Act (Canada). The credit is only available for SR&ED performed in Ontario.

This program is geared specifically towards small and medium sized, Canadian Controlled Private Corporations conducting Research and Development (R&D) in Ontario and encompasses scientific research, applied and basic, with and without practical applications for the research, and experimental development of new products or processes. The refundable tax credit is phased out over taxable income between $500,000 and $800,000; which was recently increased in the 2009 provincial budget from $400,000 to $700,000.

The Ontario Innovation Tax Credit is a REFUNDABLE tax credit that places funds directly in the pockets of companies pursuing product and process development above and beyond their taxes payable. The full credit is available in cash when no Ontario taxes are due. This tax credit is of greater value than a grant or subsidy as the qualifying criteria are established and rigorous. The credit works on a cost-recovery basis rather than an up-front sum, separating the serious innovators from the "tire kickers". It is well-suited for a wide variety of industries, non-discriminating towards forestry, manufacturing, biotech, industrial processes, environmental science and other fields of science and technology.

An increase to the Ontario Innovation Tax Credit (OITC) can be made quickly within the established program framework. With the harmonization of federal and Ontario corporate income tax administration, the program administration costs are borne by Canada Revenue Agency. The provincial enhancement will go directly into the pockets of businesses that need it. An enhanced OITC may even attract companies doing R&D elsewhere in Canada to consider doing R&D in Ontario (case in point: Quebec has best provincial SR&ED regime geared towards pharmaceutical companies, and they have been very successful in attracting R&D investment)

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

1. Immediately increase the Ontario Innovation Tax Credit to 25% of first $2 million in qualifying Scientific Research and Experimental Development expenditures.

Effective Date: May 2, 2009
Sunset Date: May 2, 2012

b. Accelerate Reductions in the Business Education Tax

(Submitted by the Toronto Board of Trade and Smiths Falls Chamber of Commerce)

Issue:
The Business Education Tax (BET) is a provincial tax levied at non-uniform rates in municipalities across Ontario. High BET rates are a key reason why businesses choose to relocate to other jurisdictions. As a result of Current Value Assessment (CVA), revenue-neutral adjustments in target BET rates have recently been introduced. Businesses in some Ontario communities are paying a significantly higher BET rate than other municipalities. When this discrepancy in BET rates occurs between neighbouring jurisdictions, the economically distorting effect of this tax is even more pronounced. Despite this unfair competitive disadvantage, schools in areas with higher BET rates do not receive additional funding to match the higher BET rates.

Background:
Businesses in all communities have reason to strongly support the Ontario government's 2007 initiative to reduce the wide variation in BET rates and their plan to implement a $540 million cut over the next seven years. This move, strongly advocated by the Ontario Chamber of Commerce, the Toronto Board of Trade and the Smiths Falls Chamber of Commerce, will reduce BET rates across 321 municipalities and will lower taxes for over 500,000 Ontario businesses.

High property taxes are a key reason why many businesses relocate to other jurisdictions. For example, Toronto businesses face a BET rate that is 44% higher than the lowest rate in the Toronto region and 30% higher than the GTA average. A 2005 report from the Canadian Urban Institute commissioned by the Ontario Chamber of Commerce, the Toronto Board of Trade and the Toronto Office Coalition found that Toronto's high BET rate has contributed to the loss of over 100,000 jobs over the last 15 years. Similarly, many communities in Eastern Ontario, such as Smiths Falls, face BET rates that are disproportionately high compared to residential rates – a factor that seriously inhibits investment, job creation and business development. High tax rates are driving capital out and are creating a disadvantage when it comes to attracting new business ventures.

In the face of economic instability and a slowdown in the manufacturing sector, businesses continue to report that punitive property and business taxes are the single most damaging factor in terms of growth and investment. Reducing BET rates across Ontario will make our province a more competitive and attractive place to invest and create jobs. The case for accelerating the reduction of BET rates is as strong as the case for accelerating capital tax reduction. Ontario must address its BET policies and rates if it intends to maintain its identity as Canada's economic engine.

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

1. Accelerate its planned cuts to the Business Education Tax. These cuts must result in real tax relief for Ontario businesses and go beyond revenue neutral adjustments to the Business Education Tax rates as a result of a Current Value Assessment.
2. Implement a uniform Business Education Tax rate across the province. Alternatively uniform Business Education Tax rates must be assessed on a regional basis, so as not to place neighbouring municipalities at a competitive disadvantage.

Effective Date: May 2, 2009
Sunset Date: May 2, 2012

c. Improving the Competitiveness of Ontario Industries Through Fuel Tax Rebates For Off-Highway Road Transport
(Submitted by the Timmins Chamber of Commerce)

Issue:
Ontario's Gasoline Tax Act lacks the provision to rebate tax paid on fuel consumed in the commercial off-road portion of a "mixed-road" haul (a haul that includes both off-road travel and travel on the Queen's Highway). As a result, Ontario industries that rely on transporting resources both on- and off-highway are fully taxed through the Gasoline Tax Act, and are consequently placed at a competitive disadvantage.

Background:
In addition to the current economic challenges, increased global competition and high energy costs, increasing transportation costs pose significant operational challenges to Ontario's industries that rely on hauling raw materials from source to destination and in between.

In Ontario, tax is collected on fuel used in licensed vehicles at a rate of 14.7 cents per litre on gasoline, and 14.3 cents per litre on diesel fuel. This tax is imposed to cover the costs of maintaining the road network built by the Ontario government referred to as the Queen's Highway. Equipment or vehicles not licensed under Ontario's Highway Traffic Act, operated by any business, industry or institution, are exempt from paying the tax by purchasing tax-exempt (coloured) fuel. Licensed vehicles, required for "mixed-road" hauls that travel both on and off-road, are not permitted to use this tax-exempt fuel.

When trucks haul resources, such as ore to refineries and wood to mills, within the province, a significant portion of fuel (estimated at 50% for forestry) is consumed while driving on off-highway access roads which are built and maintained by the respective industries. To realize a tax exemption for "mixed-road" hauls there are significant administrative, insurance-related and mechanical burdens, since it requires repeatedly licensing and un-licensing a vehicle. This is a highly inefficient process, making the likelihood of obtaining fuel tax exemption for the off-road portion of "mixed-road" hauls highly improbable.

The Alberta Fuel Tax Act, for example, provides tax exemptions and rebates on fuel used off-road for commercial purposes, specifically for its major sectors, oil and forestry. Known as Prescribed Rebates Off-road Percentages (PROP), the system provides for tax exemption and rebate percentages for "mixed-road" hauls. For example, fuel used in transporting logs from cut locations to mills and returning empty to the cut locations is subject to an 87% tax rebate.

Today's computerized and automated technologies, such as the Ground Positioning System (GPS), makes tracking on-road and off-road portions of any haul simple, accurate, transparent and cost-effective, and would allow Ontario industries to take advantage of fuel tax rebates that would enhance business competitiveness both nationally and globally.

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

1. Establish methods to rebate fuel tax for the off-road portion of 'mix-road' hauls.
2. Employ the use of current computerized and automated technologies to provide the exact rebate percentages applicable for each haul.

Effective Date: May 2, 2009
Sunset Date: May 2, 2012

d. Streamlining Ontario's Corporate Income Tax Structure

(Submitted by the OCC Finance and Taxation Committee)

Issue:
The current corporate income tax structure undermines Ontario's long-term economic development. The tax rates in Ontario compared to other Canadian provinces are dampening the economic activity in the province by reducing the potential returns to entrepreneurs and investors. The gap between the marginal tax rate for small businesses and the marginal general tax rate, topped with the small business tax "claw-back", inhibits both the entrepreneurial drive and the business expansion in Ontario.

Background:
Today businesses in Ontario face three provincial marginal income tax rates: a general rate of 14%, and reduced rates of 12% for the manufacturing and processing industry and 5.5% for all small businesses with an income threshold below $500,000.

Small businesses also facing a surtax of 4.67% on the income that surpasses the eligible small-business threshold ($500,000 as of January 2007) but is below $1.5 million.

Large corporations, with gross revenues in excess of C$10 million, or total assets in excess of C$5 million, are subject to a Corporate Minimum Tax (CMT). Financial statement income is adjusted for a few specific items and taxed at a rate of four percent. If the CMT calculation is higher than the corporation's regular Ontario tax, the excess is payable as CMT.

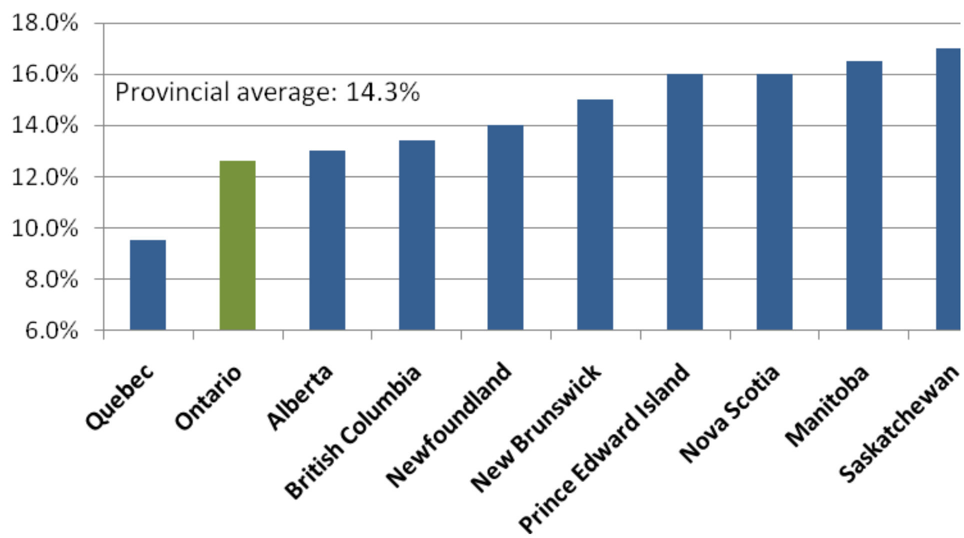
The current structure of the marginal corporate income tax rates in Ontario is deficient in several different ways:

I. The "small business claw-back" provision is an impediment to small business expansion and should be immediately rescinded. The punitive 4.67% "small business claw-back" applies on top of either the 12% manufacturing income tax rate or the 14% general corporate income tax rate on small business income exceeding $500,000 up to $1,500,000. This increases the tax rate more than three-fold (from 5.5% to 18.67% for general and to 16.67% for manufacturing businesses). For income levels above

$1,500,000 the regular general tax rate of 14% or the manufacturing tax rate of 12% applies. A progressive tax rate is much more superior to a system with a punitive claw-back tax.

II. The combined federal and provincial corporate income tax rates are too high compared to other Canadian provinces and other competing jurisdictions.
According to KPMG's Corporate Tax Rate Survey 2007, the average rates in 2007 for Organisation for Economic Co-operation and Development (OECD) countries, Asian Studies Association on the Pacific Coast (ASPAC) and the European Union (EU) were 27.8%, 30.1% and 24.2% respectively, versus a combined Federal & Ontario rate of 36.1 per cent. Ontario has lost its once competitive corporate tax structure in recent years. In 2002, Ontario had the second lowest statutory corporate income tax rate (12.5 per cent, second only to Quebec's 9.0 per cent), and 1.8 percentage points below the provincial average of 14.3 per cent (see Table 1).

Table 1. Provincial Statutory Income Tax Rates, 2002

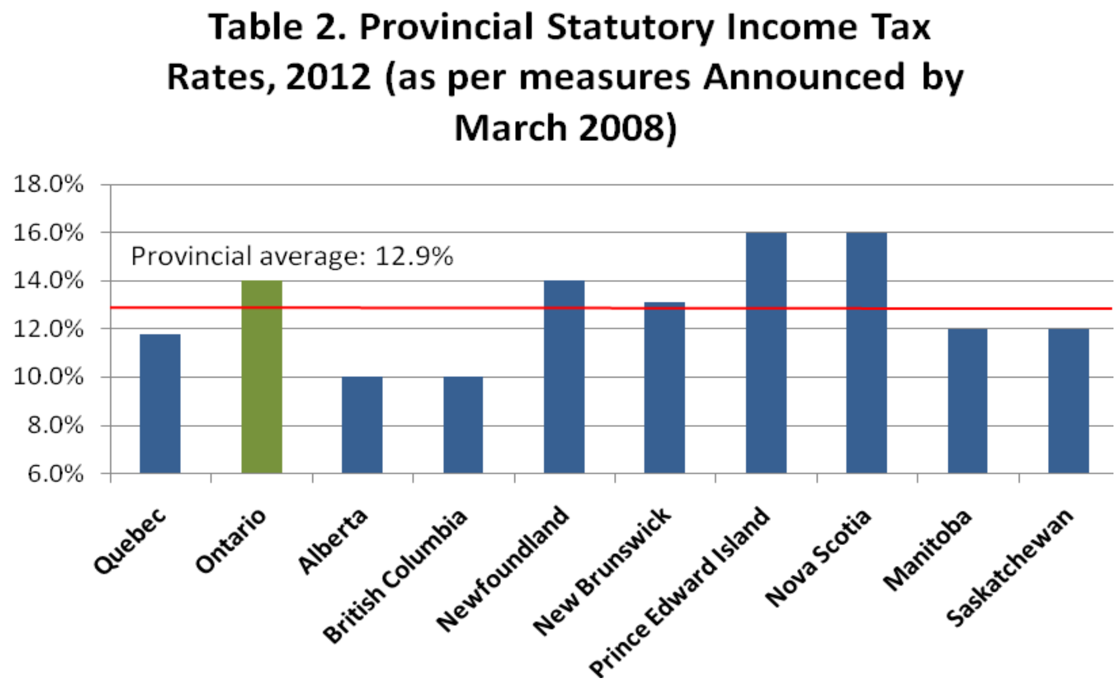


The former provincial government's plans to reduce the general corporate income tax rate to 9.5%, the manufacturing and processing rate to 8% and the small-business rate to 4%"[1], were not implemented. Instead, rates were raised to 14%, 12% and 5.5% respectively.

The federal government announced in October 2007 scheduled corporate income tax rate reductions from the current 21 per cent to 15 per cent by 2012 and recommended that provinces commit to reducing their general corporate income tax rates to 10 per cent. Alberta has already reached this objective, and other provinces may follow the lead with further reductions in the next five years. By 2012, if Ontario's corporate income tax rates remain the same, the province will have the third highest corporate income tax rates (see Table 2). Ontario's general corporate tax rate (14%) will be more than one percentage point greater than the provincial average, and only slightly ahead of Prince Edward Island and Nova Scotia. Ontario's key

[1] Ministry of Finance. Backgrounder: "SMALL BUSINESS VITAL TO ONTARIO'S ECONOMY". January 26, 2002. Online at www.gov.on.ca/FIN/english/media/2002/bke-pbowen.htm.

provincial competitors, Quebec, Alberta and British Columbia, will all have corporate income tax rates well below the national average.



III. Competition from foreign low-tax, low-labour costs jurisdictions is felt considerably stronger in Ontario's manufacturing sector. The effective tax rate for manufacturing in Canada was the third highest in the world in 2004[2]. Yet, business costs are substantially lower in Ontario's main competing manufacturing jurisdictions that also apply considerably lower corporate tax rates (33.6% in India, and 24% in China for the general tax rate), not to mention extended tax holidays or tax free zones for foreign investments or export activities. India has a tax rate of 34%; however it has introduced hundreds of SEZs (Special Economic Zones) which provide five to 10 year tax holidays on profits derived from exports of goods and services manufactured in India. SEZ units are also exempt from all custom duties, excise and service tax.

As it will take time for Ontario to implement a reduction of the provincial corporate income tax rate to 10% by 2012, a temporary but immediate corporate income tax relief for manufacturing in the form of a reduced tax rate of 10% could provide additional relief to the sector in a transition period. The OCC estimates that an immediate one percentage point cut in the general corporate income tax rate will cost the province between $350 to 450 million. One percentage point cut in the manufacturing corporate income tax rate will cost the government between $30 to 50 million.

RECOMMENDATIONS:

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

[2] CD Howe Institute, e-brief " How to Become Seductive: Make Canada More Investment-Friendly", Jan, 2005.

1. Immediately replace the small business income tax claw-back with a progressive marginal tax rate of 10% on the active income exceeding the small business income threshold of $500,000 to $1,500,000.
2. Reduce the general and the manufacturing corporate income tax rate to 10% by 2012.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

e. Ontario Corporate Minimum Tax (CMT)

(Submitted by the Toronto Board of Trade)

Issue:
Streamlining Ontario's tax system is critical to attracting and retaining business. The Ontario Corporate Minimum tax raises minimal revenue for the province, but creates compliance costs and headaches for business.

Background:
Ontario's Corporate Minimum Tax (CMT), introduced in 1994 against the recommendations of the Fair Tax Commission, continues to impose a competitive disadvantage to businesses choosing to operate in Ontario. There is minimal revenue raised by the CMT, estimated at less than $40 million annually, yet it imposes a significant cost of compliance on business. Furthermore, it acts as a disincentive for foreign businesses considering investing in Ontario. The elimination of the CMT is consistent with other tax initiatives the Ontario government has introduced to promote economic growth in Ontario.

CMT applies only to groups of companies with gross revenues in excess of C$10 million, or total assets in excess of C$5 million. Income for CMT purposes is based upon the income reported on the company's financial statements, which must be prepared in accordance with generally accepted accounting principles. Financial statement income is adjusted for a few specific items and taxed at a rate of 4 per cent. If the CMT calculation is higher than the corporation's regular Ontario tax, the excess is payable as CMT. This excess may be carried forward for up to 10 years to offset regular Ontario tax in a year to the extent it exceeds the CMT calculation.

The tax adds substantial complexity to tax filings and it is questionable whether the additional tax generated from large taxpayers justifies the administrative burden and costs expended by businesses in order to comply. It is a nuisance to taxpayers and is a strong disincentive to potential industrial investors as it adds yet another complexity to doing business in Ontario vis a vis other jurisdictions. It is a small tax that creates big headaches. Eliminating this tax would bolster Ontario's attractiveness to investors.

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

Eliminate the Ontario Corporate Minimum Tax.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

B. Regulatory Streamlining

a. Improving the Process for Establishing Regulations that Impact Businesses
(Submitted 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 think through 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 examples where poorly developed laws and regulations have meant considerable expense to the public purse, to individuals, and to businesses.

A recent example is 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. In addition to the financial burden there was a significant distraction to the operation of the business through no fault of the business owner. 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, business will be on the defensive. The cost will fall on the business to try to resolve such a situation. The real shortcoming is in the development of the government regulation.

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

1. Ensure regulations are subject to a full analysis which considers issues such as constitutionality of the proposed regulation, conflict with other existing and/or proposed regulations from provincial or federal levels of government (including commissions and agencies); and
2. Establish an effective and efficient process to resolve conflicts between regulations that occur post implementation that includes reimbursement for reasonable direct costs incurred by the public to resolve conflicts that occur.

Effective Date: May 1, 2010
Sunset Date: May 1, 2013

b. Ontario's Deficit Management Strategy

(Submitted by the London Chamber of Commerce)

Issue:

Ontario's rising debt not only exposes the budget to the risk of higher interest rates, as was the case in the early 1990s, but it also creates an intergenerational shift of the tax burden. Without a realistic plan to reduce the current deficit and ultimately the current level of debt, we will then be leaving that cumulative debt for future generations to resolve. The Ontario Chamber of Commerce does not believe this is the prudent or responsible approach to managing Ontario's debt.

Background:

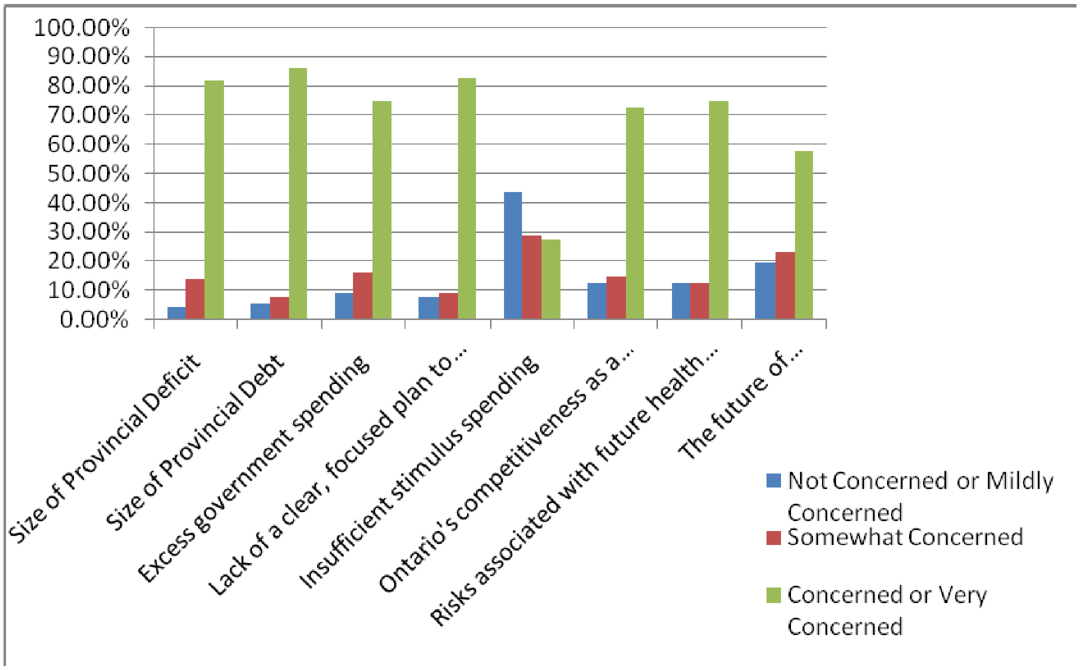
The Ontario Government is projecting deficits of $19.7 billion in 2010-2011 and $17.3 billion in 2011-2012. These projections reflect a reduction in anticipated revenue due to the recent weakening of economic conditions and the simultaneous increase in spending to offset some of the (temporary) effects of weaker private consumption and investment. (Note: The deficit to GDP ratio for 2010-2011 is now approximately 3.3%)

Ontario's total debt, which represents all borrowing without offsetting financial assets, is projected to be $212.4 billion as at March 31, 2010, compared to $176.9 billion as at March 31, 2009. Ontario's net debt, the difference between total liabilities and total financial assets, is projected to be $193.2 billion as at March 31, 2010, compared to $165.9 billion as at March 31, 20091. (Note: The net debt to GDP ratio for 2009-2010 is now approximately $34.1%)

In response to the severe recession, the Ontario government, (and other governments around the world), has relaxed fiscal policy by running significant deficits. While there are many arguments in favour of continuing to run relaxed fiscal policy during the coming fiscal year, it is imperative that the government move to credibly outline a plan to balance the budget by fiscal year 2015-16.Under the 2010 Budget, however, the current deficit will only be eliminated by the 2017-18 fiscal year.

One useful measure of the capacity to borrow and repay debt and, more broadly for the scope for national fiscal policy is the debt-GDP ratio. Provinces (or countries) with lower debt-GDP ratios are better able to sustain higher deficits (and thereby increase their debt-GDP ratio) during economic slowdowns. Conversely, provinces (or countries) with high debt-GDP ratios find themselves both the challenge of having to allocate a larger share of their budgets to debt service while having little room to borrow to finance additional deficits during future recessions.

While London's business community, for instance, is deeply concerned about the size of the projected deficits and the level of debt, they are equally concerned at the lack of a clearly articulated plan to balance the budget within a reasonable period of time.
This concern is illustrated on the following chart where the size of the deficit, the size of the debt and the lack of a plan all received a similar score on a recent pre-budget survey.



The need for a credible and responsible plan is based on two principles. First, the business cycle is not dead. In order for the provincial government to maintain the option to respond to future downturns in the business cycle, it must move to, at the very least, balance its budget over the business cycle. (Over the good years, you need to run a surplus to finance the deficit you expect to run over the bad years… thus "balance the books over the entire length of the business cycle.")

Given that post-war business cycles have averaged five to seven years, this suggests that a minimal objective is a plan to bring the budget into balance within 5 years.
The second principle is that the ability to borrow at reasonable rates of interest depends critically upon the confidence of lenders. While it should be emphasized that the current Ontario debt load is manageable, it is important that the government credibly commit to a medium run fiscal plan that will maintain the Ontario debt-GPP ratio in a reasonable range over the next 5 years. This will ensure that current credit ratings are maintained and prevent risk premiums from being added to the rate of interest attached to Ontario's debt.

An additional reason for fiscal prudence in the coming years is projected demographic changes. The most recent Ontario Population Projections highlight two trends that will put increased pressure on provincial budgets. First, the growth rate of adults aged 15-64 is projected to grow more slowly than over the past two decades.

This will be a downward force on future nominal GDP growth rates, relative to the past 20 years. The second key factor is the growth rate of those greater than 65 will be above historical averages, due to the aging of the baby-boomers and increased life expectancy. This will put increased pressure on future health care costs.

There is no avoiding the fact that any credible fiscal plan will involve tough choices. Some simple calculations clearly illustrate these challenges. The 2009 Ontario Economic Outlook and Fiscal Review provide revenue and expense projections out to the 2011-2012 fiscal year. As a recent TD- Bank Financial Group report discusses, a reasonably optimistic growth rate of government revenues is on the order of 6 %

per annum. Combining this with the previous fiscal projection for 2011-12, to balance the budget by 2015-16 the Ontario government would have to hold expenditure growth to less than 1.7 % per year over 2012-2016.
This rough calculation highlights the urgent need for the government to outline realistic options to hold down expenditure growth. In particular, the government has no alternative but to seriously explore ways of reducing the growth rate in health care expenditures – either by promoting efficiency "measures" or by allowing for more direct billing for some services. However, the government should not accomplish this goal by simply rationing health care. According to the 2010 Budget, however, expenditures will grow by an annual average rate of 5.1 % to 2013 and by 1.9 % from 2013 to 2018.

These calculations also highlight the important role played by revenue growth. This further emphasizes that policies which help to increase the growth rate of GDP will increase the sustainable level of future government expenditures. This implies that the government should stay the course on recent tax reforms which will help to increase investment and growth (see Mintz (2009)). In addition, the government should avoid slashing expenditures on high return investments, such as key infrastructure, education and training given their direct link to levels of productivity and economic growth.

Now that federal/provincial stimulus initiatives are well underway and a time table for their implementation put in place, we believe that this is the most appropriate time to implement a defined formula for Ontario's provincial deficit strategy. In other words, Ontario needs a comprehensive and practical plan to eliminate the provincial deficit without jeopardizing a very fragile economic recovery.

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

1. Establish a plan to eliminate the deficit by 2015-16;
2. Provide an accurate accounting and recovery plan that will clearly communicate the government's intention to be in surplus by 2015-16, and will update this plan in all future budgets and economic statements;
3. Maintain and improve Ontario's Net Debt to GPP (gross provincial product) ratios at better than the provincial average of the five provinces with the lowest ratios;
4. Address the deficit through spending restraints but not 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; and
5. Enhance the efficiency of health care spending and provide detailed measures on how government will lower the growth rate of health care costs to 3 per cent a year. Government should also adopt international best practices at the strategic and operational levels of health care.

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Effective Date: May 1, 2010
Sunset Date: May 1, 2013

c. Environmental Harmonization: Towards a ONE Project- ONE Assessment Approach
(Submitted by the Timmins Chamber of Commerce)

Issue:

The provincial and federal environmental assessment processes that businesses must undergo are often lengthy and contain duplicated requirements. The absence of a single, streamlined approach often means significant time delays, increased business costs and ultimately has the unintended consequence of being a barrier to business development in Ontario.

Background:

Development projects in Ontario are subject to environmental assessment legislation under both the Canadian Environmental Assessment Act and the Ontario Environmental Assessment Act. Historically, the lack of coordination, duplication of requirements and absence of timelines upon which a business may rely has been burdensome, particularly in light of the need for market responsiveness and the opportunity cost of unforeseen delays in project implementation. Applicants have experienced difficulty navigating the regulations and often feel there are no clear guidelines provided and no consultation process to clarify the issues.

The federal government's "Smart Regulation: Report on Actions and Plans" (March 2005) identified environmental assessment consolidation as a priority. The report found, through consultation with industry, that although the environmental assessment was viewed as highly important, the process was found to be slow, lacking in clarity and occasionally of uncertain benefit to the environment.

In October 2007, a Federal Cabinet Directive established the Major Projects Management Office (MPMO), a Natural Resources Canada streamlining initiative for major natural resource projects only, through collaboration with federal departments and agencies. The initiative includes the development of a project agreement between pertinent federal departments, committing to timelines with the intent to improve the effectiveness and efficiency of the regulatory system for major resource projects. Beyond this federal initiative (which applies only to "major resource projects"), there has been little movement to improve the coordination between federal and provincial assessment agencies.

The Timmins Chamber of Commerce recognizes the importance of environmental protection and commends the Government of Ontario's Proposed Growth Plan for Northern Ontario (October 2009) for including a planned action item to "ensure environmental approvals are harmonized with federal requirements". Harmonizing the provincial environmental assessment and federal environmental assessment processes will result in a stronger, more efficient regulatory environment that will build competitiveness and attract investment for Ontario. The provincial government must follow through on this planned action, and must furthermore make it a priority. We believe that specific steps must be taken and timelines applied to ensure a standardized "one project, one assessment" approach becomes a reality for all Ontario businesses.

RECOMMENDATIONS:

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

1. Work with the federal government to implement a framework supporting a "one project – one assessment" approach to environmental assessments which does not lengthen project timelines;

2. Establish a mechanism or process for better communication and co-operation between Federal and Provincial government agencies to eliminate duplication of EA requirements and create greater efficiency in dealing with issues that arise in the EA process;
3. Amend legislation and regulation in provincial jurisdictions to permit a unified process, led by the province, with technical participation by federal regulators in areas of federal jurisdiction and interest by 2010; and
4. Ensure that 80% of all harmonized reviews meet the timelines as set out by the province.

Effective Date: May 1, 2010
Sunset Date: May 1, 2013

d. Removing Inter-Provincial Trade Barriers for Ontario VQA Wine Delivery
(Submitted by the St. Catharines – Thorold Chamber of Commerce)

Issue:
In an increasingly competitive global marketplace, inter-provincial regulations prohibit many businesses and industries from expanding domestic market share. In recent years, provincial and territorial governments have commenced macro discussions related to inter-provincial trade barriers exploring areas of common interests where the removal of barriers would strengthen overall competitive advantages. While this approach is a good first step towards creating a more competitive national marketplace, attention should also be directed towards targeted regulations as a means to demonstrate the positive impacts that removing trade barriers can have on industry and economies.

For example, the Ontario wine industry produces world-class 100 percent VQA Ontario wines and yet when it comes to being able to offer its wines to consumers across Canada, Ontario wineries are hindered by regulations that prohibit the direct delivery of wines to consumers in other provinces and territories. The removal of prohibitive wine-related regulations can be used as an example of the need to further reduce inter-provincial barriers as a means to strengthen domestic industries.

Background:
In Canada, it is illegal to direct deliver alcohol across provincial borders to an individual or to a business not affiliated or representing a province's liquor board or approved seller. Since 1928, the Importation of Intoxicating Liquors Act has prevented the direct sale of liquor across provincial boundaries. Some wineries ignore the rule, even using Canada Post to transport their products, but others will not direct deliver beyond Ontario. In addition, the law actually prohibits individuals from taking even one bottle of wine across a provincial boundary.

Ontario wineries are able to apply to other provincial liquor boards, or to private Alberta stores, to have their products put on store shelves. The process can be lengthy and costly and beyond the reach for some small to mid-sized wineries who do not have either the volume of product to meet liquor board minimums or who are unable to afford the liquor mark-ups. For example, in Ontario, 58 per cent of the sale of every bottle of wine through the LCBO goes to the Crown Corporation (this does not include provincial and federal taxes which are extra).

These rules were designed long before Internet sales and just in time delivery became viable options for wine distribution. As the industry expands, it is vital that it find every domestic opportunity to market its products. Direct sales would give small to mid-sized producers another important channel to sell their wines and create more choices for Canadian wine drinkers. It would also allow Canadians who visit Ontario wineries more opportunity to be able to have those products at home – a benefit to both wine sales and tourism.

The growth of the Ontario wine industry is extremely beneficial to the province of Ontario. Not only does the Ontario wine industry create jobs, preserve valuable agricultural land and create vibrant tourism destinations, it also adds value to the economy in many other ways. A 2002 study conducted by KPMG and commissioned by the Wine Council of Ontario found that the sale of a litre of Ontario wine added $4.29 in value to the Ontario economy compared to $0.56 in added value from the sale of an imported wine.

In the United States, similar prohibitive state regulations hindered the domestic wine industry from delivering directly to consumers. In 2005, the US Supreme Court ruled that regulations restricting the direct delivery of wine between states were unconstitutional and ordered regulations to be adjusted to allow for domestic wines to be direct delivered across state jurisdictions. In 2006-07, US wineries reported a 31 per cent increase in direct sales to consumers. By allowing more consumer choice, in all markets, the entire domestic industry has benefited.

Any changes in Canada can have the same positive impact as has been demonstrated in the US. By reducing inter-provincial barriers related to the direct delivery of wine, an important agricultural commodity will gain access to a domestic market that will improve the financial stability of the industry, and its overall positive impact on the economy.

RECOMMENDATIONS:

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

> Demonstrate Ontario's commitment to reducing inter-provincial trade barriers by working with all provinces and territories to remove prohibitive regulations related to the direct sale and delivery of 100 per cent Ontario made VQA wines.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

e. Food Premises Inspection Disclosure System – Moving to a Uniform Provincial Mandate

(Submitted by the London Chamber of Commerce)

Issue:

The number of individual food premises inspection disclosure systems that are evolving in Ontario (some are already in place in Toronto, Peel, Halton, Hamilton Waterloo and Brantford with more ready to launch) threatens to confuse operators and consumers alike and presents an unnecessary hurdle to competition in Ontario's commercial retail and service food sector.

Furthermore, individual local Boards of Health in municipalities across Ontario are presently being mandated under the Health Protection and Promotion Act to provide certain programs and services outlined in a document called the Mandatory Health Programs and Services Guidelines (MHPSGs).

The well intentioned goal of the Food Safety Mandatory Program is to improve the health of the population by reducing the incidence of food-borne illness by ensuring the food is stored, prepared, served and distributed in a manner consistent with accepted public health practices.

It is our view that this issue could lead to a wide variety of applications across the province that will be inconsistent & too costly to implement on an individual basis.

Background:
Municipalities in Ontario went through a similar experience with the No-Smoking By-laws that at first were being implemented independently city to city and caused considerable turmoil in the marketplace. This turmoil only subsided when the Province decided it was time to administer the regulations uniformly across the Province.

The MHPSGs have just recently been re-written and are now referred to as the Ontario Public Health Standards (the Standards). Under these new standards, programs will be delivered in accordance with yet to be developed "protocols". One such protocol will be the "Food Premises Inspection Protocol".
The committee that re-wrote the Standards has suggested that the Food Premises Inspection Protocol could include a 'food premises inspection disclosure system to include minimum disclosure requirements'. It seems apparent that the Ministry of Health and Long-Term Care (MOHLTC) has contemplated the development of such a disclosure system.

The problem with individual municipalities designing their own programs is the likelihood that there will be a confusing array of systems that will be implemented leading to mass confusion by domestic and foreign diners/travelers and food service operators alike.

In response to public feedback captured through the Rapid Risk Factor Surveillance System (RRFSS) survey conducted in London and Middlesex County between October and May of 2006, the following excerpts will indicate how varied the responses may be in any given community and how different those responses will look when transformed into local regulations.

90.5% of adults felt the availability of restaurant inspection information would influence their decision about where to eat
The majority of adults (61%) thought that posting of inspection information about restaurants, fast food places and take-outs should be compulsory
84% of adults said that they would like to be able to get information about food safety inspection findings for restaurants, fast food places and take-outs
A large majority of adults (88%) who said they would want to get inspection information preferred inspection findings from all restaurants rather than just those who were charged or closed by the Health Unit
The most popular ways cited by adults to get this information was:

47% at the restaurant
25% upon request
22% posted on the restaurant door
28% on the internet, and
16% in the newspaper

RECOMMENDATIONS:

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

1. Immediately rescind its instructions to local Health Units to adopt local policies and regulations for a Food Premises Inspection Disclosure System;
2. Immediately consult the business community to develop a province-wide protocol for a Food Premises Inspection Disclosure System;
3. Expeditiously replace municipal policies with a new provincial protocol that can be delivered and administered uniformly across Ontario.

Effective Date: September 6, 2007
Sunset Date: September 6, 2010

C. Improving Property Tax and Assessment

a. Municipal Property Assessment: Fairness in defining classifications

(Submitted by the Greater Dufferin Area Chamber of Commerce)

Issue:

Ontario Chamber of Commerce members are concerned that the definition of "industrial class" has been cast broadly in Ontario Regulation 282/98 with the result that many types of properties that were treated as commercial prior to 1998 have since been reclassified as industrial.

Businesses find themselves in an unsustainable tax position due to unexpected changes in property classification, as the industrial tax rate tends to be higher than the commercial rate in most municipalities.

Legislation needs to be amended to embrace a narrower definition of the industrial property class.

Background:

The specific definition of industrial property class in O. Reg. 282/98 that is causing the most concern is as follows:

(1) The industrial property class consists of the following:

1. Land used for or in connection with,
    i. manufacturing, producing or processing anything,
    ii. research or development in connection with manufacturing, producing or processing anything,
    iii. storage, by a manufacturer, producer or processor, of anything used or produced in such manufacturing, production or processing if the storage is at the site where the manufacturing, production or processing takes place, or
    iv. retail sales, by a manufacturer, producer or processor, of anything produced in such manufacturing, production or processing if the retail sales are at the site where the manufacturing, production or processing takes place.

2. Vacant land principally zoned for industrial development.

(2) The following are included in the industrial property class:

. . .

4. elevators used to receive, store, clean, treat or transfer feed for livestock or grain.

The opening words of this provision - "land used for or in connection with manufacturing, producing or processing anything" - have resulted in changes to the tax treatment of numerous properties. Businesses such as denturists, artisans, print shops and software developers now find themselves treated as industrial because they are producing or processing "something".

The words "producing or processing anything" appear to be the main cause of the unintended expansion of the industrial class. Of extra concern, the scope of the class may be broadened even further because the phrase "in connection with" may be interpreted as "extending to off-site activities".

Another issue in regards to the industrial class definition is that it expressly includes some business activities which are not industrial in nature, such as research and development (R&D), retail sales, and grain storage facilities. While there may be some assembly of prototypes at R&D facilities, this activity should not be mistaken as manufacturing. There is a general policy under the Assessment Act that the assessed value of mixed-use properties should be apportioned among different tax classes based on the use of each portion of the property. The same policy ought to apply to different activities that occur within industrial facilities.

RECOMMENDATION:

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

1. To amend the definition of the industrial property class in O. Reg. 282/98 in the following manner:
   - Amend p. (i), under p. 1, Section 6 of the O. Reg. 282/98:
     - to read "manufacturing," and remove the phrases "in connection with" and "producing or processing anything" from the definition of the industrial class; and
     - narrowly define "manufacturing" as processes that are industrial in nature and provide a specific list of qualified activities or exemptions to avoid unintended expansion of the class.
   - Remove "research and development" (R&D) from the industrial class and place it in the commercial class.
   - Remove "retail sales" from the industrial class and include it in the commercial class. Apply the "mixed-use" policy to the industrial class, where the assessed value of mixed-use properties will be based on the use of each portion of the property.
   - Remove "grain elevators" from the industrial class, include "grain elevators located on residential properties" in the residential class, and include "grain elevators located off farm properties" in the commercial class.
   - Amend p. (1) under p.1, Section 6 of the O. Reg. 282/98 to read "Vacant land zoned for industrial development", by removing the word "principally" to ensure that businesses are not inappropriately included in the industrial class.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

b. Creating a Competitive Environment for the Delivery of Property Assessment Services

(Submitted by the Sarnia Lambton Chamber of Commerce)

Issue:

The protected monopoly of the Municipal Property Assessment Corporation (MPAC) has not delivered an improved assessment delivery system.

Background:

Ontario's recent governments have been reluctant to look beyond our borders when seeking improvements to the property assessment system. The current Ontario government has already looked to other jurisdictions in considering a reformed democratic process. An ombudsman report regarding MPAC has lead to several changes in the way customer service and effective timing of assessment occur. However, change must carry over to the assessment system as well.

Within Ontario, the policy framework for assessment delivery has been subject to change. The original agency carrying out Province-wide reassessment in 1998 was called the Ontario Property Assessment

Corporation (OPAC). OPAC was incorporated with "opt-out" clauses, allowing municipalities to assume their own assessment functions after 2003(regulations set by the Minister of Finance). This could have facilitated introduction of the world-wide best practices through private assessment companies. However, the "opt-out" clauses were repealed following a 2001 review of the assessment delivery system, with OPAC being re-launched as MPAC. MPAC's status as a protected monopoly has been maintained ever since.

The second, 2001 review report authorized by the Minister of Finance was never passed. The second report did advocate for an open, competitive bidding process to properly serve our municipalities and taxpayers.

Proponents for the current monopolistic system cite the need for a consistent province wide system and the need to continue the current funding formula for apportioning assessment costs to municipalities, as reasons to maintain the monopoly.

To address these concerns in other jurisdictions like Alberta, municipal assessment authorities have been created to provide a list of qualified assessment service providers, provide standardized RFP information to municipalities, maintain an assessment data bank, calculate province wide assessment costs and levy municipalities based on the municipal act, conduct audits of service providers, and disperse funds to service providers. The provincial authority would not conduct assessments.

As many as 132 municipalities, representing three million citizens, have asked the current government to move forward with this recommendation of the second Beaubien report and create a competitive environment for property assessment. Important savings to the taxpayer will result! A report from Chatham-Kent indicated that they could save close to $600,000 in fees should competition exist.

For more than 30 years, Ontario has had a single provider of property assessment services. This system has failed to provide taxpayers with an open, transparent, accountable and widely accepted property assessment process. A significant benefit of competition is that there is a real possibility of reducing assessment costs to municipalities by some $40 million dollars (30% savings).

RECOMMENDATIONS:

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

1. Authorize an open competitive bidding process in the delivery of property assessment services.
2. Examine the role of a Municipal Assessment Authority to ensure property assessment service delivery meets standards prescribed in legislation and regulations with the objective of creating a cost effective and administratively efficient operation.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

c. Lower the Municipal Tax Burden on Businesses

(Submitted by the OCC Finance and Taxation Committee)

Issue:

The OCC welcomed the provincial government's 2007 commitment to decrease the Business Education Tax (BET) rate to 1.6% by 2012. Still, the municipal portion of property tax rates remains disproportionately high on businesses in some cities compared to the residential sector. The province prescribed a range of fairness that established recommended reasonable proportions between business and residential property tax rates. While municipalities have the ability to set different tax rates for the different property classes, they must do so within parameters defined by the provincial government.

Background:
In 1998, when property classes were introduced, the provincial government established target ranges of tax ratios referred to as "ranges of fairness". The ranges of fairness represent the ultimate destination point for the municipal tax levels of each property class. The following ranges of fairness have been prescribed by the Province:

Standard Classes		Optional Classes	
Multi-Residential	1.0 to 1.1	New Multi-Residential	1.0 to 1.1
Commercial	0.6 to 1.1	Office Building	0.6 to 1.1
Industrial	0.6 to 1.1	Shopping Centre	0.6 to 1.1
Pipeline	0.6 to 0.7	Parking Lots and Vacant Land	0.6 to 1.1
Professional Sports Facility	0.001 to 1.1	Large Industrial	0.6 to 1.1

The ranges of fairness are expressed as tax ratios in relation to the tax rate of the residential property class. For example, the long-term goal is to bring the municipal tax rate of the commercial property class down to 0.6 to 1.1 times the residential tax rate.

Some municipalities/townships (Muskoka, Bracebridge, Gravenhurst, Huntsville, Georgian Bay, Lake of Bays, Muskoka Lakes) have reached the target tax ratio for their industrial and commercial classes (1.10 in 2006). Some municipalities (Brampton, Caledon, Mississauga, York, Vaughan, Aurora, Markham, Newmarket, Georgina, King, Whichurch-Stouffville, East Gwillimbury, etc) have managed to bring the tax ratios for industrial and commercial classes closer to the target (ranging from 1.20 to 1.47 in 2006).

Yet in some cities, the tax ratios for industrial and commercial property classes continue to be very high (Toronto, Hamilton, Kingston, Windsor, Guelph, Ottawa, London, Thunder Bay). Toronto's tax ratio was 3.68 for commercial and 4.09 for industrial in 2006.

"Toronto, for example, has pledged to narrow the gap between business and residential tax to a ratio of 2.25 to 1 within the next 15 years, however, it will be too little too late. Despite Toronto's commitment to curb urban sprawl by encouraging denser development in its core area, high property taxes have driven businesses to the suburbs in droves over the past 10 years, according to Altus InSite Real Estate Information Systems Inc data:

- *14 million square feet of office space in 121 new office buildings have been built in the outlying 905 area code district, an increase of 56,000 office workers. By contrast, the 416 area code in Toronto proper has grown by three million square feet.*
- *The difference between realty taxes in class "A" office space in the downtown core compared with the 905 area is about $12 a square foot a year, or the equivalent of $12 per employee per work day. This means a company with 500 employees can save about $1.5-million in realty taxes per year by moving to the 905 area."*

Source: For big cities, a taxing dilemma. Businesses in Vancouver, Toronto being chased to suburbs because of high

Indeed, in 2006 a Toronto-based business owning industrial property valued at $50,000,000 paid $473,028 more in municipal property tax (industrial class rate: 2.32%) compared to a business in Vaughan owning an identically valued industrial property (industrial class rate 1.37%).

The OCC estimates that Toronto's pledge to reduce the tax ratio between residential and business properties to 2.25 in the next 15 years will increase the tax rate for residential taxpayers by 25% or an annual increase of 2% per year (all other things being equal, based on 2006 assessment data). This translates in a $510 increase spread out over 15 years (or $34 per year) for an average residential property valued at $350,000. Even if adding any adjustments to account for increases in City Hall budgeted amounts the impact is very small, while the pace is unacceptably slow.

The provincial government must mandate municipalities to move expeditiously and establish their property tax rates within the ranges of fairness.

Apart from being a sound government policy targeting the lowering of business cost as one of the means to support economic growth, this policy could contribute substantially to an increase in business activity in municipalities with a high business tax burden. An increase in business start-ups will result in an augmented taxable assessment of business properties that will have downward pressures on the municipal property tax rates.

The magnitude of the tax shift from the business to residential sector should this policy be implemented is somewhat overestimated. For illustrative purposes, if the largest outlier, Toronto, were to set the tax ratio to 1.1 for its multi-residential, industrial and commercial properties in 2006 (i.e. a "revenue neutral tax rate" of 0.9054 for residential and 0.9959 for multi-residential, industrial and commercial properties), the tax shift would have amounted to $761 million (see table below).

Property Class	Tax Rate Description	Tax Ratio	% Full Rate	Taxable Assessment	LT/ST Tax Rate	New Rate***	LT/ST Taxes	LT/ST taxes (after reform)	Difference in Taxes
Residential	SR*	1.00	100	224,743,478,049	0.5669	0.9054	1,273,977,958	2,034,813,516	-760,835,558
New Multi-Residential	SR”	1.00	100	232,214,710	0.5669	0.9054	1,316,329	2,102,458	-786,129
Multi-Residential	SR	3.63	100	27,995,301,545	2.0605	0.9959	576,847,472	278,814,497	298,032,975
Commercial	SR	3.68	100	27,836,230,055	2.0876	0.9959	581,112,980	277,230,251	303,882,729
Commercial	RR	2.58	70	1,050,737,717	1.4613	0.6972	15,354,742	7,325,252	8,029,490
Office Building	SR	3.68	100	183,892,355	2.0876	0.9959	3,838,962	1,831,445	2,007,517
Office Building	RR	2.58	70	48,883,275	1.4613	0.6972	714,346	340,791	373,555
Shopping Centre	SR	3.68	100	6,497,702,329	2.0876	0.9959	135,646,931	64,712,773	70,934,158
Shopping Centre	RR	2.58	70	14,884,593	1.4613	0.6972	217,513	103,768	113,745
Large Theatre	SR	3.68	100	35,194,000	2.0876	0.9959	734,715	350,509	384,206
Professional Sports Facility	SR	3.68		273,448,000	2.0876	0.9959	5,708,538	2,723,359	2,985,179
Industrial	SR	4.09	100	4,196,058,598	2.3198	0.9959	97,338,284	41,789,940	55,548,344
Industrial	RR	2.66	65	459,036,678	1.5078	0.0598	6,876,145	2,952,113	3,924,032
Large Industrial	SR	4.09	100	1,151,857,692	2.3198	0.9959	26,720,278	11,471,733	15,248,545
Large Industrial	RR	2.66	65	18,269,050	1.5078	0.6474	275,468	118,266	157,202

*SR=standard rate
“RR=reduced rate

Tax shift to residential sector	**-761,621,687**
Tax relief to business	**761,621,687**

*** the rates were set to be neutral to municipal government revenues

Source: Ministry of Housing and Municipal Affairs data, own calculations

As municipalities move closer to the target range of fairness, the next step is to encourage municipalities to limit themselves, to simplify compliance, to the seven standard classes and the three sub-classes, as defined in Ontario Regulation 282/98.

Currently municipalities have the choice of using the seven standard classes, and three sub-classes and also six optional classes, as follows:

Standard Classes	Optional Classes	Sub-Classes
residential / farm	new multi-residential	vacant land
multi-residential	office building	excess land
commercial	shopping centre	farmland awaiting development
industrial	parking lots & vacant land	
pipeline	large industrial	
farmlands	professional sports facility	
managed forest		

The existing classification system provides municipalities with flexibility to respond to local priorities, but creates complexity and confusion amongst taxpayers.

RECOMMENDATIONS:

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

1. Mandate municipalities to lower the tax ratios for municipal business tax classes in relation to the tax rate of the residential property class to the prescribed range of fairness of 1 to 1.1 within the next seven years.
2. Eliminate optional classes and limit properties classification to the list of property classes and sub-classes, as defined in Ontario Regulation 282/98.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

D. Wages and Pensions Reform

a. Emergency Services Salary/Wage and Benefits Leapfrogging
(Submitted by the Toronto Board of Trade)

Issue:
The largest single cost in municipal budgets is wages, salaries and benefits. In some cases these comprise over 50 percent of operating budgets. Emergency services (police, fire and ambulance) are a major component of the labour cost envelope. Collective agreements for these groups, because of financial size and their high profile, act as wage and benefit drivers for other municipal bargaining units. Because these bargaining groups have access to independent arbitration (provincial), municipalities have limited ability to control these costs. The existing arbitration legislative framework provides little direction and responsibility to consider the impact of awards on municipal budgets. Municipalities have little control over arbitration awards and routinely the awards are decided in favour of the bargaining unit.

Background:
Post "9/11", the importance of emergency services to the health and safety of our communities has taken on a new and very public profile.

Emergency services play a major role as municipal budget drivers. Municipal police in Ontario routinely argue (in the context of collective bargaining) that they have some of the most complex, dangerous and difficult policing jobs in Canada. Factors used to define this complexity include responsibility for Canada's largest and most diverse cities coupled with other factors such as an international airports, major tourist destinations, large labour force and heavily travelled roads or transit systems.

This sets up the environment/platform that can best be described as a three dimensional game of salary/wages/benefits "leapfrog" which, because of the size of the wages/salaries/benefits envelope within municipal budgets, acts as an incredibly powerful driver for other municipal labour costs (collective bargaining units).

Emergency services, while having access to collective bargaining, are declared an essential service and therefore do not possess the right to withdraw labour services (strike). As a result, there are a number of pieces of legislation that provide a legal framework for arbitration.

Arbitration awards are frustrating to municipalities because of their budget and labour relations impacts. This array of legislation provides a very loose and undefined set of principles for the arbitrators to consider in terms of the affordability or impact of an award.

These criteria are as follows:
- The employer's ability to pay in light of its fiscal situation.
- The extent to which services may have to be reduced, in light of the board's decision, if current funding and taxation levels are not increased.
- The economic situation in Ontario and in the part of Ontario where the employer is located.
- A comparison, as between the employees and other comparable employees in the public and private sectors, of the terms and conditions of employment and the nature of the work performed.
- The employer's ability to attract and retain qualified employees.

Unfortunately, the Acts did not provide arbitration boards (or arbitrators) with any definition or framework upon which to consider "ability to pay". Arbitration boards attempted to grapple with their new responsibilities in the absence of clarity or precision. Some boards merely stated that they had considered the employer's ability to pay in making their awards, but did not specifically state how the employer's ability, or inability, to pay factored into the decision.

Toronto's emergency services (in particular police) take the position that, as Canada's largest city, they should be the highest paid. Subsequently, other large municipal police services negotiate with the objective of parity or near parity, which if achieved pushes the next round of Toronto contracts to levels which maintain its top position. EMS and Fire services attempt to achieve some level of parity or near parity. It should be pointed out that parity positions on benefits (particularly OMERS) are achieved because of the way in which that Plan segregates and treats emergency services different than the other employee groups plan and new provisions for supplementary benefits, including enhanced early retirement provisions.

The Fire and EMS contracts then act as targets or goals for other collective agreements, in particular those covered by the Ontario Nurses Association (ONA) social workers and inside and outside labour groups. At a minimum there is definitely a "trickle" down effect of the Emergency Services contract settlements.

RECOMMENDATIONS:
The Ontario Chamber of Commerce recommends that the Government of Ontario:

1. Amend the Police Services Act, the Fire Protection and Prevention Act, 1997, and the Ambulance Services Collective Bargaining Act, 2001 to stipulate that arbitration boards must consider the following factors, in equal measure and consequence, when fulfilling their responsibilities under the Acts:
    - The employer's ability to pay in light of its fiscal situation.
    - The extent to which services may have to be reduced, in light of the board's decision, if current funding and taxation levels are not increased.
    - The economic situation in Ontario and in the part of Ontario where the employer is located.
    - A comparison, as between the employees and other comparable employees in the public sector, of the terms and conditions of employment and the nature of the work performed.
    - The employer's ability to attract and retain qualified employees.
2. In assessing the factors, require arbitration boards to consider detailed information with respect to:
    - Economic information about the municipality and its taxpayers (demographics, unemployment, social assistance, housing, assessment growth or decline, economic development prospects, building permits, etc.);
    - Fiscal information about the municipality (taxes, tax arrears, long-term liabilities, interest on debt, reserve funding, infrastructure costs, other salary and expense pressures);
    - Unique financial pressures (downloading, shortfall in provincially mandated programs, etc.);
    - Long term fiscal plans of the municipality;
    - The short-term and long-term financial impact of any monetary and non-monetary items in dispute between the parties, including the impact on service levels and tax rates;
    - Comparisons to other comparable municipalities for employee wages, benefits, and other terms and conditions of employment (to assess comparability);
    - Recruitment and turnover statistics (to assess the municipality's ability to attract and retain employees); and

- The direct financial impact of salary increases on all compensation costs (e.g. overtime, pension, vacation, etc.).

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

E. Municipal Funding Issues

a. Promoting Grater Local Accountability of Provincial Funds

(Submitted by the London Chamber of Commerce and the OCC)

Issue:

Despite efforts to reduce spending and obtain greater efficiencies by some municipalities, the Ontario government continues to receive additional funding requests from some local governments. Unfortunately, given Ontario's fiscal position, there is little room – if any – for additional provincial transfers.

More importantly, however, not all municipalities endeavor to implement meaningful steps to reduce local public costs before making requests to the province. The OCC believes that these municipalities have a spending problem, not a revenue problem, which should not be borne by taxpayers across Ontario.

Background:

Municipalities have long indicated that they struggle without adequate funds to meet increasing needs. There is no doubt that previous provincial downloading of services has increased the gap between the services that Ontario municipalities must deliver and what they can afford—even with recent efforts to upload more of the cost burden back to the provincial level. There is also no doubt as to the significant need for infrastructure renewal across Ontario.

Many municipalities, including the City of London, have over the years made significant steps in delivering more effective and efficient services to taxpayers without disproportionately increasing property taxes. That notwithstanding, local governments are required to make up for shortfalls primarily through property tax revenue to deliver essential programs such as social services. Unfortunately, property taxes are highly regressive and are disproportionally applied to those who employ Ontarians, but don't get to vote: businesses.

To tackle this funding challenge and limit property tax increases, some local governments have obtained cost savings through measures such as value for money audits. The City of Toronto, for example, earned a 560% return on investment (ROI) on such audits in 2008, while the City of Oshawa earned an average of 331% over the last three years.

Although such audits are successful – relative to the funds invested to undertake them—they are not widely used. As such, regardless of property tax increases, new revenue sources (in the case of the City of Toronto), and value-for-money audits, some municipalities still find themselves significantly short of funds. According to a recent study by the Toronto Board of Trade, for example, the City of Toronto is well on its way to a $1.2 billion annual short fall, up from the current $382 million annual shortfall.

Despite continued needs for additional funds, some local taxpayers continue to face increased legacy costs and disproportionally higher public sector wages. Specifically:

- As of 2008, salaries, wages and employee benefits accounted for over 40 per cent of total municipal operating expenditures—up from 36.7 per cent in 2000. By contrast, London salaries, as a percentage of operating expenditures, only rose by 0.09% over the same period.
- Adjusted for inflation, salary, wage and employee benefit costs increased by **50 per cent** between 2000 and 2008.

On average, spending across Ontario municipalities has grown by 40 per cent in the last eight years (adjusted for inflation).

Ten years after the downloading of public services, some municipal governments continue to ignore viable options to improve their fiscal positions: Reduce overall local government spending and undertake meaningful efforts to obtain efficiencies with existing resources. Options to achieve these goals, which have eluded serious attention by some municipalities, include:

- Creating a competitive bidding process for the delivery of publically funded services which includes both the public and private sectors ;
- Reducing and/or freezing public sector wages until private sector wages catch up;
- Addressing substantially large legacy costs within the public sector such as pension deficits;
- Allowing small suppliers full access to public contracts; and,
- Lowering the dependence on higher business property taxes relative to residential property taxes.

The OCC is concerned that the avoidance by some municipalities to make much needed, difficult decisions to reduce spending and seek greater efficiencies with their local public funds comes at the expense of all taxpayers in Ontario. More importantly, the transfer of habitual local public sector cost increases by some municipalities to the rest of the province, ultimately, impedes Ontario's prosperity.

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

1. Freeze or limit provincial transfers to municipalities that do not undertake comprehensive, meaningful actions to reduce or limit spending, obtain efficiencies, or act on recommendations by an Auditor General.

Effective Date: May 1, 2010
Sunset Date: May 1, 2013

b. The Need for Provincially Mandated Municipal Auditor Generals

(Submitted by the London Chamber of Commerce)

Issue:
With the recent economic upheaval there is an ever increasing pressure on the part of municipalities in the Province of Ontario to deliver added value for stretched taxpayer dollars. This pressure is of course felt at all three levels of government but none more so than on the taxpayers of Ontario who have seen their taxes rise exponentially while their investments and job security continue to erode. More oversight and more accountability demonstrate not only good leadership – they ensure a higher degree of competitiveness, cost effectiveness and an appropriate return on investment.

Background:
The Municipal Act Amendments of January 1, 2007 conferred broader powers to municipalities coupled with the right to appoint accountability officers. One such accountability officer is the Auditor General (AG) which, according to the Act reports to council and is responsible for assisting the council in holding itself and its administrators accountable for the quality of stewardship over public funds and for achievement of value for money in municipal operations. 2006, c. 32, Sched. A, s. 98.

The Auditor General conducts audits that assist municipal councils in achieving added value for taxpayers' dollars. Audits focus on efficiency and effectiveness of town operations and program delivery and on compliance with laws and regulations.

Subject to prescribed exceptions, all programs, activities and functions of municipal departments, local boards and any municipally-controlled corporations and grant recipients may be subject to audit by the Auditor General. These functions assure an added dimension of oversight and accountability in keeping with the "Broader Powers" of the amended Act but more importantly they provide the taxpayers of Ontario with a new confidence that is critical in today's turbulent economic environment.

What others are doing:
Ottawa, Oshawa, Markham & Sudbury each have demonstrated great leadership by appointing an Auditor General in their communities (Windsor has approved appointment of AG). Toronto has also appointed an Auditor General; although in Toronto's case the appointment of an Auditor General is mandated by legislation. Ontario is not alone in this movement towards more open and transparent accountability.
Municipalities in the Province of Alberta including the City of Edmonton & City of Calgary have an AG. Municipalities in the Province of Nova Scotia including the City of Halifax have appointed an AG while one AG is appointed for smaller municipalities.
In Quebec, municipalities must appoint an Auditor General for municipalities whose population is 100,000 or greater.

Audit Models:
In many Ontario municipalities there are two audit models presently being used - The External Audit Model and the Internal Audit Model.

The External Audit Model is mandatory for auditing of financial statements where the focus of the audit is to determine if the operations and financial position of the Municipality, (as reflected in its financial statements), has been fairly presented in compliance with Canadian GAAP. Funding for External Audits is generally set through a competitive bidding process.
The Internal Audit Model is comprised of employees. The Internal Audit Focus is on financial controls, compliance, auditing and providing internal consulting services to departments. Audits are generally limited to the municipality, unless local boards, corporations etc. request such an audit. In this case there is no requirement for audit findings to be made public except if the Municipality makes this a requirement. Funding for this model is generally set annually by Council.

The Auditor General Model differs in that it has legislated powers, privileges and immunity that provide it with the tools necessary to conduct thorough audits with little or no external impediments. The Primary Role of the Auditor General is to Assist Council to hold itself accountable for quality of stewardship over public funds and to achieve value-for-money in municipal operations. In this model the primary focus is on Value-for-Money Audits. This includes (Source: CICA Handbook) examining & reporting on the adequacy of management systems, controls and practices to ensure due regard to economy, efficiency and effectiveness; resource management with due regard to economy and efficiency; and effectiveness of programs, operations or activities.

What do Auditor Generals audit? Some samples of recent Audit Reports of Auditor Generals in Ontario Municipalities include: Fleet Operations Review; Management of Construction Contracts; Review of Parks and Recreation Revenue and Cash Control; Review of Sole Source Contracts; Review of procurement of goods and services; By-law Services - Compliance, Efficiency, and Effectiveness.

Why an Auditor General?
The Municipal Act confers upon Auditor Generals certain powers, privileges and immunity and imposes certain obligations on audited entities. External and Internal Auditors have no legislated powers, privileges or immunity. Some of the powers, privileges, immunity and obligations provided for in the Municipal Act include; Duty to Furnish Information, Access to Records, No Waiver of Privilege, Powers of Examination, and Duty of Confidentiality and

Immunity
Although the Municipal Act is permissive as to whether an Auditor General is an employee or not of the municipality, Auditor Generals that thus far have been appointed under the Municipal Act are not employees of the Municipality. Municipalities are generally cognizant of the need to ensure that the Auditor General is independent and perceived to be independent from those entities that are subject to audit. In this regard Municipalities have, to varying degrees, followed best practices with regard to preserving independence. One such practice is to ensure that the Auditor General is not an employee of the Municipality and that the Auditor General's budget is pegged at a specified percentage of the operating budget to avoid interference by Council from year to year with the Auditor General's budget.

Return on Investment (ROI):
There are both intangible and tangible returns on the investment that would be required to run an Auditor General Office. The intangible returns include enhanced public confidence and engagement. The tangible return on investment includes costs savings, revenue increase, cost avoidance and protection of assets. In 2008, for every dollar invested by Toronto in its Auditor General Office the municipality obtained a return of $5.60 or 560%. In the City of Oshawa the average ROI for 2007, 2008 & 2009 (est.) is 331%. From a Provincial perspective, the government can move with much greater confidence to invest in those cities that have an Auditor General as opposed to those who don't.

Issues with current Municipal Act
The appointment of an Auditor General is not mandatory under the Municipal Act. A number of cities with a population of greater than 100,000 and with significant operating budgets have not appointed an Auditor General. Furthermore, the Municipal Act does not: (a) provide for a formula to determine what at a minimum should be the funding allocated to an Auditor General's office; and (b) that the Auditor General should be independent and not be an employee of the Municipality. Since the Municipal Act is silent on these points a Municipality could appoint an Auditor General, but fail to put in place safeguards to ensure the Auditor General is independent and perceived to be independent.

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

1. Amend the Ontario Municipal Act to make mandatory the appointment of an Auditor General for Municipalities whose population exceeds 100,000 and:
    a. To expressly state that the Auditor General must be independent and not an employee of the Municipality;
    b. To ensure municipalities provide for a budget for the Auditor General that would be no less than a specified fixed percentage of the municipality's operating budget;
    c. That these amendments should be moved and brought into effect by 2012; and

d. For municipalities whose populations are less than 100,000, the responsibility defers to the provincial auditor general.

Effective Date: May 1, 2010
Sunset Date: May 1, 2013

c. Long-Term Funding of Social Services Costs Due to Provincial Downloading

(Submitted by the Hamilton Chamber of Commerce)

Issue:
The impact of social services downloading to all municipalities needs to be addressed.

Background:
The City of Hamilton has the greatest financial burden with respect to the total direct costs of social assistance and social housing through provincial downloading. Even with the Province's plan to phase out GTA pooling over the next seven years, the City of Hamilton, with a median income level which is 20 % lower than that of the GTA, will be contributing a higher proportion of property tax revenues to fund social assistance and social housing than neighbouring communities in the GTA.

In fact, Ontario's taxpayers are still experiencing increased levels of conflict between jurisdictions of government over the concept of "downloading." The issue is the continual change in which level of government, provincial or municipal, is accountable for delivery of programs or services, and the continual changes to the rules and standards associated with their delivery. Municipalities, as a result, face greater levels of uncertainty and confusion in providing their core services within budgetary restrictions.

A "task force" has been established at the Provincial level and will look at which level of government should deliver and pay for a range of social and health services. The final report is due in the spring of 2008.

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

1. Direct the provincial "task force" (a.k.a. The Provincial-Municipal Fiscal and Service Delivery Review) and the Ministers of Finance and Municipal Affairs to establish a formula that will assure sustained funding of social services costs into the future. This formula must ensure financial viability for municipalities, as well as deliver an acceptable level of services to those in social need within an 18-month time frame, including enabling legislation.
2. In consultation with municipalities, clearly define the strategic principles underlying the division of authority for delivery of programs or services in the province of Ontario identifying the appropriate sources of revenue, the required expertise levels, the efficient use of current resources and anticipated budgetary pressures.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

d. Fair Government Grant Funding
(Submitted by the Chatham-Kent Chamber of Commerce)

Issue:
Municipalities of various populations, land mass and infrastructure requirements are offered provincial funding through grants. Improved allocation and qualification criteria are required to better meet the needs of all municipalities.

Background:
Many provincial government grant applications are awarded through a competitive process. Some criteria limit the number and types of projects applied for while others are allocated on the basis of measures such as population base and transit ridership. Such guidelines create an uneven playing field for local governments that have multiple projects or do not meet necessary measures.

At times, provincial grants are announced on short notice, prompting a reactionary and time constrained procedure for local governments to administer the submission of an application with no reassurance of monetary outcome. As a result, taxpayers bear the cost of lost time and wages of local government administration.

In most cases, key projects of municipalities, such as infrastructure, still necessitate the need for completion whether or not they will receive grant funding, thus bearing the cost of such projects on local taxpayers and businesses.

An ad-hoc approach to grant applications does not promote long term strategic planning or sustainability. The competitive nature does not provide equal provisions or allow for local planning through a balanced, methodical business plan.

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

1. Revisit the criteria and qualifications required for local governments to submit grant applications in order to provide a more equitable and sustained distribution to local jurisdictions.
2. Create a sustainable funding model based on long range asset management plans that give due consideration to measures such as population served, the number or value of bridges, kilometers of roads, water mains and sewers, etc.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

e. Provincial Support for Municipal Transit
(Submitted by the Greater Sudbury Chamber of Commerce)

Issue:
As several key regions in Ontario expand and an increasingly large constituency of the public turns to public transit as a means of reducing their environmental impact, the provincial transit funding formula as it is currently subsidized, limits Ontario municipalities from developing and growing their systems to match and meet the demand of their populations.

Furthermore, since the principal funding source for most municipal transit authorities is obtained through ridership fares considerable deterioration has occurred among many transit systems. In certain jurisdictions, vehicle fleets have surpassed or are nearing the end of their lifespan, roadways are woefully structured, fuel costs are rising and the growing service area have compounded to strain the system.

Background:

Traffic congestion negatively impacts economic activity and our quality of life. On a typical workday, it is estimated that drivers spend a total of 300,000 hours stuck in gridlock, while traffic congestion contributes about 30 per cent of Ontario's greenhouse gas emissions. This level of congestion affects Ontario's ability to attract new investment, as access to efficient transportation infrastructure is a key factor in business location and expansion decisions.

Shifting commuters from car travel to transit will have the single greatest impact on the economy and environmental quality in congested areas. Achieving this transition will require making transit competitive with the automobile in terms of convenience, cost and comfort. Strengthening municipal transit systems through increased provincial investment would increase transit services and result in a jump in ridership.

In 2009, the Ontario government intends to share $321 million in gas tax revenue with 111 municipalities (89 transit authorities). The province expects this money to assist in expanding routes, extending operating hours and upgrading infrastructure.

While this is a positive step, the formula by which transit funding is distributed to municipalities is unsound. At present, municipalities receive transit money by way of the 70/30 rule. This funding formula is based on a ratio of 70 per cent ridership and 30 per cent population. For many rural, older, mid-sized and sparsely populated municipalities like Greater Sudbury, this formula simply places too much burden on the municipality to be the majority subsidizer.

Additionally, public transit is crucial to improving the economic base of these communities because they assist individuals in obtaining and retaining employment. For those who have no access to a vehicle and must travel long distances to get to their place of employment, affordable and well founded transit is a necessity.

Consequently, the provincial government needs to recognize that public transit is central to enhancing the economic competitiveness of these communities and must rededicate itself to contributing funding that reflects the individual characteristics and shared challenges of municipalities across the province.

RECOMMENDATIONS

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

1. Speed up the transfer of funding from the Move Ontario Fund with a priority for communities who are confronted with unique operational conditions.
2. Provide long-term scheduled funding for municipal and regional transit systems through a funding formula that acknowledges the realities of annual inflationary pressures and accepts that there are unique challenges facing many rural, sparsely populated municipalities.
3. Reexamine and engage Ontario municipalities on the effectiveness and fairness of the current funding formula.

Effective Date: May 2, 2009
Sunset Date: May 2, 2012

f. Amendment of Municipal Elections Act Resolution

(Submitted By the Peterborough Chamber Of Commerce)

Issue:

The Municipal Elections Act contains a discriminatory clause that affects business owners across Ontario. Municipalities that have a ward system are affected by Section 19 (5) (b) of The Act. As it stands now, residents of a municipality can only vote in a municipal election in the ward where they reside whereas non-residents of the municipality (people who live outside the boundaries of a municipality) can vote in a municipal election where they reside or in a ward where they own a business.

Background:

This resolution does not seek to allow business owners the right to vote twice in municipal elections. This resolution seeks to give business owners the right to either vote where they reside or where they own property.

Many municipalities have downtown areas that are largely contained within one specific ward and the owners of businesses in that ward cannot vote in municipal elections in the area where they own the business and are forced to vote in the area where they reside despite the fact that, within the act, there is an allowance for owners of businesses who reside outside a municipality to vote in the area where they own a business.

The Peterborough Chamber Of Commerce feels that this is a discriminatory clause that, although allowing a transfer of a vote to a district where a voter owns a business or is a tenant of property, only allows such a transfer in certain cases. What this means is that a majority of the business owners and tenants of downtown wards are disenfranchised. For example, voters of each residential ward in Peterborough have the advantage of being able to vote in a more effective and focused way when it comes to issues that affect their ward because they vote where they reside but the business owners and tenants of the downtown do not enjoy this advantage.

For example, if a major shopping plaza were proposed in a residential ward the voters of that specific area could amalgamate their concerns and vote for a councillor who represented their views of such a development. If such a development were to take place in ward that contains the downtown area of a municipality, the people who would be most affected would not be able to vote for a councillor who represented their concerns because they are restricted to voting where they reside. Their vote is not concentrated in a single area and is dissipated throughout the other wards in the municipality. The bizarre twist in the legislation is that people from outside a municipality have the right to vote where their business is located but the people who live in the municipality do not.

If the Municipal Elections Act is amended, business owners and tenants of businesses in business wards across Ontario would be getting more effective representation and such a change in the quality of representation may have a positive effect on economic development across Ontario. An amendment will increase the electoral strength of business owners by making their vote more equitable. This amendment would not give business owners a special electoral advantage. This amendment would give business owners an equal voting voice within their community. Most business owners have put all their time, savings, energy and life into their businesses and would gladly exercise the right to transfer their municipal vote from where they reside to where they own a business.

Of the 29 cities in Ontario with populations greater than 75,000, 24 cities use a ward system, one city uses an at-large system, one city uses a mixed system of both wards and at-large and three cities use a mixed system of both wards and at-large, with the at-large members serving on both the city council and an upper tier regional council. The outlined inequity within the Municipal Elections Act affects millions of citizens in Ontario.

Here are the relevant sections of the Municipal Elections Act:

Qualifications of electors

17. (1) Repealed: 2002, c. 17, Sched. D, s. 5 (1).

Qualifications

(2) A person is entitled to be an elector at an election held in a local municipality if, on voting day, he or she,

(a) resides in the local municipality or is the owner or tenant of land there, or the spouse of such owner or tenant;

(b) is a Canadian citizen;

(c) is at least 18 years old; and

(d) is not prohibited from voting under subsection (3) or otherwise by law. 2002, c. 17, Sched. D, s. 5 (2); 2005, c. 5, s. 46 (1).

Persons prohibited from voting

(3) The following are prohibited from voting:

1. A person who is serving a sentence of imprisonment in a penal or correctional institution.
2. A corporation.
3. A person acting as executor or trustee or in any other representative capacity, except as a voting proxy in accordance with section 44.
4. A person who was convicted of the corrupt practice described in subsection 90 (3), if voting day in the current election is less than four years after voting day in the election in respect of which he or she was convicted. 1996, c. 32, Sched., s. 17 (3).

(4) Repealed: 2002, c. 17, Sched. D, s. 5 (3).

Voting subdivisions, residents and non-resident

19. (5) If the local municipality is divided into voting subdivisions,

(a) the name of each resident elector shall be entered on the preliminary list for the voting subdivision in which he or she resides; and

(b) the name of each non-resident elector shall be entered on the preliminary list for the voting subdivision in which the elector or his or her spouse is an owner or tenant of land. 1996, c. 32, Sched., s. 19 (5); 1999, c. 6, s. 43 (2); 2005, c. 5, s. 46 (2).

RECOMMENDATION:

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

1. Correct municipal voting inequities by amending Section 19(5) of the Municipal Elections Act to read as follows:

    "the name of each resident and non-resident elector shall be entered on the preliminary list for the voting subdivision in which the elector or his or her spouse resides or where the elector or his or her spouse is the owner or tenant of land".

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

g. Fair Cost Sharing of Court Security

(Submitted by the Brockville and District Chamber of Commerce)

Issue:

All municipalities in Ontario that host a provincial court are obligated by the province to absorb 100% of the cost of providing court security without receiving financial support from the province. Neighbouring municipalities served by the court are not mandated to contribute their proportionate share of the costs. As a result, the host municipality suffers an unfair financial burden which translates into increased property taxes and unfair taxation for that municipality's businesses.

Background:

When the provincial government downloaded the responsibility for providing and funding court security, they did not define a fair method of cost sharing amongst the municipalities served by the court. Court security costs are currently being applied solely to the property tax base of the host community but the service is provided to the entire region surrounding the court. In certain jurisdictions, the host municipality and neighbouring communities have negotiated a non binding cost sharing arrangement.

Provincial Offences Act revenues should be sufficient to cover a host municipality's court security costs. They are currently distributed to all municipalities with no consideration of court security costs.

Currently, court security costing for municipalities is being reviewed under the Provincial-Municipal Fiscal and Service Delivery Review. The final report is expected in the spring and Minister Bartolucci has said publicly that he will await those findings before addressing the way court security is currently funded.

The Association of Municipalities of Ontario position is that given that prisons and courts are provincial services, court security should be funded by the province. The Ontario Association of Police Chiefs (OACP) and the Ontario Association of Police Service Boards (OAPSB) are similarly opposed to municipal provision of court security since it is a non-core policing function.

Across Ontario, municipal costs for court security have been estimated to be about 5% of police budgets (about $125 million/year). In 2005, Owen Sound paid $400,000 in police costs for court security. Just 37% of the cases heard in the courts originated in the city.

The City of Owen Sound along with Brampton, Cornwall, Hamilton, Toronto, Welland, Windsor, Chatham, Pembroke and Brockville were the municipalities that had new or expanded courthouses built within its jurisdiction since 1996's infrastructure renewal initiative.

For 2007, the estimated costs for the City of Toronto are $43.5 million. In 1990, the cost for providing security in court facilities and costs related to prisoner transportation to and from court facilities was under $16 million. At the time there were 126 courtrooms. Today, with 260 courtrooms in the city, court security costs have nearly tripled. It is estimated that the total cost for Toronto will be $47 million in 2008. (Source: AMO)

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

1. Mandate equitable cost sharing of court security for municipalities by:
    a. Paying to the host municipality 100% of court security cost from the Provincial Offences Act revenues prior to distributing the balance or;
    b. Mandate a formula for cost sharing among regional municipalities serviced by the court or;
    c. Upload the cost of court security similar to the recent upload of Ontario Disability Support Program

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

h. Provincial Cities and Closed Shop Union Agreements
(Submitted by the Hamilton Chamber of Commerce)

Issue:
In the current labour laws in Ontario, municipalities are viewed as "construction employers". As a result a city has to adhere to contracts in the private sector between unions and private construction companies. Many smaller companies and all of the non-union construction industry will be effectively locked out of city contracts.

Background:
Currently, this issue affects primarily the municipalities of Hamilton and Toronto. Should this issue develop beyond these municipalities, it could be detrimental to the Ontario business community.

For example, this issue was illustrated recently in Hamilton when three carpenters employed by the city submitted an application for union certification and the city was officially certified as a “closed shop” union environment. As a result the city is not permitted to use non-union workers in any of its major capital projects. Only unionized construction companies that are signatory to the Carpenter’s Union can be on the bid list. City staff is estimating it will cost the City of Hamilton hundreds of millions of dollars over the next decade. The implications are that in all Ontario communities, small businesses and members of local Chambers will be locked out of the cities bidding process for contracts.

To determine the implication of the carpenters’ certification in the City of Hamilton, the city conducted a study of its economic costs. The biggest threat is the planned renovation to the Woodward Water Treatment Plant. An outside consultant, who set the city's planned budget of $1.1 billion, estimates the certification could increase the cost up to $440 million. Across the province this could subject municipalities and thus taxpayers to additional burdens to cover these inflated costs. We cannot let our Chamber members be locked out of these contracts in their communities.

According to Statistics Canada approximately 70 per cent of Canada's construction companies are non-union. Eliminating such a vast majority of competition leads to inflated construction costs, ultimately to be paid for again by citizens.

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

> Review and amend the labour laws to declare municipalities as "non-construction employers."

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

Modernizing Energy & Infrastructure

A. Border Efficiency and Security

a. Modernizing the Detroit River Rail Tunnel

(Submitted by the Windsor-Essex Regional Chamber of Commerce)

Issue:
There is a need for additional rail capacity at the Windsor-Detroit Border crossing corridor. The Detroit River Rail Tunnel project will replace the ageing rail tunnel with a new, modernized rail tunnel able to accommodate higher rail cars used heavily for the automotive industry. The new tunnel would provide increased rail capacity needed for economic growth of the region as well as the Province of Ontario and Canada.

Background:
The border-crossing infrastructure in Southeast Michigan/Southwest Ontario is the lifeline of the regional economy. Taking into account crossings at both the Detroit River and St. Clair River, this lifeline comprises two bridges, a passenger tunnel, and two freight tunnels.

The Detroit River Rail Tunnel (DRRT) is poised to build a new, high-capacity rail tunnel under the Detroit River to provide improved freight service between the United States and Canada. The DRRT is a partnership between the Canadian Pacific Railway (CPR) and Borealis Infrastructure Trust, a part of the Ontario Municipal Employee Retirement System (OMERS).

The partnership owns and operates the existing rail tunnels under the Detroit River. The DRRT reports that it operates over 450,000 rail cars a year in the rail corridor that runs from Highway 401 in Canada to I-75 in Detroit. This volume of traffic is equivalent to 25 trains per day moving between Toronto and Chicago via the tunnel in Detroit.

However, the infrastructure of this 100 year-old immersed "twin-tube" tunnel is outdated and unable to accommodate the next-generation rail cars that are taller and wider than the diameter of the existing tunnels. Without a new tunnel, DRRT will not be able to provide competitive, cost-effective service to its current and future customers who use double-stacked containers or the taller AutoMax rail cars.

The region, the Province of Ontario and Canada stand to benefit from the construction of the additional rail capacity in the Windsor-Detroit corridor that the DRRT rail proposal would provide.

- The proposal by the DRRT states the following benefits to the region from construction of the new rail tunnel:
- Generate 1,700 construction jobs over the course of the 4-year project.
- Stabilize and help secure future rail service in the Windsor-Detroit region for years to come.
- Expands opportunities to grow and attract new business in the Windsor-Essex region.
- Provides the region with the first new international infrastructure crossing built in the Windsor-Detroit corridor in over 78 years.

Status of the Project

Project Funding: DRRT states that the project will be privately financed, and is estimated to cost $400 million.

Community Support: A representative group of public and private sector leaders are on record in support of the project, including the City of Windsor, Ontario Chamber of Commerce and the Windsor-Essex Regional Chamber of Commerce among others. In the U.S. the project is supported by Wayne County, the Michigan Department of Transportation, Detroit Renaissance, among others.

Approvals/Permits Required: DRRT has stated that roughly 60 permits must be obtained before they can proceed with construction of the project; Number of permits are required from the Province of Ontario.

The Detroit River Rail Tunnel is a critical component of a functioning Canada-U.S. Border system that will provide immediate and long-term benefits to the regional, provincial and national economy. It would connect the economies of Michigan and Ontario and by extension the key economic centres beyond the immediate corridor, including the Port of Montreal as a key port for overseas trade with North America.

RECOMMENDATIONS:

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

1. Support the construction of a new Detroit River Rail Tunnel on the Windsor-Detroit corridor as an integral part of the overall border infrastructure improvement plans; and
2. In coordination with the Federal Government, expedite whenever possible any provincial approvals needed by the DRRT partnership to realize this project in full.

Effective Date: May 1, 2010
Sunset Date: May 1, 2013

b. Borders Advisory Council

(Submitted by the OCC Borders & Transportation Infrastructure Committee)

Issue:

Ensuring Ontario's border crossings with the United States are given the priority and attention they require, the provincial government must establish a coordinating body, with broad-based public and private sector representation, to oversee the planning, funding and implementation of new border-related policies and infrastructure.

Background:

Any delays or obstructions at Ontario's borders cause immediate and cascading problems throughout the entire economy. A 2004 study by the OCC has calculated that border delays collectively drain $5.25 billion from the provincial economy every year – and more than $8 billion from the national economy. It is one of the few files that demonstrate that any investments to improve the infrastructure will see immediate improvements and a significant return on that investment. However, due to the fact that borders issues involve 44 different government agencies[3], and several levels of government, the situation calls for one body to at least coordinate efforts and ensure they remain a top priority with all elected officials.

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[3] Coalition for Secure and Trade-Efficient Borders, "Rethinking our borders: A New North American Partnership", July 2005, pg 2.

Billions of dollars are allocated to the numerous funding programs for infrastructure projects. These funds however, are not always used. In the 2004-2005 fiscal year $72.7 million was allocated under the Border Infrastructure Fund (BIF) with only $38.8 million actually spent.[4] Again for the BIF, in the 2005-2006 fiscal year, $72.3 million out of $119.3 million was used, leaving an excess of $47 million. Other infrastructure programs have unused funds as well. Greater communication between governments is required and assurances made that allocated funding and resources to these priority projects are used on schedule.

In the 2008 OCC report, *Easing the Chokepoints A Plan for an Efficient Canada-US Border*, the Campbell Soup Company indicated that staffing challenges is still a contributor to their border delays, despite recent efforts.[5] The company reports it averages four-hour delays at US entry ports. Consultants for the Detroit-Windsor International Crossing project have expressed concerns whether there will be sufficient staffing to support a new crossing. They also indicate that there continues to be a great need for coordination at border crossings.

Cross-border programs such as Free and Secure Trade (FAST) and NEXUS could better meet their potential if they were allocated sufficient resources to fund both staff and dedicated infrastructure. Unfortunately, such programs are underfunded, which minimizes their advantage.

In testimony before the US House Armed Services Committee in March 2006, it was said that Customs-Trade Partnership Against Terrorism (C-TPAT) needs at least 500 people to certify companies and their worldwide suppliers. US Customs Borders and Protection (CBP) also told Washington lawmakers that the government does not have enough inspectors to authenticate shipper security plans and is thinking about hiring private companies to help.

As of March 2006, CBP had 80 inspectors to evaluate the over 10,000 companies that have applied for the C-TPAT program. Only 1,545 companies out of 10,000 had their security plans validated, 15 percent of total applicants. The C-TPAT program began in 2002 and CBP originally wanted 100 percent validation after three years. In March, it instead aimed to certify 65 percent of all C-TPAT applicants by January 1, 2007.

Program Implementation & Business Uncertainty

The implementation of advance cargo notification programs and other border security policies has raised concerns among the Ontario business community. Deadlines for compliance and rule implementation are often rescheduled and delayed. Such change leads to business uncertainty about current and future regulations, and leaves businesses at a risk of non-compliance. This uncertainty can in turn increase business costs by impeding trade and increasing border delays. It also leaves those companies that absorbed these added costs and made adjustments to adhere to new rules (i.e. extra security measures, retraining staff, employee awareness, assessing security requirements, and purchasing new technology) at a competitive disadvantage.

The CBP's Automated Customs Environment (ACE) has been the subject of such criticism. It was scheduled for full compliance in February 2006. After several deadline changes, it was implemented but the

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[4] Ontario Chamber of Commerce, *Easing the Chokepoints A Plan for an Efficient Canada-US Border*, Prepared by the OCC Borders and Transportation Infrastructure Committee, August 2008, pg 39.

[5] Ontario Chamber of Commerce, *Easing the Chokepoints A Plan for an Efficient Canada-US Border*, Prepared by the OCC Borders and Transportation Infrastructure Committee, August 2008, pg 40.

necessary technology was not operational at all the required crossings. Therefore some companies that took the time and money to adjust to the new requirements could not benefit.

There have been similar challenges with the CBSA's Advanced Commercial Information program. A May 2005 deadline for US harmonization was interrupted for marine and air. Marine harmonization was postponed indefinitely. Air carriers were given an extra six months, which was then further extended. Policymakers can reduce overall business uncertainty by initiating programs only when the resources are put in place and properly functional on both sides of the border.

It is proposed that a Borders Advisory Council (BAC) be formed by the provincial government, and involve representatives from the federal and relevant local governments. It is imperative that representatives from the private sector, such as the Ontario Chamber of Commerce, also be involved as active members. The BAC should provide recommendations on how to coordinate and implement all policies and infrastructure programs under the direct and indirect sphere of influence of the provincial government. The BAC will also ensure coordination with federal and international efforts to improve Canada's border crossings.

RECOMMENDATIONS:

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

1. Immediately constitute a Borders Advisory Council composed of representatives from the provincial and federal governments, communities with a vested interest, as well as key stakeholders in the private sector to provide strategic recommendations on how to better coordinate and implement multi-jurisdictional cross-border policies and infrastructure initiatives.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

c. Investing in Infrastructure to Support the Peace Bridge Expansion

(Submitted by the St. Catharines – Thorold Chamber of Commerce)

Issue:

The Peace Bridge border crossing between Fort Erie, Ontario and Buffalo, New York is the second busiest crossing in Ontario. The American government has identified the bridge as a key entry point into Canada. Owned by the Buffalo and Fort Erie Public Bridge Authority, the bridge is scheduled to undergo an expansion that will twin the current three-lane bridge. As a significant economic link between the GTA and the eastern United States, the transportation infrastructure leading to the Peace Bridge needs to be improved to meet demands of the expanded border crossing.

Background:

According the Ontario Chamber of Commerce report on border crossings in Ontario, Easing The Choke Points, delays and congestion at the borders are having a dramatic impact on the economy. The report projects that continued delays at border crossing will amount to 17,345 lost jobs by 2020 and 91,194 by 2030. Currently, delays at the border are requiring manufacturers to increase inventory at a cost of upwards of $1 million per hour. Even more damaging is that delays at the border impacted Canada's export industry nearly twice as hard as the US export industry in 2002 with Canada absorbing $8.34 billion (61.3 per cent) of the estimated $13.6 billion total cost of border delays that year.

Over 70 per cent of the value of Canada's international trade travelling by road flows into the United States across Ontario borders. Between 1994 and 2004, the value of trade by truck between the United States and Ontario increased by over 52 per cent. As a community that benefits directly from this trade with nearly 30 per cent of all Canada-US trade passing through Niagara, we certainly recognize the importance of facilitating movement between Canada and the US.

As the OCC highlighted in its report, Niagara is the second largest trade crossing in Ontario and largest in terms of tourism crossing. More specifically, the Peace Bridge between Buffalo and Fort Erie is the second busiest bridge following closely behind the Ambassador Bridge in Windsor. Although current US tourism travel to Canada is down due to the WHTI regulations, the upcoming 1812 - 2012 Bicentennial Celebrations is projected to attract millions of visitors over a two year period to the Niagara area to participate in the celebration of 200 years of peace between Canada and the United States.

The Buffalo and Fort Erie Public Bridge Authority are moving forward with its plans to twin the bridge after years of delays. In January 2008, New York State Governor Spitzer specifically mentioned the bridge expansion as part of a State of the State Address. In addition, Chief of the US General Services Administration (USGSA) said in a speech in December 2007 that the Peace Bridge expansion is part of the USGSA's plans to ignite a building boom at its nation's ports of entry by building more inspection booths, more roads, bridges and other infrastructure that is needed to open trade corridors.

With the expansion of the Peace Bridge, and its increasing importance in Ontario's economy, it is critical to ensure that the infrastructure supporting the Peace Bridge in Fort Erie can meet the increased demands of an expanded bridge, and that the transportation links between the bridge and southern Ontario are capable of supporting an expanded trade and tourism traffic.

RECOMMENDATIONS

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

1. Immediately identify the Peace Bridge crossing as an area of economic significance, and review the current transportation infrastructure approaching the bridge as a means to identify areas of improvement and expansion to meet the impending demands.
2. Work with the Federal government and the Buffalo and Fort Erie Public Peace Bridge Authority to expedite expansion of the Peace Bridge.

Effective Date: May 5, 2008
Sunset Date: May 6, 2011

B. Infrastructure Planning and Funding

a. Goods and People Movement Study and Long Range Transportation Plan

(Submitted by the Hamilton Chamber of Commerce and the OCC Transportation Taskforce)

Issue:

Ontario's transportation system is crucial to the economic well-being of Ontario and the country as a whole. The efficient movement of goods and people within Ontario and into the US directly affects Ontario businesses and impacts the province's ability to better compete with other jurisdictions. A comprehensive multi-modal study of goods and people movement for the entire province and border crossings is required to determine what is needed for present and future transportation growth.

Currently a goods movement study is being undertaken, and its results will be needed in order to immediately begin a long-range transportation plan for Ontario.

A province-wide long-range transportation plan (LRTP), which has yet to be realized, must include both investment and planning initiatives. This is critical to Ontario's future economic success. While documents in the past have been developed identifying short term (e.g. 5 year) initiatives, Ontario does not have an integrated LRTP which provides an overall vision and framework to allow the coordination of actions by all levels of government and the private sector in addressing the transportation challenges in the province.

Background:

Ontario is a vast province with diverse urban and rural communities that face a variety of transportation challenges related to population levels, economic activity, growth rate and physical and natural conditions.

Some areas in Northern Ontario require additional transportation capacity to attract business investment and to help diversify their economy. Alternatively, areas such as the Greater Toronto Area (GTA), including the Hamilton area, face challenges related to rapid growth and crippling congestion.

Congestion at all levels results in lost trade opportunities, jeopardizes employee recruitment/retention, and reduces the province's overall economic competitiveness. Growth needs to be handled as well. Ensuring Ontario's infrastructure is prepared to handle this growth must be a top priority for the province. The ability to move goods and people easily across the province and across the Ontario/U.S. border plays a critical role in investment and growth in Ontario. Efficient and integrated commercial and passenger travel translates directly to economic prosperity for the province and a high standard of living for Ontario residents.

Yet, prior to investing in additional infrastructure, Ontario must accurately assess transportation infrastructure deficiencies. Thus, a long-range transportation plan is needed immediately.

U.S. states including California, Texas, New York and Florida have already completed a state-wide LRTP with a vision spanning over 20 to 30 years and Ontario is still behind in this respect. Since then, these state plans have been consistently updated every five years. In contrast, the limited extent of Ontario's long range transportation planning is illustrated in the final Growth Plan for the Greater Golden Horseshoe, released in June 2006. No date or time was set.

Ontario has initiated a goods movement study, which should take into consideration projected demographic and economic factors will help assess current and future transportation infrastructure needs.

The development of the Ontario-Quebec Continental Gateway and Trade Corridor Strategy, has led to Ontario, Quebec and the federal government's partnership to study on the needs and opportunities of the multimodal transportation system in Ontario and Quebec.

The Strategy will represent a concrete commitment to co-ordinated long term actions by the three governments. A detailed implementation plan, including short, medium and long-term actions will be released in conjunction with the Strategy. It will include infrastructure investments and policy, regulatory and other initiatives to flesh out the framework potential actions from the strategy. Ontario has stated the partnerships between the private and public sectors will be needed to ensure the Strategy is successful.

The OCC believes that the Strategy - once released - must set the foundation for the immediate commencement of a Long Range Transportation Plan (LRTP).
Once the Strategy is released, its findings need to be integrated into a provincial, multimodal LRTP. This LRTP will contribute towards placing Ontario on a level playing field with key competing jurisdictions especially those located in the United States.

However, not until a goods movement study is complete, will the province be able to plan for an infrastructure system that benefits the north, south, east, west, central and golden horseshoe regions. That is why the OCC is encouraging the Province to ensure goods movement and people studies see completion by the end of 2010.

The primary objective of the Ontario LRTP is to improve linkages between all transportation modes. The establishment of a LRTP will, in the end, enable the province to effectively develop and implement policies which better utilize Ontario's extensive network of well-developed road, rail, marine and airport facilities prior to investing in new infrastructure.

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

1. Continue working on and expeditiously complete a goods movement and people study by the end of 2010 which will provide information on policy, infrastructure and regulation - focusing on Ontario as well as the vital U.S. trade regions of Detroit-Windsor, Port Huron-Sarnia, Buffalo-Fort Erie and Niagara, including Eastern and Northern Ontario border crossings.
2. Develop a 30 year, long range transportation plan based on the results of the goods and people movement study, to be completed by the fall of 2012. The long range transportation plan must:
    a. Include short, medium and long-term planning and investment objectives spanning 30 years;
    b. Be integrated with regional growth plans (e.g. Growth Plan for the Greater Golden Horseshoe area and the proposed Growth Plan for Northern Ontario) developed through the Places to Grow Act;
    c. Be used to promote co-ordination and consistency among land-use and transportation planning and investment by all levels of government and other transportation stakeholders; and
    d. Include a measure which will ensure that allocated funding for transportation infrastructure projects is implemented within a given timeframe.

Effective Date: May 1, 2010
Sunset Date: May 1, 2013

b. Alternative Financing for Transportation/Transit Infrastructure and Services

(Submitted by the Mississauga Board of Trade & the Toronto Board of Trade)

Issue:

The current and foreseeable future need for new transportation and transit infrastructure is staggering. Public finances are in the worst disarray since the great depression. The Ontario Government should transition away from the antiquated and ineffective public financing and operating of such infrastructure, and look to alternative means. There are ample credible alternatives available for consideration.

Background:

Ontario's infrastructure, and in particular its transportation and transit infrastructure has not kept pace with the past few decades of population growth, nor with its distribution.

Most of this growth has occurred in and around the GTA. The city of Toronto has an admirable public transportation system. However it is aging, has insufficient capacity to serve a much larger population, and was primarily built to facilitate movement into and out of the city centre.

The former "bedroom suburbs" surrounding Toronto now have a larger population than the amalgamated city itself. More commuters leave the city to work in the surrounding belt of municipalities than travel into it. The city centre is progressively becoming a less significant locus of employment.

As a consequence, more and more citizens are forced to resort to the automobile as the primary means of travelling between their work and their residence. There simply are no other practical choices.

With the decades-long neglect of the road system, this simply increases congestion. Travel times are increasing, productivity is lost, and pollution and green-house gas emissions are rising.

A provincial agency, Metrolinx, has been created to develop and implement a regional transportation plan for the Greater Toronto and Hamilton Area. Metrolinx's bold 25-year, $50-billion plan, called The Big Move, is meant to address these concerns. Currently, the provincial and federal governments have committed about $10-billion toward building this plan, but there is no strategy yet in place for how the remaining $40-billion needed for capital construction will be financed. With historic deficits at the federal and provincial levels, it is unlikely that significant new funds from general government revenues will be forthcoming in the near-term.

The Federal government has made substantial sums available, as part of its greater strategy to alleviate the recent global economic downturn. It appears that this funding has facilitated many short-term transportation infrastructure projects and will bring forward many more medium-term projects on area municipalities' wish lists.

Helpful as this is, Ontario cannot build a sustainable and responsive transportation infrastructure on a financing plan as transitory as the federal government's stimulus deficits. One hopes that one day soon, the federal government will cease to run deficits purely to stimulate the economy, and will turn its efforts to eliminating its deficit and once more reducing debt. Similarly, the Ontario government already has a disproportionately large deficit, and one hopes, will turn to the same task.

To minimize the size of future budgetary deficits and large additions to the public debt, the Ontario government cannot fund these projects out of general revenues. It must make use of alternative financing sources for both highways and for public transit. Two of these – there possibly are others – are targeted bond issues, and private financing in return for parts of the revenue stream. The bond issues should be tied to the assets that they finance, and therefore the assets should generate sufficient revenues to retire them – in the form of tolls or fares, as appropriate. Similarly private financing sources can be compensated by the revenue stream from the transportation asset.

There are many precedents in Canada but especially in the United States, of using public bond issues and private financing to finance transportation infrastructure – not only the capital cost of construction, but also the operating and maintenance costs.

Large parts of the management of the current transportation infrastructure have already been outsourced to the private sector. Just two examples of this:

- The 407 toll highway north of Toronto
- Go Transit operations management has been outsourced to Bombardier since late 2007.

There are many large global companies including Bombardier, SNC Lavalin, Alstom (France) and others that operate and manage many elements of many of the world's public transit systems – as well as manufacturing the rolling stock, switching and control systems. It is time for the Ontario government to consider a complete utility outsourcing, on a pilot or a demonstration basis. That is, the government would set the outcomes that it wants – as to quality and reliability of service, capacity delivered, utility rate of return, and so forth. It would then entertain bids from private companies or consortia to deliver.

There is no reason in theory why governments should be paying for and operating any part of the transportation infrastructure. This is a relatively recent practice, essentially a post-second world war assumption.

There is a growing public realization of the need for, and corresponding public support for "Public Private Partnerships" which has been well-documented by the Canadian Council for Public-Private Partnerships in a study it had commissioned from Environics Research Group(1). On the question of whether the private sector should be involved in delivering services and providing financing to address the infrastructure gap, nationwide support has steadily grown to a majority of 64% in favour in 2006. In general, the public has been receptive to these new revenue tools, particularly when there has been a clear link between the money raised through the revenue tool and new infrastructure construction. For example, in the 2008 US election, there were 32 referendums across the country asking voters to approve various revenue tools to enable new transit construction. Three-quarters of these measures were approved, often receiving over 2/3 of the voters' support. Significantly, 67% of voters in Los Angeles County approved a sales tax increase that will go toward mass transit expansion, including subway construction. Similarly, after the improved effects on their mobility, voters in Stockholm voted overwhelmingly to keep a congestion pricing scheme in place following a trial period in 2006.

In fact, the PPP approach is heavily used by the Ontario Government under the term "Alternative Financing and Procurement" (AFP), which is a self-admitted euphemism for PPP (2). It is being used to finance billions of dollars worth of nuclear power plants, hospitals, courthouses and much other public infrastructure.

This is not a terribly new approach either. In the late 1990s, University Health Network's Dr. Alan Hudson successfully arranged for the bond financing for $280 million worth of infrastructure upgrades to the hospital infrastructure, based on an energy-savings cost reduction business case (3).

Foreign capital markets view the operations and financial methods of Ontario's vehicle for AFP/PPP favorably as evidenced by a Moody's analysis of the workings of the Ontario Infrastructure Projects Corporation (4).

Given the foreseeable future of constrained public finances, and the current urgent need for transportation infrastructure, all of the alternatives should be vigorously pursued.

RECOMMENDATIONS:

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

1. Use alternate financing methods for transportation infrastructure. Two methods could be public bond issues, and private consortia.
2. Include among various revenue tools, consideration of the use of tolls and fares to either pay down the bond issue, or to provide a stream of revenue to the private capital sources.
3. Implement at least one pilot or demonstration project wherein the private company winner of a public competition finances, builds and operates either a toll road or a high-capacity public transit service entirely itself – subject only to the terms of the bid as set by the Ontario Government.
4. Incorporate the recommendations above into Metrolinx's Investment Strategy, with a view to having this Investment Strategy unveiled no later than December 31, 2011.

References:

1) *Trends in Canadian Support for Public-Private Partnerships*
2) *Presentation by Steven Richards*
3) *UHN – Energy Innovators Case Study*
4) *Ontario Infrastructure Projects Corporation (Moody's)*

Effective Date: May 1, 2010
Sunset Date: May 1, 2013

c. Metrolinx - Addressing Outstanding Issues

(Submitted by the Toronto Board of Trade)

Issue:

To be able to successfully and effectively implement a regional transportation plan for the Greater Toronto and Hamilton Area (GTHA), Metrolinx must address the following issues:
1) Immediately deal with how to bridge the gap between existing funding commitments and the overall cost of fully implementing the regional transportation plan for the GTHA;
2) Create and implement a goods movement strategy that effectively balances cost-efficiency, convenience, safety and environmental stewardship.

Background:

Metrolinx must move quickly to get shovels in the ground. It must also immediately address the $32 to $39 billion gap between what has been allocated and what it has estimated will be required to fully implement its regional transportation plan. Metrolinx needs a more robust funding model to be effective and to undertake the long-term transportation planning and expansion required to support the economic and population growth of the region and province. There is a vital need for all levels of government to commit dedicated, predictable funding for transportation infrastructure.

Metrolinx must immediately consult with business leaders on the development of a comprehensive goods movement strategy. Simply put, congestion costs Ontario billions of dollars each year. The safe and efficient movement of goods is paramount to the competitiveness and survivability of Ontario businesses. Metrolinx must involve Chamber members in the development of a goods movement strategy. This strategy must create a wider variety of cost-effective, safe, environmentally responsible and highly flexible options for moving goods.

RECOMMENDATIONS:

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

1. Provide Metrolinx with dedicated and sustainable funding from their general revenues.
2. Direct Metrolinx to, within a year, unveil a long-term financing plan that will satisfy the regional transportation plan's capital and operational requirements and to immediately implement this plan.
3. Instruct Metrolinx to accelerate its work on a comprehensive goods movement strategy, with a view to finalizing this strategy within twelve months.
4. Ensure that the Metrolinx board members, respecting its private sector composition, reflect the municipalities that they serve.

Effective Date: May 2, 2009
Sunset Date: May 2, 2012

d. Better Understanding the State of Transportation Infrastructure in Ontario

(Submitted by the Brampton Board of Trade)

Issue:

Ontario faces a staggering transportation infrastructure deficit in terms of rehabilitating existing roads and bridges and expanding capacity where required to meet population growth and ensuring efficient mobility of goods and people. In order to achieve the best use of our public financial resources to make wise investment decisions, the Ontario government and its municipal government partners need adequate information to be able to plan for and prioritize spending. The creation and management of a "knowledge base" of information about transportation infrastructure in Ontario is a critical element of this process. Without reliable, current and accurate information we cannot ensure "best use" of our resources.

Background:

Ontario has always prided itself on having a safe and efficient transportation system and network that is important to business for the movement of goods and people. Economic prosperity has been proven time and time again to be directly correlated to the transportation infrastructure that we have.

In 1996 a portion of the Ontario Provincial Highway network was transferred to municipal governments and with that transfer came the end of direct municipal road subsidies and the overall consistent and centralized management of the information about the municipal road network in Ontario. Without that information transportation infrastructure investment planning has become difficult.

Various sources have estimated the overall extent of the infrastructure deficit in Ontario; however, the precise number is difficult to calculate due to inadequate information. Rather than focus on the number, businesses want to see an effective strategy put into action that will address the deterioration and decay of the transportation infrastructure and over time improve its overall condition.

A key element of the strategy is understanding the condition and extent of the transportation infrastructure that exists in Ontario and exposing that information publicly so that all stakeholders are able to see the state of transportation infrastructure, guide the related investments and monitor progress.

Recently, the Federation of Canadian Municipalities (FCM) issued a reported called "Danger Ahead: The Coming Collapse of Canada's Municipal Infrastructure", which cites: "a comprehensive, national inventory of infrastructure assets is required to properly determine the size, scale and geographic character of the municipal infrastructure deficit". This report confirms the existence of a problem but does not adequately address effective and sustainable solutions.

A similar report was issued by the consortium of organizations represented through the Infrastructure Investment Coalition, called "Ontario Bridges, Bridging the Gap". In this report the members recommend a Province-wide inventory of bridge information to assist with making investment decisions. Again, a recognition of the problem with a limited ability to act on the solution.

In summary, most groups and stakeholders acknowledge a problem and some even recommend solutions. The extent and condition of our public transportation assets and the plans to maintain them are important public information and the impact of poorly informed decisions or delays has a negative impact on Ontario's business community.

Recently, an existing partnership has been created between the Ontario Ministry of Transportation (MTO) and the Ontario Good Roads Association (OGRA) to begin the process of quantifying the infrastructure deficit. However some further recommendations related to advancing the file on Transportation Infrastructure Investment and Financing are warranted.

RECOMMENDATIONS:

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

1. Legislate the recording and maintaining of a comprehensive inventory of all transportation infrastructure held by Ontario municipalities and the province.
2. Include in the legislation that not only quantity, but also condition (state) of infrastructure be recorded.
3. Make these inventories transparent to the public and facilitate periodic audits of both inventory and infrastructure state.
4. Work with the federal government and municipalities to ensure that investments in transportation infrastructure are adequately funded by all levels. Furthermore, the Ontario government should work to ensure that all levels of government are active participants in the process of rehabilitation, improvements and expansion of transportation infrastructure.
5. Maintain a provincial database of outstanding transportation infrastructure rehabilitation, improvement, expansion and new projects for each municipality (transportation infrastructure deficits) and implement a plan to address the province's share of the financial burden. This should

be done in partnership with the municipalities to ensure that there are no redundancies in the gathering and maintaining (database) of this information.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

e. Hydro Corridors and the Future of Transportation
(Submitted by Greater Oshawa Chamber of Commerce)

Issue:
The sale of Hydro Ones vast network of hydro corridors (transmission towers) throughout Ontario and the GTA. These blocks of land could be used for future Transportation Corridors.

Background:
In 2002 there was an impending threat of the sale of Hydro One lands, and in particular the vast network of hydro corridors, by the government of the day.

It is indicated, by urban planners that if you have the possibility of some interconnected linear swaths of publicly owned land in the GTA and throughout Ontario designated for services, the absolutely last thing you would do is break them up and sell them. In the GTA for example there are approximately 4,050 hectares of mostly open space running like an array of green ribbons across the GTA.

Studies have consistently identified hydro corridors throughout the GTA as places to build transit. Construction can be done without causing a great deal of disruption to the area where they are located and in most cases the EA's have been completed.

The corridors are one of a kind and not only cross the GTA but also all of Ontario and go to and through major urban centres. Corridors are ideal for not only transit but possibly pipelines and other utility uses.

For example, the Finch Hydro Corridor runs from Pickering to the western edge of Etobicoke, connecting with other corridors throughout the GTA. The corridor intersects the Yonge Street subway and four Go Transit routes going into the city from the north and northwest. It could provide a strong potential to ease some of the gridlock facing the GTA Given these facts and the ever-increasing transportation problems facing Ontario and gridlock in the GTA considering the hydro corridors as potential transportation and service corridors could have a positive impact on the future competitiveness of business in Ontario.

The Ontario government should place an increased emphasis on the impact any policy or change to Hydro corridor lands could have on the Ontario economy, and understand that such a change could leave Ontario and businesses at a competitive disadvantage to world markets.

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

1. Work in partnership with the Ontario business community and municipal governments to actively review the active, inactive or retired corridors as potential transportation and service corridors.

2. Pay close attention to the possible impact that the decision to sell the active, inactive or retired Hydro corridors might have on transportation and gridlock and review the results with the Ontario business community.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

f. Land Use Planning and Development

(Submitted by the Hamilton Chamber of Commerce)

Issue:

The Province of Ontario has responsibility for establishing a broad framework for land use planning and development. However, lately, the province has been intervening too much in the details of local planning matters. It is important that the proper balance be maintained between the needs of a broad provincial policy framework and the need to allow for proper implementation of that plan to accommodate unique local needs which respect the special context of individual municipalities.

Background:

Traditionally, the Province has assumed an important role in land use planning and development through the guidance and direction on broad planning-related issues through such documents approved in the 1970s and 1980s, including the Parkway Belt West Plan, the Niagara Escarpment Plan, and more recently through the approval of the Oakridge's Moraine Plan, the Greenbelt Plan, and the Growth Plan. These initiatives have been primarily focused on the GTA to deal with growth pressures competing with the protection of natural features, and the need to establish a logical evolution in the development of distinct, identifiable communities.

With the implementation of the Growth Plan, the Province is now beginning to cross the line in controlling matters that more appropriately should remain the responsibility of local municipal governments. The implementation of the Plan not only identifies growth areas but also allocates how much growth municipalities must accept. Rather than providing specific targets, the Province is now dictating the precise number of hectares that have to be set aside to accommodate provincially driven growth projections.

This approach fails to recognize the specific needs and characteristics of each municipality. For example, it is assumed that each hectare of land has the same characteristics and the same potential to accommodate future growth. This does not take into account land ownership patterns in some municipalities that hinder the land assembly required to accommodate new communities. Nor does it take into account the presence of natural features, the ability to create new communities as opposed to extensions of existing subdivisions, and the extent to which natural physical boundaries already exist. The Provincial approach does not even take into account the developability of land (i.e., pipelines and hydro corridors are included in net developable land calculations). This truly represents an unrealistic approach to community planning.

Clearly, these are local matters that do not have any broad provincial interest beyond their consistency with provincial growth directives and provincial infrastructure investment.

A 20-year time frame should be the minimum consideration for development for any community within the GTA. The possibility to consider growth options for 30 years or more is necessary to allow for the proper development of new communities, the planning implementation of appropriate infrastructure, and to allow for the consideration of special characteristics of each municipality.

Depending upon local circumstances, a more logical urban boundary could result in a longer build-out time. The appropriateness of the boundary should be determined more within the context of local situations than as a result of a mathematical calculation.

On the other hand, a truly provincial issue - the Niagara-to-GTA corridor, it appears that the Province is taking a less active role and has backed away from the proactive strategy that is required to bring this project forward in a timely manner. This is a clear example of a legitimate provincial interest that requires greater provincial initiative to link the GTA with the Niagara Region and the US border to take full advantage of the economic development potential of establishing greater connections to the US border. This is consistent with the provision for the Places to Grow plan that recognizes the importance of cross-border trade with the United States.

RECOMMENDATIONS:

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

1. Limit its role in long-term land use planning to adopt broad strategies and a framework for development for at least the next 30 years. These strategies should include accelerating the planning and implementation of the Niagara-to-GTA Corridor to take full advantage of future economic opportunities that would be created with this infrastructure.
2. Encourage municipalities to adopt plans that are based on a minimum 20-year planning horizon, subject to the adoption of appropriate intensification policies which could include implementation through the adoption of phasing policies. Plans should be based on criteria which define a logical boundary for urban development based more upon local needs and opportunities than on mathematical land area calculations.
3. Avoid interfering with land allocation or distribution of land areas or uses within municipalities.

Effective Date: May 2, 2009
Sunset Date: May 2, 2012

C. Energy Supply/Fuel Mix

a. Energy From Waste

(Submitted by the OCC Energy Task Force)

Issue:

Ontario is missing the untapped value of Energy from Waste (EFW) technologies, which use residential and commercial waste to generate electricity and reduce the amount of waste sent to landfill sites. As part of an integrated waste management system, EFW is a viable alternative to landfills.

Only five per cent of Canada's solid waste is processed to generate electricity, compared to thirteen per cent in the US. It is time now for Ontario communities to start considering a solution.

Background:

Energy recovery from Waste describes the process in which energy is recovered from the combustion of waste, and used to generate electricity, which is then fed back into the electricity grid, or provide both electricity and heat (combined heat and power) to nearby communities or other uses. Wastes represent an increasingly important fuel source. Using wastes as fuel can have two fold benefits: maintaining a cleaner environment and providing an alternative energy source for the local economy.

Waste may be in the form of an individual waste stream, generally from a commercial or industrial activity, which is used in existing plant as a fuel; it may be the residue once recyclables are separated from a general waste stream; or it may be a specially produced refuse-derived fuel (RDF) which must meet certain standards to be burnt in certain plants such as cement kilns or, potentially, power station furnaces.

Today there have been developed some innovative technologies, which have the potential to increase the efficiency of energy recovery. Besides, ETW facilities can reduce the volume of a landfill site by 90% and reduce the weight of solid waste by 70%. Fly ash produced by a WTE facility can be re-used for landfill cover, road-base, or other such construction materials.

The environmental benefit of EFW generation is that it can help reduce CO2 emissions, through displacement of fossil fuels that are 23 times more damaging than CO2 for global warming. If biodegradable waste is diverted from landfill, methane emissions can be avoided.

New energy-from-waste plants give off no odour, effectively dispose of garbage that would otherwise go to landfills, and generate considerable amounts of eco-friendly electricity, and sometimes steam as a by-product. Although new technologies still generate some emissions, their level is substantially lower compared to older technologies.

A number of well-established technologies are available for generating heat or power from wastes: combustion with energy recovery, thermal technologies, gasification, pyrolysis, anaerobic digestion, pelletization, thermal cracking etc (see the box below).

EXAMPLES OF ENERGY FROM WASTE TECHNOLOGIES*

Combustion with energy recovery

Energy from combustion technology decreases the volume of the municipal waste and allows for recovery of metals and other potentially recyclable fractions. Plants that generate electricity can typically process between 20,000 and 600,000 tonnes of waste per year, generating from 1 to 40 MW of electricity. Power is produced from wastes by using the steam raised in the combustion process to drive a steam turbine to generate electricity, in a similar manner to a conventional coal fired power station. Any residue that is landfilled is biologically inactive and does not generate potentially harmful emissions. The heat recovered from these plants can be used to generate electricity, or can be used for industrial heat applications, where there is a market for the heat.

Advanced thermal technologies
Where the waste stream is of a uniform nature, for example if it has been processed into a homogenous fuel, it is better suited to the more "advanced technologies", such as gasification or pyrolysis. Wastes that are not uniform in composition, for example municipal wastes, are less suited to treatment by advanced technology, although the technology is rapidly developing to handle more challenging wastes.

Gasification
Gasification is a thermo-chemical process in which biomass is heated, in an oxygen deficient atmosphere to produce a low-energy gas containing hydrogen, carbon monoxide and methane. The gas can then be used as a fuel in a turbine or combustion engine to generate electricity. Gasifiers fuelled by fossil sources such as coal have been operating successfully for many years, but they are now increasingly being developed to accept more mixed fuels, including wastes. New gas clean-up technology ensures that the resulting gas is suitable to be burnt in a variety of gas engines, with a very favourable emissions profile.

Pyrolysis
Pyrolysis is an emerging technology, sharing many of the characteristics of gasification. With gasification partial oxidation of the waste occurs, whilst with pyrolysis the objective is to heat the waste in the complete absence of oxygen. The pyrolysis technology converts virtually all hydrocarbon waste streams (including tires, hospital waste, and carbon based waste) into highly purified virgin hydrocarbon and advanced material nanocarbons. Gas, olefin liquid and char are produced in various quantities. The gas and oil can be processed, stored and transported, if necessary and combusted in an engine, gas turbine or boiler.

Anaerobic digestion
The biological processes that take place in a landfill site can be harnessed in a specially designed vessel known as an anaerobic digester to accelerate the decomposition of wastes. Anaerobic digestion is typically used on wet wastes, such as sewage sludge or animal slurries but the biodegradable fraction of municipal wastes can be added to wetter wastes to increase the biogas output. The biogas can then be used in an engine or turbine for power generation, or used to provide heat for industrial processes situated near the landfill site, such as in a brickworks.

Pelletization
The technology allows processing of Municipal Solid Waste by selecting appropriate materials to mix with purchased high BTU materials in the production of a high BTU pellet that can be used either to replace coal or coke in industrial processes, or for use in an acceptable combined combustion/gasification and local energy recovery system the manufacture.
*NOTE: The EFW technologies are not limited to the ones described in the table.

The air emissions from EFW plants as compared to traditional use of fossil fuels are also significantly cleaner. For example, the table below shows use of trash to generate one megawatt of power instead of coal:

Air Emissions of Waste-to-Energy and Fossil Fuel Power Plants (pounds per megawatt hour)[5]			
Facility Type	Carbon Dioxide	Sulfur Dioxide	Nitrogen Oxides
Coal	2,249	13	6
Oil	1,672	12	4
Natural Gas	1,135	0.1	1.7
Waste-to-Energy	837	0.8	5.4

[Source: www.wte.org]

Canada in general and Ontario in particular has lagged behind both Europe and the United States in the development of ETW sites. Historically, Ontario has enjoyed relatively low energy costs and ample room to locate landfill sites, both factors being impediments to the development of ETW facilities. However, with growing concern over the environment, an integrated waste management system, including recycling and ETW facilities, should be given greater priority as a viable and responsible solution.

Canada has an installed EFW capacity of less than 800,000 tonnes per year spread across four facilities (Charlottetown, Quebec City, Peel Region and Burnaby). But, interest is on the rise. Research from the Canadian Energy-From-Waste Coalition shows that 83 per cent of Canadians support energy recovery technologies, up from 67 per cent only four years ago. These Canadians realize that EFW produces energy that can be used for heat and electricity, thereby saving natural resources.

In 2008, the Municipality of Durham and York Region announced plans to build a $150-million EFW plant that will process approximately 200,000 tonnes of residual waste a year. A typical 2,000 tonnes per day EFW facility generates about 60 net megawatts of electricity, which is enough energy to power about 600,000 homes. Plasco Energy Group Inc. announced in March 2008 that it has begun accepting city garbage at its plasma gasification plant in Ottawa, breaking it down and converting it to a clean synthetic gas, or "syngas" used to generate electricity. Private investment in Plasco in the last three years has totaled $90 million. The company received $9.5 million in funding from Sustainable Development Technologies Canada and a $4 million loan from the Ontario Ministry of Research and Innovation. For every tone of waste processed, enough energy is generated to power the facility and provide 1,150Kwh of electricity to Hydro Ottawa.

Other energy from waste initiatives underway in Canada includes the City of Edmonton, which is currently building a gasification facility that will use municipal waste residues as its main feedstock. The facility is expected to start up at the end of 2010. Metro Vancouver is also looking to add to its current EFW facility with up to three additional sites. The current facility began commercial operations in 1988 and currently processes 280,000 tonnes of waste per year.

Development of new EFW facilities is a burdensome and lengthy process. The approval process may take years. The EFW projects also require of companies to acquire permits, comply with environmental standards, make financial arrangements and deal with the NIMBY (not-in-my-backyard) concerns from residents. The process gets even more cumbersome because future facilities must acquire also contracts with municipalities on waste supply and connect to the local power grid.

Acknowledging the challenge, the government approved in March 2007 a streamlined environmental assessment and waste management approval procedure (O. Reg. 101/07) for small energy to waste projects that could save municipalities up to 18 months.

In order to deal with the public concern over the location of EFW sites, EFW facilities should be located in existing landfill sites especially where an energy consumer is located in close proximity to the EFW facility or a grid connection is readily accessed.

EFW facilities should be constructed and financed under public private partnerships not unlike Infrastructure Ontario in order to achieve design, quality and cost consistencies across the Province.

Government policy consistency is crucial as the approval process for new EFW facilities may be carried over several government mandates. Larger EFW plants could cost as much as $500 million. At the same time, government has recognized the benefits associated with these plants, considering the rising costs of shipping and disposing of waste, the pressure to diminish emissions to the environment and the untapped capacity of alternative electricity going into the grid.

Energy from Waste plants could play a limited, but increased role in generating electricity and providing heat to communities and a practical waste disposal solution. With fossil fuel prices rising in recent years, the attractiveness of an Energy From Waste component of the portfolio is likely to grow.

RECOMMENDATIONS:

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

1. Review by 2011 the experience in other jurisdictions and, considering the environmental and economic efficiency, estimate what of the available Energy from Waste technologies (combustion with energy recovery, advanced thermal technologies, gasification, pyrolysis, anaerobic digestion, pelletization, etc) have the highest rate of return for Ontario;
2. Assess the costs of erecting EFW facilities and estimate the benefits for Ontario by considering the environmental effects, avoided waste disposal, land filling/development costs and promotion of alternative energy generation;
3. Pursue increasing the share of the efficient Energy from Waste generation technology in the supply mix and develop by 2011-2012 an integrated waste management plan, prioritizing on EFW;
4. Educate the public on the importance of 5-Rs: (1) Reduce (waste, packaging etc); (2) Reuse (beer bottles, etc.); (3) Recycle (new product from waste i.e.: sewer pipe from used car dashboards etc); (4) Recover (energy, oil); and (5) Retain (landfill issues). Also educate Ontarians of the importance and safety of advanced EFW technology for their communities;
5. Commit to create a stable streamlined regulatory environment, an electricity market guided by prices reflecting true costs of power and pursue consistent EFW policies;
6. Stimulate municipalities to develop EFW facilities, where appropriate and strategically feasible at existing landfill sites; and
7. Engage private sector in the development, construction and financing of WTE facilities.

Effective Date: May 1, 2010
Sunset Date: May 1, 2013

b. Electricity Pricing, Supply and Market Development

(Submitted by the OCC Energy Task Force)

Issue:
Electricity pricing, supply and market development are key to maintaining the economic competitiveness of Ontario businesses.

Background:
A reliable and affordable electricity system is key to Ontario's economic prosperity and the competitiveness of Ontario businesses. Policies that enhance affordability and reliability can contribute to the province's economic strength and help to maintain and create jobs.

Government policy choices can keep Ontario's electricity price affordable. At the same time, Ontario needs to ensure that electricity prices reflect the true cost. The recent passage of the Green Energy Act in Ontario will help encourage new investment in electricity. However, the government must also ensure that Ontario's electricity supply, promotes efficiency, ensures adequate capacity and fosters conservation.

Business needs a stable policy and regulatory environment to grow and prosper. This is especially true in the electricity sector in which investments often have a high capital cost and require long lead times.

Regulatory requirements and NIMBYism can play a role in unnecessarily delaying needed projects. Government policy needs to ensure adequate regulatory review and oversight, but should also ensure no undue delay to necessary electricity system investments.

The government has endeavoured to address NIMBYism through the *Green Energy Act* by introducing a single new Renewable Energy approval process that replaces several approvals currently required under the *Environmental Protection Act*. However, the *Environmental Assessment (EA) Act* has not been amended therefore, the EA regimes for renewable energy projects under the Electricity Projects Regulation still remains in place.

In ensuring adequate electricity supply to meet the needs of business, Ontario should adopt a diverse electricity supply mix. All energy options have strengths and weaknesses. A portfolio of energy supply choices provides the best insurance toward a reliable and affordable electricity system.

Sound environmental policy should be a key component of electricity policy, resulting in an environmentally sustainable system. All economic energy efficiency and conservation investments should be encouraged.
Ontario, like many jurisdictions, currently has a hybrid electricity system. There is significant and ongoing debate about how to achieve a reliable and affordable competitive market for electricity that will bring real benefits for consumers. The Chamber believes that the private sector should play a significant role in the electricity system and that over the long term, Ontario should explore options for creating competitive markets for electricity that will benefit consumers.

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

1. Work towards establishing a competitive market for electricity in the long term.
2. Immediately start creating conditions for a competitive environment in the mid-term, including developing instruments to help facilitate market liquidity forward exchange, long-term contracting, and long-term price predictability.
3. Promote a diverse supply mix as a way of ensuring that Ontario's electricity prices remain affordable over the long-term.

4. Ensure an adequate, stable and reliable supply of electricity in Ontario to meet the needs of Ontario businesses.
5. Ensure that the price of electricity reflects the true costs.
6. Ensure a significant role for the private sector in Ontario's electricity system.
7. Promote environmental sustainability by ensuring that all economic energy efficiency and conservation investments are made.
8. Work with Ontario large energy users to ensure that areas with frequent brownouts and drops in supply are upgraded to protect against loss of productivity and equipment damage.
9. Share its analysis of the impacts of provincial energy legislation initiatives on large energy users' attraction and retention.

Effective Date: May 1, 2010
Sunset Date: May 1, 2013

c. Diversifying Fossil Fuel Supply Mix in Ontario
(Submitted by the OCC Energy Committee)

Issue:
The high volatility of conventional fossil fuel drives up the cost of doing business in Ontario. Not any different from industrialized economies across the world, Ontario's economy, including public transportation, business and industry depends heavily on conventional fuels, and more than any - on petroleum derivates. Arguably, the cost of crude oil, coal and gas is imbedded in the price of every good and service in the province.

Our policy makers can do more to create an environment that promotes diversification of fuel supply, fosters conservation and fuel demand management policies. Tax incentives coupled with R&D investment in energy efficient technologies, and the availability of competitive alternative transportation fuels in our daily lives could make a difference for Ontario's economy.

Background:
Ontario's energy consumption relies heavily on conventional fuels and, as the population grows, so will the demand for fuel. Almost three quarters of our total energy supply comes from fossil fuel: crude oil, coal and natural gas. Both society and government have to recognize that this trend should be propelling us to diversify our sources and conserve fuel and transportation energy going forward.

Ontario has begun, but could do more to take advantage of novel fuel efficient technologies and competitive alternative fuels. In 2007, the province diversified transportation energy supply by introducing a five percent bio-ethanol standard for gasoline.

Further promotion, production and use of alternative fuels like hydrogen and biofuels (ethanol, pure vegetable oils, diesel etc) could contribute to a reduction in energy import dependency and in emissions of greenhouse gases. In addition, competitive biofuels, in pure form or as a blend, may in principle be used in existing motor vehicles and use the current motor vehicle fuel distribution system.

Tax incentives promoting development of fuel efficient technologies, demand management policies for fuel consumption, R&D investment, and political leadership from the top will be paramount in making larger use of economically competitive alternative fuels and transportation energy technologies a reality in the near future. Detailed analysis of the environmental, economic and social impact should be part of the process in order to promote only competitive conventional fuels.

Provisions should be made for the possibility of adapting rapidly the list of biofuels, the percentage of renewable contents, and the schedule for introducing biofuels in the transport fuel market, to technical progress and to the results of an environmental impact assessment of the first phase of introduction.

Mindsets and economies will not change overnight. However, Ontario should continue with its position on promoting alternative fuels and energy efficient transportation technology and assume a more active role in building a diversified fuel mix portfolio, encourage conservation, and develop consumer demand management policies for fuel.

RECOMMENDATIONS:

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

1. Develop a long term plan to diversify fuel supply mix, promote fuel conservation and energy efficient technologies and foster consumer demand management for fuels.
2. Undertake analysis of the environmental, economic and social impact in order to decide whether it is advisable to increase the proportion of biofuels in relation to conventional fuels.
3. Promote and invest in research and development oriented towards vehicles using alternative fuels (ex: hydrogen cells, electrical cars, biodiesel, biogas, bioethanol, biomethanol, pure vegetable oil etc)
4. Develop effective demand management policies for high density urban centres by encouraging commuters to use oil efficient mass transportation systems – busses, trains, car pooling; considering developing "low hydrocarbon diet" standards, and versatile, oil efficient engines for public transportation systems, etc.
5. Educate the public on:
    - what is at stake and why these types of investments are needed;
    - the advantages and importance of fuel diversification within their own communities and businesses, and
    - advantages for the environment and sustainable economy.
6. Secure a more predictable and less single fuel source (crude oil) dependent economy/society.
7. Undertake steps to increase the refining capacity in the province
8. Work with the federal government to immediately establish incentives to secure a diverse and adequate supply of fuel, capable to stimulate the domestic economy.

Effective Date: May 1, 2010
Sunset Date: May 1, 2013

d. National Nuclear Energy Strategy

(Submitted by the Oshawa Chamber of Commerce)

Issue:

Ontario must become a leader in helping create a national nuclear energy strategy, one that will benefit Ontario's and the Canadian economies.

Background:

The nuclear industry is in need of stable, predictable planning and regulatory regime to remain viable. A nuclear energy strategy is needed to ensure that the province has the energy it needs at affordable prices.

Maintaining and expanding nuclear energy as a power source will allow Ontario residents to continue to benefit from its ability to provide large amounts of reliable, uninterrupted power, while not impacting air quality. There is an urgent need to plan now and move quickly and decisively to implement such a strategy.

There are many benefits supporting the expansion of nuclear energy. Nuclear power produces zero emissions, is an ideal base-load power source and produces economic spin-offs, both in construction and operation phases. Ontario's manufacturing sector has been hard hit over the last couple of years. Investing in a national nuclear strategy would assist in bringing new high paying jobs to the province as well as creating significant tax revenues to both the federal and provincial governments.

Around the world we are seeing a nuclear renaissance as the many strengths of nuclear energy are being recognized. Billions of dollars will be spent on hundreds of new plants around the world over the next 10-20 years. The developing powerhouses of China and India are looking to new nuclear capacity to help secure the energy they will need to fuel their economic growth. In 2006, the United States implemented an Energy Policy Act encouraging construction of new nuclear plants as part of a diverse energy-production portfolio. Many other countries such as France, the United Kingdom and Japan have also adopted nuclear energy in their public policy positions. It is imperative that Canada also develop a national nuclear strategy in order to remain globally competitive.

There are many opportunities that nuclear energy can provide to Canada and Ontario. Canada and Ontario's nuclear industry have a demonstrated track record of safety, innovation and environmental stewardship. The Canadian innovative design and manufacture of nuclear reactors has proven to be competitive in world markets.

The government needs to look to the future opportunities that nuclear can provide Ontario and Canada. Nuclear is ideal for base-load, and could also work well generating hydrogen off-peak for transportation (the largest human source of greenhouse gases) in the foreseeable future. For example, France's electricity capacity is 100 percent fossil free: 80 percent nuclear and 20 percent hydroelectric. France sells surplus power to its neighbours at a lower rate than they can generate it themselves - something Ontario once did to the benefit of its own citizens and neighbouring jurisdictions.

Uranium is the key ingredient for nuclear energy and Canada is the world's leading producer of uranium, accounting for over 30% of total production. The uranium mined in Canada contains more energy than does all of our annual oil and natural gas production combined. Ontario has only two large energy resources of its own: hydro-electric, and nuclear energy, based on uranium. Nuclear and hydroelectric currently form the backbone of Ontario's electric energy mix, providing three-quarters of our electricity. Hydro-electric has limited additional potential whereas nuclear could be increased substantially to help support other energy needs, which up until now have depended on imported fossil fuels. Carbon-based fuels are subject to price swings based on events beyond the Province's control. These prices have a direct impact on the competitiveness of Ontario's industry. Expanding the usage of nuclear energy could therefore result in lower fuel prices while providing a reliable secure energy source.

RECOMMENDATIONS:

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

1. In consultation with all stakeholders including the Federal government (i.e. business, education and labour) ensure that Ontario and Canada has a Nuclear Energy Strategy that will continue to provide jobs, investment and economic strength for the Ontario and Canadian economy in the coming decades.
2. Ensure the strategy framework is national in scope and encompasses but not be limited to:
   a. Research and Development and commercialization of technology
   b. Fiscal Policy
   c. Skills Policy for the education of the Canadian workforce
   d. Intellectual property rights
   e. Innovation Policy
   f. Trade and Infrastructure issues

Effective Date: May 2, 2009
Sunset Date: May 2, 2012

e. Standards on the Content of Renewables in Conventional Fuels

(Submitted by the OCC Energy Committee)

Issue:

The Ontario Government enacted legislation that as of January 1, 2007, all gasoline sold or supplied in the province must contain at least five percent ethanol calculated over a yearly average.

The government of Canada is developing legislation that will require 5% renewable content based on the gasoline pool by 2010 and 2% renewable content in diesel and heating oil by 2012, upon successful demonstration of renewable diesel fuel use under the range of Canadian conditions.

The Ontario Chamber of Commerce is supportive of policies reducing Canada's carbon footprint. Nevertheless, our members are concerned about possible introduction of more aggressive mandatory standards on blends of renewable and conventional fuel and implications of such policies on the operating expenses of fuel vendors and suppliers; but also on transportation and travel costs due to increased blended fuel usage per mile of travel.

Background:

Presently, public and private sectors are keen to develop technologies that minimize green house gas (GHG) emissions. Research has proved that blends of conventional fuel with some forms of renewable fuels reduce the amount of carbon emissions into the air. Despite positive support from the government, renewable fuels have had very little market penetration [< 0.8 %] in Canada over the past four decades due to its associated higher production costs.

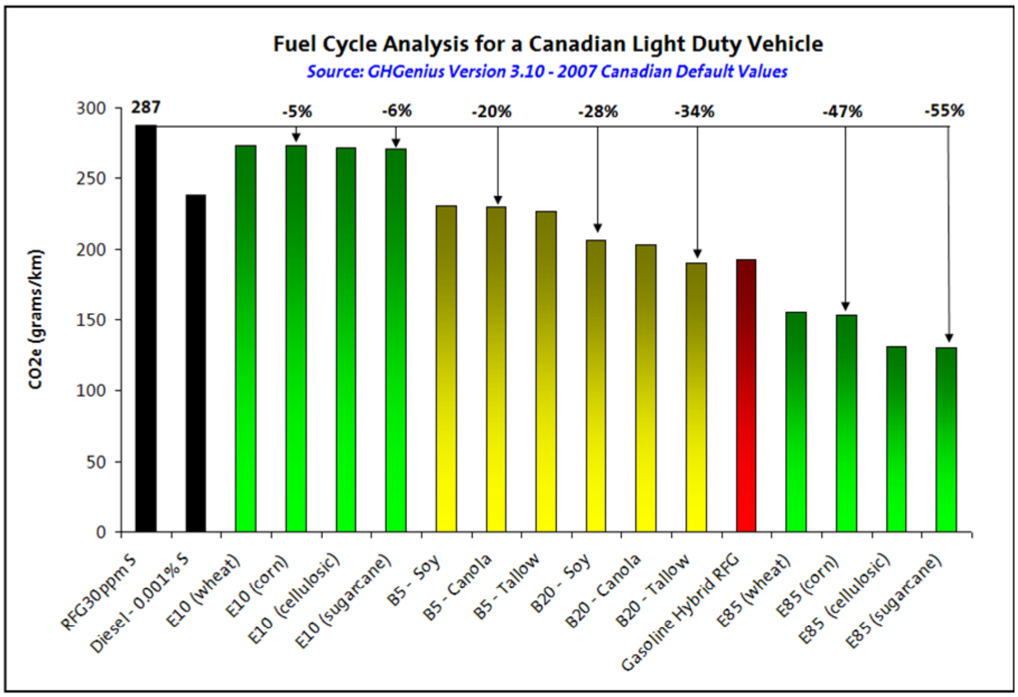
A range of developments in the past four years has shifted public policy attention back to renewable fuels as one of the means to reduce the carbon footprint. These are: the escalation of crude oil price in the past six years (from $15-20 to over $100 per barrel), making some renewables far more competitive;

- the application of lower cost renewable technologies that have emerged, and others to emerge soon;
- the development and sale of flex fuel vehicles by the auto sector that can run both on high concentration renewable fuels (such as E85- Fuel containing 85% ethanol and 15% gasoline) and on conventional fuel;

- growing energy supply security concerns, particularly in the US;
- growing concerns on global warming and climate change;
- the leading practice in other jurisdictions, where governments implemented public policies on renewable fuels.

Renewable fuels supported by government policies

Of all known renewable fuels, modern science has distinguished two — ethanol and biodiesel — as having the potential to substantively reduce the use of conventional fuels. Despite the benefit of significantly reduced carbon footprint (per Natural Resources Canada's GHGenius studies, using E85 ethanol fuel reduced lifecycle GHG emissions by 47% to 55% compared to gasoline), these fuels still have some limitations, identified below:



Biodiesel is a derivative fuel based on blending bio-components derived from vegetable oils (corn/canola/soy/palm), animal fats or other biomass into petroleum distillates such as diesel and heating oil. So far, bio-diesel continues to have a number of technical issues that has prevented its large scale introduction in distillate markets. It can be unstable and decompose when stored. It is also incompatible with some types of machinery and engines, particularly in regards to lubricity and cold weather flow characteristics. The federal government allocated $20 million for biodiesel research and development initiatives exploring renewable carbon options and ensuring that it could be produced at a lower cost.

Ethanol is a derivative bio fuel component produced by fermentation of corn, other starches, cellulose, sugar etc. Ethanol has a lower energy density than gasoline (see Exhibit 1). A vehicle operation on E85 Ethanol fuel (Fuel containing up to 85% Ethanol and 15% gasoline) will have 25% less travel range as compared to conventional gasoline due to the lower energy density of Ethanol vs. gasoline. Many vehicle manufacturers have developed and sold millions of modern gasoline powered engines that run on both conventional and renewable fuels, and can use as much as 85% renewable ethanol content. Ethanol fuel blends for use in "Flex-Fuel" vehicles require blends to be reduced to 70% for operation during winter seasons in northern US and Canadian regions. Just as conventional gasoline blending are changed seasonally in Canada to ensure that conventional gasoline vehicles operate, high concentration ethanol fuel blend levels need to be adjusted during winter seasons.

Government policies on renewable fuels content have been adopted in a range of competing jurisdictions. Many jurisdictions mandate the renewable content in conventional fuels (like ethanol, biodiesel, etc) yearly pool average content in the retailed conventional fuel. Some standards are more aggressive than others: (ex: Brazil (E-25), and Saskatchewan (E-7.5), versus Sweden (E-5); and Ontario (E-5)). Many governments are also looking into creating targets for blending conventional diesel with biodiesel into blends ranging from B-2 to B-20.

Manitoba intends to develop a policy requiring that 85% of provincial gasoline contain 10% of ethanol and providing a temporary tax incentive averaging 1.5 cents per litre of gasoline blended with 10% Manitoba-made ethanol.

US policies will result in 4.7 billion gallons of renewable fuel (or 6% of the total fuel consumption) by the end of 2007. The US legislation includes a nationwide renewable fuels standard (RFS) that will almost double the use of ethanol and biodiesel by 2012 to 7.5 billion gallons. The US Clean Energy Act of 2007 specifies 36 billion gallons of renewables (over 20% of total fuel consumption) by 2017.

The US experience is unique as it approached renewable fuels as a matter of national energy security aiming to offset its high dependence on oil imports. US policy stimulates ethanol and biodiesel production while concurrently supports the establishment of supporting infrastructure (flex-fuel auto fleets and renewable fuel stations).

A range of tax and regulatory incentives in the US, both federal and state, stimulates development of new infrastructure (renewable fuel pumps), production of renewable fuels and flex-fuel vehicle fleets. For example:

30% or $30,000 for the installation of E-85 pump and up to 10 credits per fuel company;

an income tax credit for small ethanol and bio-diesel producers (ethanol -10 cent per produced gallon, agri-biodiesel and renewable diesel ($1 per gallon) and a 50 cent excise tax credit for biodiesel;

significant flex-fuel mandatory requirements for state and federal government fleets.

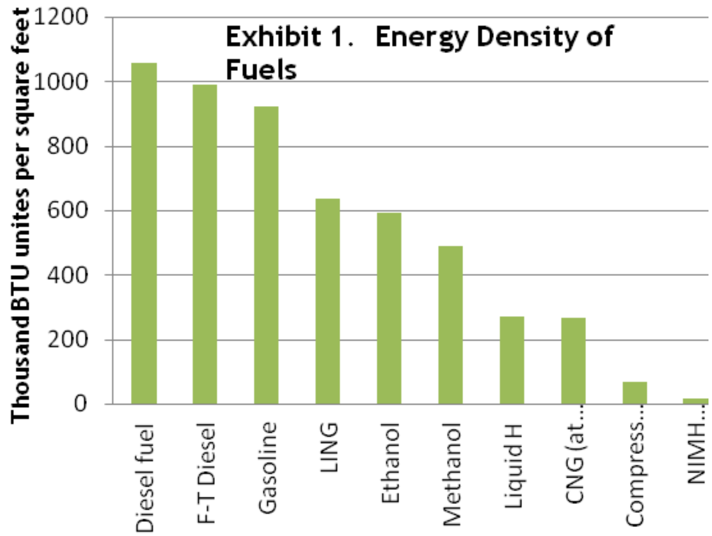
Acknowledging the high integration between US and Canadian auto industries and trade markets, the provincial and federal governments should aim to approximate their policies and incentives on renewable fuels with those of the US.

A long-term policy supporting renewable fuel is long overdue in Ontario. Yet, the government must consider a range of concerns expressed by some Ontario businesses in regards to increased renewable content standards of fuels:

All modern vehicle engines can use gasoline with up to 10% of renewable content. Introducing tougher standards for higher levels of renewables in gasoline will require time and is dependent on the expanded sale of E85 Flexible Fuel vehicles in the Ontario auto fleet.

Renewable fuels are less energy efficient than conventional fuels (see exhibit 1). As such, one litre of renewable blended fuel will take the vehicle a shorter travel distance than the distance traveled by the same vehicle using one litre of conventional fuel. For example, on average vehicles using E-85 will run by

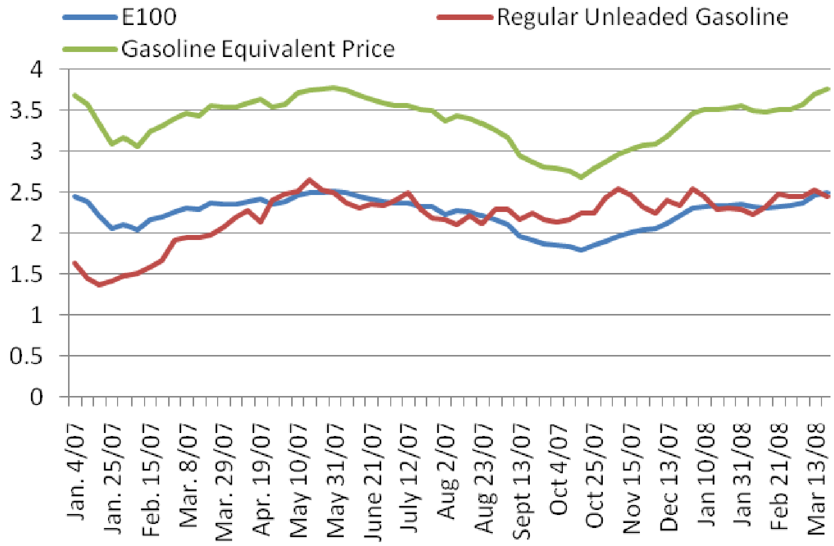
25% less the distance travelled by the same vehicle on conventional gasoline (see more examples on the difference in travel distance by different fuels and vehicle makes in the associated research posted on the U.S. Department of Energy web-site: www.fueleconomy.gov/feg/FEG2001_Part2.pdf).



Source: The Diesel paradox: why dieselization will lead to cleaner air,
James J. Eberhardt. U.S. Departmetn of Energy (www.osti.gov)

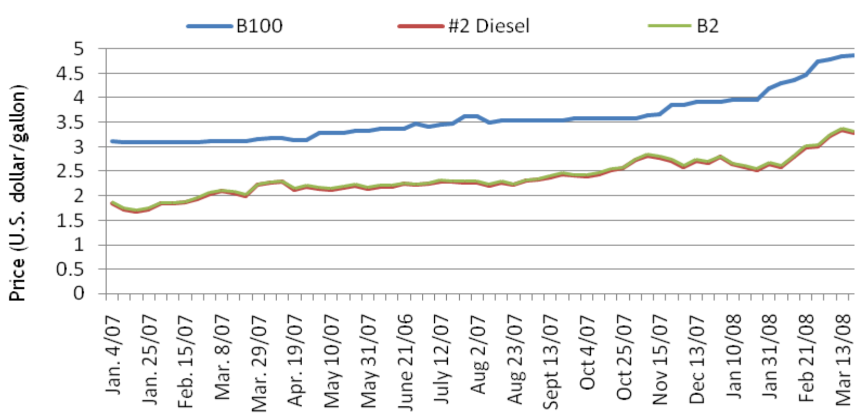
- Consequently, despite that pure ethanol (E-100) has leveled off in price with conventional gasoline over the last year, when adjusted for its energy efficiency (or the BTU –equivalent price (see the green line in exhibit 2) it is still more expensive on a per/mile travel basis. On the other hand, the pure bio-diesel (B-100) remains to be quite expensive compared to conventional diesel (see exhibit 2). Therefore blended fuels (containing a more aggressive concentration of renewable fuels) are generally more expensive than conventional gasoline and diesel).

Exhibit 2. Ethanol vs Regular Unleadead Gasoline (U.S) 2007-2008



Note: Gasoline Equivalent Price: converts the price of fuel to a BTU-equivalent price of that fuel (i.e. how much money would it cost to buy enough ethanol to equal the energy in a gallon of gasoline).
Prices are weekly averages and are wholesale values posted by suppliers that include only freight into the listed cities. No tax or subsidy considerations are made.
Source: dtnenergy's Alternative Fuels Index

Exhibit 3. Biodiesel vs Regular Diesel (U.S.) 2007-2008



Note: Prices are weekly averages and are wholesale values posted by suppliers that include only freight into the listed cities. No tax or subsidy considerations are made.
Source: dtnenergy's Alternative Fuels Index

- Blended fuel is not possible to transport through product distribution pipelines, as ethanol is both corrosive and a water scavenger. Both transportation and blending costs are significant. For example, the E-5 standard (5% of ethanol and 95% of gasoline) has likely raised the cost to produce and transport the fuel by an additional 2-5 cents per litre, despite the continued subsidies provided by the government to ethanol producers.
- The governments (both Provincial (14.7 cent per litre) and federal (10 cent per litre Excise tax)) have eliminated the tax exemption status for ethanol in gasoline benefiting consumers, and reassigned these subsidies to assist Ontario producers of ethanol and biodiesel. Ontario consumers lost the offset, while the prospect of sustainably cheaper ethanol is jeopardized by the reality that today more than 50% of the ethanol in gasoline must be imported from the US, Brazil and Europe.
- The Federal government also eliminated the 4 cent per litre excise tax exemption for Biodiesel (on April 1, 2008), thus increasing the cost disparities between biodiesel in Ontario versus the USA.
- A mandatory requirement to install E-85 fuel pumps will drive the operational cost of pump operators.
- Government should be aware that gasoline is an internationally traded commodity and both imports and exports of gasoline move freely across Ontario /US borders and other provinces. If mandatory renewable blended fuels are imposed only in Ontario, this will create disadvantages should businesses wish to re-export to other provinces and the US.
- Finally, the government must be cognizant of evolving scientific discoveries on other fuels. For example, a recent report by the US Department of Energy has found that a "clean" diesel technology (centered on the proven performance of the compression-ignition (Diesel cycle) engine) is commercially viable in the near future. Latest research findings indicate that "dieselization" is a real and viable strategy for reducing transportation energy use with the concomitant reduction in carbon dioxide emissions (source: The Diesel Paradox: Why Dieselization Will Lead to Cleaner Air, by James J. Eberhardt, U.S. Department Of Energy, available at:
- www.osti.gov/bridge/servlets/purl/827459-4bjpky/native/827459.pdf).

RECOMMEDNATIONS:

The Ontario Chamber of Commerce urges the Government of Ontario to work with the Federal Government and other provinces and territories to:

1. Explore the costs and benefits of developing and implementing renewable and alternative fuel standards and associated technologies;
2. Provide reasonable time when introducing new standards to allow business to adjust and maximize the economic benefits;
3. Continue to invest in research and development and encourage new technological developments for lower cost renewables;
4. Examine the transportation/distribution costs of renewable fuels and include it in the cost/benefit analysis over the full life cycle;
5. Concurrently with renewable fuel blends policies, explore opportunities arising from the implementation of "cleaner" diesel technology and examine the experience of the US on "dieselization".

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

f. A Healthy Ontario Electricity System

(Submitted by Toronto Board of Trade)

Issue:
Ontario businesses need an electricity system that provides a reliable supply of power at an affordable price to maintain and enhance their competitiveness, create jobs and contribute to the province's economic strength.

Background:
The security, reliability and affordability of electricity supply are critical to the competitiveness of Ontario businesses and the province's economy. Ontario needs a diverse mix of electricity generation to ensure a reliable supply of electricity is available to meet demand at a competitive price. The provincial government cannot do this alone. The private sector has an important role to play. Increased participation by private investors will result in:

- System users carrying all electricity costs, including any price increases (due to over-run costs, supply shortages, or wrong investment decisions, etc);
- Risk to taxpayers for future capital investments in infrastructure being minimized;
- Avoidance of debt accumulation as under the previous Ontario Hydro regime;
- Taxpayer resources being freed for other much needed social and infrastructure programs, particularly those that are less amenable to private-sector investment; and
- The option of moving to a more robust competitive electricity market kept open.

Conservation and demand management programs (including demand response) are important but will only address a part of Ontario's challenges in ensuring an adequate and reliable supply of electricity. To meet rising demand, Ontario must have a diverse mix of supply, including hydro, nuclear, oil, gas, coal, renewables and imports. A variety of generation sources is invaluable because this model:

- Recognizes that different sources are best suited to servicing Ontario's base load, intermediate load and peak load requirements;
- Moderates severe price swings;
- Enhances the reliability of the province's electricity system by minimizing reliance on a single or dominant source of electricity; and
- Promotes environmental stewardship without economically disadvantaging the province.

The government's ultimate goal should be to ensure an adequate and reliable supply of electricity at a reasonable price. For this reason, the province should not eliminate electricity generation from any source as long as it meets stated environmental standards. Currently, coal powered electricity generation accounts for approximately 25 per cent of the province's electricity supply and is a source of relatively inexpensive electricity. The provincial government's decision to shut down these plants by 2014 will lead to a significant increase in the price of electricity unless steps are taken to ensure an adequate alternative base load supply at an affordable price before coal plants are shut down. Ontarians should not be subjected to unnecessary price increases.

To ensure the development of alternate new supply in the context of responsible environmental stewardship, Ontario should focus on the development of new and innovative energy sources. The Ontario Centre of Excellence for Energy can best perform this function. The Centre brings together private sector companies, academics and the government to, among other things, undertake research into and assist in the commercialization of leading edge and emerging energy sources and technology.

To ensure the effective implementation of alternative energy supply technologies, the province should focus on upgrading the transmission and distribution systems in urban and rural areas. There should be a concentrated effort to facilitate the connection capability for new distributed supply, to accelerate the application of "Smart Meter Technology" and to install the automation required to create a smart grid environment.

Consumers also have a useful role to play in helping Ontario develop a healthy electricity system. Ontarians must be empowered and provided with the information necessary to make informed choices as consumers, which includes providing them with an understanding of the tools available to them to assist Ontario in conserving electricity.

RECOMMENDATINOS:

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

1. Encourage greater private sector participation in the generation of new electricity supply from a variety of sources by creating an environment of regulatory certainty, adopting long-term supply contracts from multiple sellers resulting in electricity prices that reflect the true cost of power.
2. Recognize the technical reality of phasing out coal generation and guarantee security of electricity supply by ensuring adequate alternative base-load supply is available before cutting the coal plants from the grid.
3. Upgrade the provincial transmission and distribution systems to ensure system security, reliability, efficiency and congestion reduction as well as the integration of new supply, and use of renewable energy resources.
4. Focus on the development of new and alternative energy sources through entities such as the Ontario Centre of Excellence for Energy.
5. Enhance consumer education by providing electricity users with the information they need to make informed choices and take advantage of tools available to them to conserve electricity.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

D. Transportation Modal Issues

a. Eastward Extension - Highway 407

(Submitted by the Greater Oshawa Chamber of Commerce)

Issue:

The negative economic and capital investment impact to Ontario of not proceeding to complete the Eastward Extension - Highway 407 eastward from Brock Rd. in Pickering to Hwy 35/115 is real.

Background:

Gridlock results in lost trade opportunities, jeopardizes employee recruitment and retention, and reduces economic competitiveness in the GTA. Reducing gridlock, congestion and integrating the transportation network are policy priorities for the Ontario Chamber of Commerce.

It is important for the provincial government to plan for the construction and completion of such projects as the extension of Highways 407, 410, 427, 69 and the Niagara to GTA corridor to alleviate congestion and ensure public safety. An adequate and updated highway system is an important link to the economic success of all of Ontario. It is vital for the movement of goods and service and tourism.

Reducing gridlock, congestion and integrating the transportation network are policy priorities for OCC members across the province. Congestion in the GTA could cost the region up to $3 billion per year by 2021 in lost productivity.

The Chamber submits that highway safety and the easing of traffic congestion in the GTA require increased transportation capabilities. Proper service to the residents, businesses, and industry located on the eastern side of the GTA is a must. An updated and sound transportation system is vital for safety and cost effective movement of goods and services. Improved transportation is an important part of the decision making process for businesses considering locating in Ontario. Business and their employees and families use the 400 series highways on a daily basis for going to and from work and travelling to all areas across the GTA. They realize that infrastructure; highway safety and reduced traffic congestion require improved transportation.

At the provincial level the Ontario business community has some basic and common sense concerns, as to what is the economic and public safety impact to Ontario of not proceeding with the project?

The negative economic and capital investment impact to Ontario of not proceeding to complete Highway 407 to Hwy 35/115 is real. Major industrial and commercial organizations located east of Toronto have confirmed that the inadequate level of 400 series highways on the east side of the GTA severely affects their businesses. Many of these firms are world-class businesses in their industries.

The Ontario Chamber of Commerce does not wish to see projects like the Highway 407 extension unduly delayed if environmental concerns can be mitigated through proper design. As the business community, we expect due diligence and adherence to proper processes in reviewing environmental, safety and other concerns. May we stress to you the importance of projects like the Highway 407 extension in ensuring public safety and in meeting the transportation needs of those individuals and families living and working east of Toronto.

Tourism

Tourism is currently Ontario's fifth largest export industry and is projected to grow by 40% over the next fifteen years. It is estimated that upwards of 17 million tourists visit the Toronto Census Metropolitan Area annually and that 70% of these tourists arriving in Toronto use the automobile to reach their destination. The eastern side of Toronto including Victoria, Haliburton, Peterborough, Belleville and Durham Region has a growing tourism and recreation industry and currently rely on Highway 401 as the main feeder to and from the GTA.

Manufacturing

Both the manufacturing and service sector's depend on a reliable and efficient transportation system to accommodate just-in-time delivery production systems, as well as accessibility to markets within the

GTA and to the US markets. Commercial vehicle movements along Highway 401 of approximately
20,000 to 30,000 per day in the eastern area of the GTA. Upwards of 50% of the commercial vehicles travelling to the Golden Horseshoe area either are destined to, or go through the eastern part of the GTA (Regional Municipality of Durham).

Transportation

Inadequate east-west capacity and no alternative freeway on the east side of the GTA (east of Brock Road to Highway 35/115) cause delays to autos and commercial vehicles. Existing freeway congestion constrains trade, tourism, recreation and economic growth opportunities. Transportation problems (including, safety, operations and level of service) in the area currently relate primarily to recreational and tourist traffic (Kawartha, Haliburton, Bay of Quinte), however, congestion due to commuter traffic is spreading easterly as the GTA continues to grow. Congestion in the eastern part of the GTA will be further exacerbated by continuing growth in areas to the east of Durham (Port Hope, Cobourg, Trenton, Belleville, Peterborough, etc) and associated traffic demands.

The lack of an alternative freeway through the GTA results in delays to auto and commercial traffic when Highway 401 is closed or capacity is limited as a result of an accident or construction/rehabilitation. Such events are becoming more commonplace.

In the 2007 Resolution the Ontario Chamber of Commerce called for completion of a rigorous and thorough environmental assessment on the east-ward extension to Highway 407 by December 2008. The 407 East Environment Assessment Report was submitted to the Minister of Environment August 28, 2009. The Minister of Environment's decision is expected by May 2010.

RECOMMENDATIONS:

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

1. Commit to and ensure that the deadline of May 2010 for the approval of the environmental assessment on the east-ward extension to Highway 407 is adhered to; and
2. Immediately upon approval of the environmental assessment commence construction for the extension of Highway 407 beyond Brock Road in Pickering through Clarington/Highway 401 link to Hwy 35/115 and where any north south linkages could cause delays they be built at a later date.

Effective Date: May 1, 2010
Sunset Date: May 1, 2013

b. Short Line Railway Initiative

(Submitted by the Sault Ste. Marie Chamber of Commerce)

Issue:

Ontario needs a short line railway service to serve geographic areas and support local industries and transportation needs.

Background:

There are a number of short line railways throughout Canada of which 13 are located in Ontario. Unlike the larger national railways these lines serve specific geographic areas and support local industries and transportation needs. Although critical to the local economy, these lines frequently find themselves under significant financial pressures, particularly during downturns of the primary industries they serve. Short line railways are critical to the Ontario economy. For example, a recent joint study commissioned by the Ontario Ministry of Transport and the Railway Association of Canada determined that the total economic and social benefit of Ontario's short lines is $1.18 billion annually, with core economic benefits of between $265 million $616 million. Short line railways are also well positioned to reduce emissions. If all traffic that is currently moved by Ontario's short lines is shifted to trucks, it would result in an additional 73,000 tonnes of green house gases annually. As was recently stated by the president and CEO of the Railway Association of Canada, "looking ahead at the challenges facing Ontario, including difficulties in the manufacturing sector, environmental sustainability, regional economic development and transportation congestion – rail must be seen as a part of the solution."

Although short line railways are a provincial responsibility the federal government has entered into agreements with other provinces and territories that enable the provision of financial assistance to these railways. This has not happened in Ontario. The province of Ontario needs a short line railway policy to enable this to occur. This is exemplified by the Sault Ste. Marie (SSM) situation. The existing Canada US border infrastructure is experiencing present and anticipated congestion. The SSM border crossing offers a solution to this congestion as well as acting as an economic engine for North-eastern Ontario.

Located on the Canada US border adjacent to Northern Michigan, SSM has an un-congested border crossing that provides ready access to the US Upper Great Lakes region, an area that produces more than $2.2 trillion in goods and services annually and which accounts for fully one-third of all durable goods manufactured in the US. As a transportation gateway, Sault Ste. Marie can provide same day access to a market of more than 55 million people.

For a number of years the community has been pursuing development of this opportunity. In 2006, SSM, in partnership with the Ontario and Federal governments, contracted KPMG to lead a comprehensive three phase study to:

- Determine the extent of the potential market - Phase 1.
- Analyze the infrastructure requirements and financial implications of these requirements - Phase 2.
- Determine whether a business case exists that justifies pursuing this development - Phase 3.

Phases 1 & 2 of the Study are completed and Phase 3 completion is imminent. Preliminary findings show that there is strong potential to develop SSM as a Multi Modal transportation centre for the transit of international containers moving from Canada's West coast to the upper Great Lakes. The estimated benefits of this initiative include 950 direct and indirect employment positions, $12 million in new tax revenues to senior levels of government and considerable improvement in the overall economic situation of Northern Ontario. Development of this opportunity will also result in significant benefits to Canadian infrastructure and will reduce Southern Ontario border and highway congestion. Accessing these opportunities will require a strong commitment from the Federal and Provincial governments. The single greatest impediment to the success of this venture is the condition of the 180km. short line railway between Sudbury and SSM. At present this line is in poor condition and requires considerable upgrading to meet existing needs. It is imperative that this line be upgraded and maintained to meet existing needs as well as safely accommodate the proposed container traffic.

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

> Work closely with the federal government, and railways to establish a strategic policy for short line railways that will support provincial local industries and transportation needs by the end of 2009.

Effective Date: May 5, 2008
Sunset Date: May 6, 2011

c. Niagara-to-GTA Corridor

(Submitted by the Hamilton Chamber of Commerce)

Issue:
The need to move ahead with the Mid-Peninsula Trade ("Niagara to GTA") Corridor, which includes an essential highway component, is critical and urgent in order to meet the evolving needs of residents, industry, tourism, transportation, and governments.

Background:
The Mid Peninsula Trade (or Transportation) Corridor (MPC) (now referred to provincially as the "Niagara to GTA Corridor") is, in part, a proposed new provincial highway. As the MTO has repeatedly stressed that all options are being studied, the principal goal of the proposed project is the development of an effective trade and transportation corridor between the border crossings on the Niagara Frontier, South-western Ontario, the GTA, and a vital link with the proposed "Continental One" Highway in the USA.

Although the Chamber generally supports due process, including the MTO's EA process, it is the Chamber's position that a Highway is the focus of any infrastructure expansion, and that is urgently needed. Thus, the Ministry should as much as is possible expedite the EA process, as it has recently done for public transit.

Further, the Wilbur Smith Associates report conducted an independent study titled "Niagara to GTA Corridor: Opening New Economic Opportunities (June 2007)." The Niagara Economic Development Corporation, Niagara Region, and the City of Hamilton commissioned it. This Wilbur Smith study looked exclusively at the economic opportunities of a new highway in the NGTA Corridor study area and concluded (in part) that:

- Global and domestic trends include a shifting focus of freight transportation needs;
- here will be an increase in demand for package, air freight, and customer-direct truck services
- There will be an emphasis on reliability and predictability of transportation services
- That economic development will be dependent on high quality, multimodal transportation services
- That all industries require a multi-modal transportation system

- And that the Niagara to GTA Corridor would not only address capacity deficiencies but would also complete a multi-modal system for port, airport, and US border crossings including connections from east to west as well as to the north

** The full PowerPoint presentation can be viewed at: http://www.niagaracanada.com/documents/egs/pauladowell.pdf

Lastly, as the most pressing need for this project in Southwestern Ontario and the Niagara/Hamilton Region, and whereas frankly most of the opposition to the project is focused in the Halton area, i.e. between Hamilton and the GTA; we are of the opinion that similar to the Lincoln Alexander Expressway and Red Hill Creek Parkway in Hamilton, the project be studied and completed in two stages; the first being the Niagara Frontier to Hamilton and then the Halton to GTA sections.

RECOMMENDATIONS:

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

1. Expedite the EA process for this project to ensure that Construction can commence in 2010, or earlier.
2. Acknowledge that the revised ToR recognizes the greater urgency that exists in the Niagara-Hamilton areas for immediate transportation capacity relief in keeping with long-term strategic plans for this area; i.e. Construct the Mid Peninsula Trade ("Niagara to GTA") Corridor project in two stages, after the EA process has been complete: build the Niagara-Frontier to Hamilton area portion first, before proceeding with the Hamilton to GTA portion.
3. Consider other Alternatives to the Undertaking, the operation of a commercial vehicle-only lane(s) (trucks, delivery vehicles, and buses) along a new mid peninsula corridor.
4. Consider the public health impact of both operating a new Mid Peninsula Trade Corridor, but also the impact of not operating such a corridor.
5. Broaden the study area to include viable connections from the Niagara-Hamilton highway to the Brantford, Guelph, Kitchener-Waterloo, and Cambridge areas.
6. Rely on accepted scientific principles of urban transportation planning and Human Factors science rather than the "reasoned argument method."
7. Implement a stakeholder identification and accreditation process that includes resident and non-resident stakeholders in the consultation process and assigns appropriate weight to stakeholder input.
8. Implement the Wilbur Smith report recommendations generally as above; but especially:
9. The development of a market vision for the study area that engages civic leadership, policymakers, and planners to ensure that the wider community is equipped to take advantage of the opportunities that the corridor presents
10. Encourage all regional leadership structures including all levels of government, business leaders, and economic and social institutions to become champions to ensure the success of the corridor project.
11. Encourage the business community to establish effective alliances and collaborate to give voice to the needs of transportation employers and service providers.

Effective Date: May 5, 2008
Sunset Date: May 6, 2011

d. Twinning of the Trans Canada Highway 11-17

(Submitted by the Thunder Bay Chamber of Commerce)

Issue:

The province of Ontario requires safe highways for commerce and consumers. The starting point should be where both Highways 11 & 17 share the same roadbed and there is no alternative to use to keep our east-west commerce functioning.

A key area of concern is that both Highway 11 and Highway 17 share a single road bed for a significant portion of the link between the junction of 11 & 17 just east of Nipigon to Thunder Bay. Over the last number of years, significant weather events and traffic accidents have forced the closure of sections of the highway for long periods of time.

When Highway 17 north of Lake Superior is closed, commercial travellers can access the northern Highway 11 with a minimum loss of time. The same is not the case between Nipigon and Thunder Bay. When the section between Thunder Bay and Nipigon is closed, or the section between Sistonens Corners and Shabaqua, west of Thunder Bay is shut down, nothing moves between Manitoba and Southern Ontario, unless they go through the United States. In addition, some Canadian commercial traffic is prohibited from traversing US highways due to local State restrictions.

Background:

It is estimated that upwards of 70% of all truck traffic travelling through Thunder Bay is passing through - providing goods, including perishables and manufacturing goods moving from Southern Ontario to the West and vice versa. These goods are primarily handled by truck through the Northwest and every time there is a significant closure of the single lane, the economic well being of the province as well as the region suffers. This route is clearly Ontario's only trans-Canada trade corridor. A closure of this section of the Trans-Canada Highway, which is vulnerable to a debilitating accident or intentional destruction, is not in anyone's best interest. Fuel tax dollars should be used to create a divided highway in all of those sections where 11 & 17 are together. In the long term it makes economic sense. As a country and as a province, we cannot afford to have our east-west commerce held hostage.

The twinning of this section of the highway is an expensive proposition. The estimated price tag is well over $500 million. Setting aside the constructions jobs this would create, the majority of the benefits of twinning this section of the highway will accrue to businesses and consumers throughout the province. A significant amount of planning needs to be done before the project can begin. The government must accelerate the planning process and establish construction targets for the commencement of the twinning. The Province, along with the Federal Government, should also develop a 10-year plan that would see the project completed in a way that would provide stability in the highway construction industry in the area for a significant period of time.

Ontario should not be solely responsible for this major undertaking. The initial construction of the Trans-Canada Highway was only possible through a major financial contribution by the Government of Canada by designating the project as a matter of national importance. This contribution would be consistent with previous efforts by the Federal Government to assist the Prairie Provinces in their twinning effort - the construction and ongoing upgrading of the Yellowhead Route, which parallels the Trans-Canada Highway. The Federal Government will accept applications for partial funding for this project. The Province has every right to expect the Federal Government to partner with the funding for the Trans Canada Highway. Residents from Northwestern Ontario, and across the province, also have every right to expect safe roads.

The province of Ontario is investing significant funds, both capital and operating in enhancing tourist opportunities of this region. Private sector developments in the forestry and mining sectors will continue to add traffic volumes on the area highways. A further investment in the transportation infrastructure will ensure that there is a maximum benefit to both the region and entire province of Ontario over the life of the project, and beyond.

Northern Ontario does not have the transportation alternatives readily available in other parts of the province, therefore must rely more heavily on personal transportation vehicles for the economic and personal well being of the area. It needs roads that are not only safe but accessible at all times. There has been some improvement to the Northwestern Ontario Highway system in the past few years with some additional passing lanes; however, safety and commerce continues to be the issue. Once the province commits its own funding to this project, it'll be in a strong position to bargain with the federal government to provide support for the Trans-Canada Highway in Ontario.

RECOMMENDATIONS:

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

1. Develop and implement a long range plan including the commitment of specific sums of money over the long term to create a four-lane divided highway through Northern Ontario to enhance and grow the economies of the North;
2. Partner with the federal government to plan to twin all sections of the Trans Canada Highway, starting where there is no alternate Canadian highway route. This plan is to be completed within two years so that construction can start in 2010.

Effective Date: May 5, 2008
Sunset Date: May 6, 2011

A Skilled Workforce

A. Skills Training and Recruitment

a. Workplace Literacy

(Submitted by the Hamilton Chamber of Commerce and the OCC Skills Taskforce)

Issue:

In the 21st century, there is a need for a more highly skilled and trained workforce. Literacy, but more specifically workplace literacy, is an area in which more research and work must be undertaken. Improved policy direction is needed at the provincial level which will assist government in undertaking an aggressive plan of action in regards to the provincial skill shortage while accommodating the private sector's skills needs.

Background:

ABC Canada Literacy Foundation believes that enhanced literacy skills prepare employees for work or technological related changes, and set the company up to be more competitive. In addition, the OCC believes benefits do not only translate into quantitative results (financial results), but also qualitative – in that it will improve citizens' quality of life, and have long-term social and environmental impacts and results.

There is a correlation between investment in human capital and productivity rates. ABC Canada Literacy Foundation and the Conference Board of Canada state improved literacy leads to a more efficient and vibrant workforce, in which there are less error rates and higher productivity.

A recent study by Dr. Rick Miner has forecasted that by 2031, about 77% of the Ontario workforce will need post-secondary education or training. A challenging task lies in moving the proportion of skilled workers from the existing level of 60% to 77% by that time.

Furthermore, by 2016, there will be 450,000 unskilled workers that won't be able to qualify for the skill vacancies that will exist in Ontario. This number, if action isn't taken, will increase to 700,000 in subsequent years. Also, by 2011, there will be 500,000 skilled vacancies which will grow to about 2 million by 2031.

Now, with a drop in productivity in a number of sectors, and with more people retiring, there will be a need to transition into the new economy. As a result, a skilled and highly literate workforce is key.

Literacy can be measured on a prose and document literacy scale of 1 to 5. Level 3, equivalent to high school completion, is the desired target that is needed in today's changing skill demands of a knowledge-based economy. Four out of 10 Canadians aged 16-65 struggle with low literacy rates, as they fall below the level 3 (of 5) prose literacy scale – which impedes them from advancing with respect to skills training. In addition, the International Adult Literacy and Skills Survey has found that 16% of adults in the province do not have basic literacy skills. An additional 26% would benefit from literacy upgrading.

Significant work in workplace literacy is required and can be measured in both qualitative (social) and quantitative (financial) outcomes.

Improved literacy in the workplace boosts productivity. According to The International Survey of Reading Skills (ISRS) and ABC Canada Literacy Foundation, it is estimated that employers will receive a 251% rate of return on workplace learning programs. Improved literacy skills among employees bring about numerous benefits, both to the individual worker and to the organization.
On a global level, studies indicate that a 1% rise in a country's literacy level, relative to the international average, is associated with an eventual 2.5% rise in labour productivity and a 1.5% rise in the per capita GDP. This 1% increase in literacy rates would boost the national income by as much as $32 billion.

While much is being done by the Ontario Government with respect to a skilled workforce - with the introduction of the provincial nominee program, the Literacy and Basic Skills Program, apprentice tax credit changes and the current development of an Adult Literacy Curriculum - there is more work to be done.

For instance, improvements and solutions include the development of a formal, broader "adult literacy policy" on which to build strategy to tackle and improve the literacy and essential skills deficit. Last year, for instance, over $90 million were invested in the Literacy and Basic Skills program. The Literacy and Basic Skills Program assisted about 52,000 learners in 2008-09, with 68% of exiting learners going on to further education and employment. These rates, while significant and a great start, should aim to be higher. Programs such as LBS exist, but there is no broader Ontario Adult Literacy Policy framework.

Therefore, the development of a comprehensive, broader Ontario Adult Literacy Policy could help set the framework for a long-term strategy.

There also is a need for more centralized infrastructure and 'stigma' tackling programs. At times, it may be possible that adult workers, whether they be newcomers or domestically born, may not necessarily have the confidence or ability about having to retrain or develop their workplace literacy and learning skills. This could in turn lead to more workers being unemployable, set a financial burden on the province, and be bad for business and the bottom line.

Ontario should improve infrastructure, in that it should build on the recent changes to Employment Ontario's employment one-stop shop for unemployed workers and make improvements to it, establishing streamlined, time-efficient central rounded one-stop workplace literacy and essential skills hubs. The hubs will allow business employers, and employees, to avoid any regulatory red tape and know "where to go" immediately for assistance and information on, among other things, workplace literacy program related financial incentives and stigma-tackling awareness programs.

In all, more work needs to be done with respect to workplace literacy, otherwise, results could be damaging to the social and economic well-being of all Ontarians, and Canadians, over time.

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

Establish a long-term provincial adult literacy and essential skills workplace strategy that supports literacy and the basic skills training in the workplace in order to meet current and future labour market skill requirements. The strategy's framework needs to:

1. Identify current gaps, need requirements and improvement to infrastructure for employers, employees and government in establishing workplace adult literacy training initiatives by:
    a. Setting out a required plan for long-term provincial funding to incent employers and employees to engage in continuous learning, including adult literacy and essential skills;

b. Aligning and coordinating with other workplace strategy initiatives developing across Canada;
c. Developing timelines for its objectives, and establishing systems of measurement to determine outcomes and quantify success; and
d. Consulting with business, labour, government, post-secondary institutions and provincial literacy representatives.

Effective Date: May 1, 2010
Sunset Date: May 1, 2013

b. Accessible Adult Post-Secondary Education - An important step to restoring sustainable economic prosperity in Ontario
(Submitted by the London Chamber of Commerce)

Issue:
The current economic crisis has made it clear that an economic transformation must take place in Ontario. Developing, nurturing and growing the creativity, innovativeness and productive talents of Ontario's people will be determinative in achieving the desired transformation. To produce a greater share of creative, innovative and productive workers in Ontario, the current rate of participation in post-secondary education will have to be increased significantly.

Background:
Seventy per cent of the future jobs that will be created in Canada will require some post secondary education. As of 2007, participation in post-secondary education for those 18-24 years age was estimated to be approximately 40 per cent. Based on the current participation momentum, it is estimated that in the next twenty years the participation rate will reach no more than 50 per cent.

If immigrants and the older segment of the population are taken into account, the estimated participation rate may rise by another 10% over the next 20 years. These are optimistic estimates and also do not take into account the percentage of those enrolled that will not complete their post-secondary education. Accordingly, within the next twenty years we can, at best, expect to achieve a 60 per cent rate of participation.

Ontario has taken some notable steps aimed at increasing the rate of participation in post-secondary education of the 18-24 year old segment of the population; however, Ontario needs to place more emphasis on the working adult segment of the population (i.e. immigrant and existing population 24+ years of age). They will play a key role in helping Ontario to create a workforce with the requisite skills for the jobs of the future.

Innovative programs aimed at allowing the working segment of the adult population to pursue post secondary education while continuing to work are essential. Employers, in particular SMEs, cannot afford to lose employees for extended periods of time and employees cannot afford to leave for extended periods of time due to financial and family responsibilities. Recent surveys indicate that the second most cited major challenge was the business disruption caused as a result of releasing employees for in-class training and the resultant conflict with work hours.

Awareness of programs and incentives in Ontario and at the federal level for worker training, whether through post-secondary education or otherwise, has been cited by other studies as another obstacle to wider uptake of training initiatives.

Scheduling, awareness and other barriers may account in part for a less than 30 per cent participation rate of adult workers in Canada in job-related education and training. By way of comparison, the rate of participation in the U.K. is almost 35 per cent and nearly 45 per cent in the US (Goldenberg, 2006).
Although there are some post secondary courses and programs available online or at night, programs focused on analytical and social intelligence skills, such as programs in the sciences and engineering, are generally only available during the day and/or require full time enrolment. Furthermore, some of the courses are ill suited to provide some of the core critical skills that SMEs need and will need in the future.

If employers can identify and agree on the skills needed for the future, we should provide ways for more people to obtain them. In addition to the essential employability skills that all college programs are required to deliver the "future" skills we should also enhance are:

- High skills with technology, and how to apply technology effectively to business
- Intercultural awareness/interpersonal skills/team building
- Emotional intelligence
- Customer service, considering customer diversity
- Time management
- Workplace diversity training
- Information sourcing and management

Given our ageing population and that workers will be retiring later, the ability for these workers to access post secondary education while continuing to work will go a long way to ensuring that businesses, in particular SMEs, are able to remain competitive in the global marketplace.

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

1. Through the Ministry of Education and the Ministry of Colleges, University and Training - develop and implement a strategy over the course of the next year specifically aimed at enhancing and facilitating the rate of participation by the adult working population in post-secondary education/training opportunities.
2. Through the Ministry of Education and the Ministry of Colleges, University and Training begin consultation in late 2009 with providers and business (in particular small and medium sized enterprises) and develop programs aimed at developing skills of the future that will be more accessible to working adults and address barriers such as scheduling. These programs should be in place by the 2011 Budget.
3. In collaboration with the federal government, immediately consolidate all information regarding available programs and incentives in one central electronic repository in regards to adult workers wishing to pursue post secondary education and training initiatives.

Effective Date: May 2, 2009
Sunset Date: May 2, 2012

c. Skills Training

(Submitted by the Certified General Accountants of Ontario)

Issue:

As our economy enters into a recession, tens of thousands of Ontarians will lose their jobs. More significantly, many of these jobs will not return when the economy starts to grow. How will the Ontario government help these individuals develop the new skills needed to re-enter the workforce?

Background:

It is common knowledge that the Ontario economy, in general, is entering a difficult period in which many people will lose their jobs. Particular attention has been paid to the automotive sector which represents a significant part of Ontario's GDP. However, some economists predict that the manufacturing sector, as a whole, will diminish as a percentage of Ontario's GDP. This will result in many jobs disappearing permanently.

While certain sectors are projected to diminish over time, there are projections that Ontario will experience significant labour shortages within the next few years as baby boomers retire.
This confluence of events presents a great opportunity to develop the programs to assist these unemployed individuals and help them develop the skills that will be in great demand in the near and mid-term future.

The Ontario Government has developed the "Second Career" program to help pay for tuition, living expenses, etc. so that displaced workers can receive the education they need to help them develop new careers. However, the program criteria are unnecessarily restrictive in that the program only covers tuition in a traditional classroom setting, and only provides a short timeframe for an individual to receive a desired designation.

Changes must be made to Second Career in order that the program can help many more displaced individuals and recognizes new training techniques that are becoming more popular these days. Greater coordination is also needed with the government's initiatives in developing an innovation economy.

Most importantly, the designations needed to compete in the new economy could take more time than what is currently provided in Second Career. Lengthening the timeframe will allow these individuals to receive education in new professions that will be in high demand in the future.

RECOMMENDATION:

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

Expand Second Career by:

- Including education through an on-line learning environment,
- Lengthening the timeframe to earn the desired accreditation; and
- Adding to the existing level B skills, the level A professional skills in particular those professions where the Province of Ontario has a demonstrated shortage of such professionals.

Effective Date: May 2, 2009
Sunset Date: May 2, 2012

d. Integrating Skilled Immigrants into the Ontario Labour Workforce

(Submitted by the Greater Sudbury Chamber of Commerce)

Issue:
Without a rapid and substantive allocation of funding by the Ontario Government for existing programs – both private and public - that support the re-training and integration of skilled immigrants into the Ontario workforce, the already dismal provincial economy will regress to a position in the national and global community that will be difficult to recover.

Background:
In January 2008, Federal Finance Minister Jim Flaherty said Ottawa needed to find ways to help Canada draw talented immigrants to the country to help avert an economic collapse. Indeed, the minister was quoted as saying that labour shortages are one of the "most daunting economic challenges" Canada will face in coming years.

For years, researchers have been warning about potential labour shortages across Canada, yet governments have not responded. In 2008, Statistics Canada stated that a widespread shortage of workers impacting a broad range of occupations will occur and pointed out that by 2015, immigrant workers will be required to sustain the skilled labour workforce since there are too few naturalized Canadians graduating to meet the demands.

An alarming combination of factors is bearing down on Ontario: an aging population and low birth rate, coupled with a globalized and technologically progressive economy that has helped to generate competition from emerging countries. This dynamic, while not necessarily unique to Ontario, will be more acutely felt by Ontario employers and businesses since has very large manufacturing and resource based sectors.

Moreover, since the labour market and economy are so tightly bound, a shortage of skilled trade and sector specific workers can severely damage an economy. When the ratio of workers arriving to the workplace dips below the number leaving it, it will create a drag on the economy and stagnate an already challenging economic climate.

Recently, there has been some work to address these concerns. For example, there is Global Experience @ Work, an Ontario Chamber of Commerce initiative designed to engage employers in efforts to integrate internationally trained professionals and trades people. It sponsors local community projects and received financial support from the Ministry of Citizenship and Immigration.

There is also the Red Seal Program, which allows skilled apprentices and qualified tradespersons to practice the trade in any province or territory in Canada where the trade is designated without having to write further examinations. Red Seal however does not assist foreign trained apprentices and certified journeypersons. The Ontario government should look to adopt the core concepts of the Interprovincial Standards Red Seal Program and standardize apprenticeship training and certification programs and increase the types of trades included in the Red Seal Program.

Eliminating barriers for internationally trained professionals and trades people is essential to enhancing Ontario's workforce. It is important that the Government of Ontario continue to support and expand programs that allow foreign trained professionals and skilled trade persons to be re-certified and integrated quickly into streams of labour that are identified as being a priority area first.

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

1. Engage directly with employers and colleges to identify which areas of the labour and professional sectors is a priority for skilled worker placement.
2. Develop and fund a postsecondary education process for the integration of immigrants that would encompass a comprehensive suite of programs and services including, but not limited to: accessible labour market information, counseling and advisory services and 'bridge' training courses that improve an individual's existing foreign training and education should they not meet the standards under the Red Seal Program.
3. Consult with municipalities, community settlement organizations and business groups in a consistent and inclusive manner to better attract, retain and develop immigrants into the community and sector.
4. Provide more funding for English or French as second language training programs as it pertains to the skilled workforce integration into Ontario.

e. Maximizing Post-Secondary Education Contributions to Provincial Economy
(Submitted by the Mississauga Board of Trade)

Issue:
Post-Secondary Education makes a significant contribution to developing Ontario's pool of talented, skilled, leading-edge human capital, and to the research that drives innovation and commercialization. To help Ontario weather the current economic turbulence, and to advance Ontario's transition to a competitive, highly innovative, knowledge-based economy, supports for Ontario's Post-Secondary Education system and infrastructure must be enhanced.

Background:
Human Capital for Ontario's Knowledge and Emerging Economy

Ontario has an enviable achievement in having the highest percentage of Post-Secondary Education participation for young adults in the world with 40% of our 18-24 year olds having attended college or university. The Ontario job market overwhelmingly favours individuals with a university or college education. However, as the economy shifts towards a greater emphasis on highly skilled, knowledge-based jobs, and emerging sectors (green energy, new technology, digital media etc.) the province will need to produce greater numbers of Ontarians with advanced degrees and specialized skills to fill critical roles in the economy. Investing in college and university infrastructure in knowledge-based and emerging sectors would significantly contribute to shaping the future growth of the Ontario economy.

The Ontario government has made important investments in Post-Secondary Education through the $6.2 billion "Reaching Higher" strategy, which began in 2005. These investments have had a meaningful impact on the quality of Post-Secondary Education in Ontario. However, the Reaching Higher funds are winding down, and Ontario still lags behind competitor jurisdictions like the United States, where both private and public investments per student far outpace Ontario's. The challenge moving forward is to sustain the many achievements made in the Reaching Higher plan in a prudent manner that is sensitive to the fiscal challenges facing the province.

Fueling an Innovative Economy through Research

In a knowledge-based economy, people with advanced degrees such as Masters, PhDs, professional degrees and business degrees are the essential source of highly skilled knowledge workers. Those with advanced degrees represent the much needed big-picture thinkers, the skilled researchers, and the creative innovators who will participate in the transfer of new knowledge to other sectors of the knowledge-based economy.

The Ontario government has identified the expansion of graduate education as a key part of efforts to increase broad participation in Post-Secondary Education in the province. Expanding graduate education is also a core priority of Ontario universities, who are working with the government to produce more of these highly skilled degree-holders.

The Conference Board of Canada has observed that "innovation is an essential component of a high-performing economy, and it is also critical to environmental protection, to a high-performing educational system, to a well-functioning system of health promotion and health care, and to an inclusive society." University-based discoveries have the potential to transform Ontario, Canada, and the world. Made-in-Ontario research is already leading to incredible innovative developments.

Research-intensive universities have a key role in initiating, leading and driving innovation. According to the Association of Universities and Colleges of Canada, the university sector is the third largest investor in Canadian research and development, contributing $4.3 billion (18 per cent) to the enterprise in 2005. Ontario's universities are actively collaborating with the private sector through research partnerships, convergence centres such as MaRS, and research internships for students.

Bringing research to the market through commercialization is an important contribution of Ontario's universities. Between 2002 and 2005, Ontario's research intensive universities produced 65 spin-off companies, and these innovative additions to the provincial economy are employing Ontarians and generating significant revenues.

When compared to our peers internationally, however, Canada's standing in discovery-oriented scholarship and research appears to be far from secure. In its 2007 Report Card on Canada, the Conference Board of Canada found that measured as a percentage of GDP, Canada invests in R&D at a rate that leaves us 12th among those OECD comparators. In fact, our rates of investment actually declined between 2001 and 2005. Considering this and other indicators, the Conference Board ranked Canada 14th out of 17 comparator nations on innovation.

Integrating foreign-trained professionals as quickly as possible into the Ontario economy

Recognizing the skills shortages in Ontario and the availability of new Canadians with skills and experience that are in demand, there is an opportunity to focus on projects that will bridge this significant productivity gap.

The needs in the Post-Secondary Education infrastructure sector include:
- Developing and deploying innovative programming and services for Internationally Trained Individuals and other New Canadian students;
- Language training, academic upgrade programming, preparatory and alternative school programs that have a flexible intake process;

- Enhancing language training and fast-track Post-Secondary credential opportunities with work placements for newcomers to Canada.

Preparing for Additional Growth and Ensuring Access to Post-Secondary Education
Over the past several years, demand for Post-Secondary Education spaces has increased significantly. Projections indicate that demand will continue to grow. With current Ministry of Finance population projections indicating that more than half of Ontario's population between the ages of 15 and 21 will reside in the Toronto region by 2021, it is clear that the GTA will remain the core source for growth in Post-Secondary Education demand.

In order to increase numbers of degree, advanced degree, and diploma holders, Ontarians who historically don't participate in Post-Secondary Education will need to be attracted to universities and colleges to pursue studies. In a troubled economy, we can expect that more students will need to turn to student aid to attend Post-Secondary Education. It will be critically important that student aid levels keep pace with economic realities, particularly with cost of living, cost of studies, and increasing demand.

Meanwhile, campus infrastructure is aging. Much of Ontario's Post-Secondary Education infrastructure was built in the 1960s and 1970s, and is in need of major renewal and modernization. Today's learning and research requires modern, technologically advanced academic infrastructure particularly to prepare graduates for jobs in the knowledge-based economy and emerging sectors and to strengthen Ontario's ability to compete in the 21st century.

The Council of Ontario Universities estimates the sector's need for campus renewal and modernization totals $1.6 billion, and long-term new construction needs to keep pace with current and expected growth are estimated at $9.4 billion by 2021. Educational Consulting Services Corporation assessed college facility needs in 2007 and its report concluded a $700 million cash infusion was needed to deal with the deferred maintenance backlog, and that $80 million annual would be needed once the backlog of renewal projects had been addressed.

Early in 2008, the Ontario government commissioned the Courtyard Group to look at capital requirements at colleges and universities. This work is nearing completion and will provide the government with a very strong argument for the need to invest in the infrastructure of our Post-Secondary institutions.

In terms of operating costs, colleges are facing a funding gap of about $95 million (Source: Colleges Ontario) and universities $511 million (Source: Council of Ontario Universities).

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

1. Assess current Post-Secondary Education participation and future growth projections, and operating costs funding gaps, and develop an aggressive funding strategy to be implemented within three years that addresses the approximately over $600 million annual operational funding shortfall, that helps achieve a more internationally competitive level of annual operating funding (above OECD average of funding per student) for Post-Secondary Education.
2. Provide dedicated and internationally competitive levels of funding for research and applied research, and additional supports for graduate students such as scholarships to help Ontario universities attract and retain the best minds.

3. Keep up with the monumental levels of growth in Post-Secondary Education participation and prepare the system to accept even greater growth, by providing needed large scale investments in campus renewal, modernization, and new infrastructure as recommended in the Courtyard Group study, to be implemented immediately.
4. Target Post-Secondary Education infrastructure investments in knowledge-based and emerging sectors, and towards more effectively integrating foreign-trained professionals into the Ontario economy.
5. Link student aid through OSAP to the cost of living and associated student costs, and ensure overall OSAP funding is adequate to meet demand.
6. Make funding available to post-secondary institutions wishing to create or enhance through intensified industry-post-secondary institution partnerships the creation, or enhancement of existing, high technology and innovation parks.

Effective Date: May 2, 2009
Sunset Date: May 2, 2012

f. Immigration

(Submitted by the Sault Ste. Marie Chamber of Commerce)

Issue:

Canada requires immigrants to sustain the current professional services and labour force by 2012. "Net international migration continues to be the main engine of population growth in Canada" (Canada Population, Statistics Canada, July 2006, http://www.statcan.ca/Daily/English/060927/d060927a.htm accessed Feb. 13, 08). In addition, "Projections based on current fertility rates, current immigration levels and moderately rising life expectancy show the ratio of the population age 65 and over to the population of traditional working age (18-64) rising from 20 percent in 2006 to 46 percent in 2050" (C.D. Howe, 2006, P.1). Taking action to increase the diversity of communities accelerates economic growth and ensures professionals and skilled labourers exist to fill current and future employment opportunities.

Under serviced areas in Ontario, specifically Northern Ontario face challenges to meeting the skilled labour shortage and immigration demands. Immigration in Northern Ontario is not happening to the extent that it is in Southern Ontario, as it is not a primary immigration port, incentives to relocate do not exist as they do for Southern locations, resources to promote and provide effective immigration supports are limited, and there are cultural issues. In addition, the incentives immigrants gain initially when entering Canada are lost when they move outside of major Canadian cities to their Northern locations.

By assessing current local immigration efforts and processes, communities can determine ways to better collaborate and successfully adapt immigrants. Many communities, including Sault Ste. Marie are being proactive to develop strategies, resources and tools to attract immigrants to fill the job shortages that currently exist and to prepare for future demands. Several newcomers are recognizing the advantage of Northern communities - a safe environment to raise a family and maintain a balanced lifestyle. Northern communities require the capacity, resources and financial support to provide the assistance employers and immigrants need to implement and build on the strategies and plans initiated.

Background:

A comprehensive immigration strategy that embraces local and regional needs assists in addressing systemic and operational approaches to immigration and recruitment and ensures the community attains and retains skilled labourers and professionals. By taking steps to improve the attraction, integration and retention of immigrants, communities build the foundation for continued economic growth. Ontario's Minister of Immigration, Mike Colle, announced plans to invest $1.75 million to promote the hiring of skilled immigrants... Such companies represent 97 per cent of Ontario businesses but may be reluctant to hire immigrants because they don't have the resources or expertise to evaluate their foreign education and job experience.

Ontario has border communities to the USA and should work together to solve immigration issues with the USA.

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

1. Provide incentives to under serviced communities in Ontario, to attract immigrants to the area and remove barriers to entry for immigrants, especially those related to secondary migration locations.
2. Establish processes and resources to assist under serviced communities, in Ontario, to ensure effective and coordinated settlement of newcomers. For instance, establish positions and/or organizations that serve as immigration support agencies to coordinate, facilitate and deliver services to employers and immigrants.
3. Promote immigration and integrate evaluative mechanisms to recommend potential immigrants who have the greatest opportunity for economic success. Develop evaluation tools (online) for instance a credential assessment database that employers can use to quickly obtain eligibility, for employers or immigration support agencies to ensure those immigrants who have a high rate of economic success are identified and accepted into Canada. Provide similar tools for accreditation and financial assistance to employers for immigrants to pursue additional training needed for them to meet Canadian standards.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

g. Increasing Skilled Trades

(Submitted by the Greater Kingston Chamber of Commerce & Prince Edward County Chamber of Commerce)

Issue:
Many independent contractors across the province report a constant stream of inquiries from young Ontarians wanting to become electricians.

A high number of journeypersons have or will retire and there aren't enough apprentices to take their place, creating skilled trade shortages. Certain skilled trades have restrictive ratios on the number of apprentices to journeypersons that can be taken on by businesses. **The ratios are determined by the Trades Qualification and Apprenticeship Act. Since these are now mandatory and, since they are part of the legislation, they can only be changed by an Act of Parliament in Ontario. Journeyperson ratios refer to the number of journeypersons required by regulation to supervise and train each apprentice. These** ratios exacerbate Ontario's current and increasing skilled trades-shortage and directly contradict Ontario government policy to encourage Ontarians to enter the skilled trades. The ratios are also in direct contrast to the policies of most other Canadian provinces who have corrected ratios in restricted trades to encourage more apprentices to enter the workforce and train directly with skilled journeypersons.

Background:

Placing an artificial quota on the number of people entering the skilled labour force can have disastrous consequences, as exemplified by Ontario's current physician shortage, which was caused by restrictions on medical school placements in the 1990s. Apprentices, like physicians, become experts in their fields over several business cycles: therefore, it is short-sighted to artificially restrict entry into the workforce, even when there is **currently** no critical demand for them.

Outdated ratios in some trades directly undo the work of Ontario government programs, such as OYAP. The Ontario Youth Apprenticeship Program encourages high school students to enter the skilled trades. They get temporary apprenticeship status and get school credits for their training with qualified trades people. They are exempt from the apprenticeship ratio rules. But when they graduate, they lose their exemption and need to be terminated from their work if there are insufficient numbers of journeypersons in the workplace.

How do Ontario's ratios compare to other jurisdictions in Canada? Ontario stands at a variance with rest of the country where overall 1:1 ratios are the norm. As an example, see the illustrated Ellis Chart below, published by the Interprovincial Standards (Red Seal) Program using 2004 figures. This reflects the Electrical Trade Apprenticeship Ratios by province, proving an obvious dichotomy between Ontario and the rest of Canada.

Education/Entrance Requirements (by Province)										
Province	NL	NS	PEI	NB	QC	ON	MB	SK	AB	BC
Ratio – Journeyperson/Apprentice	1:1	1.1	1:1 3:1	1:1	2:1	1:1 3:1	1:1 2:1	1:1	1:1	1:4

PEI, Ontario and Manitoba each show two ratios. This reflects a progressive scale. For instance, Ontario generally operates on the 3:1 ratio over 80% of the time. A smaller company, therefore, employing 8 electricians will never have more than 4 apprentices at a given time under current legislation.

As far as safety concerns, we have uncovered no supporting evidence one way or another that would say a proposed 1:1 ratio is less or more safe than a 3 to 1 ratio. According to the WSIB, the electrical trade is the lowest skill trade with claim ratios across the board.

Restrictions in ratios also have a negative effect on the economies of Ontario rural communities, which are less likely than large cities to have large unionized companies able to take on new apprentices. The lack of opportunity for young people to learn skilled trades in their home communities contributes to the 'out-migration' of rural Ontario youth. **It must be stressed that the impact on small businesses is greatest, thereby compounding the challenge in many rural communities where small business (under 20 employees) can represent the highest number of companies, reaching as high as 80 to 90 percent.** Ontario workers who wish to learn their trade in small businesses are therefore unfairly restricted from entering the workforce in their chosen trades.

One of the unintended consequences of restriction to access to trade certification may be increased activity in the underground economy by uncertified trades people. This is certainly a safety issue, both for the worker and the client.

A one-to-one ratio between apprentice and journeyperson provides direct training and supervision for the apprentice. Lowering the ratio in no way decreases the safety conditions for apprentices on job sites, or reduces the employers' responsibilities for employee safety, which are dictated by the Occupational Health and Safety Act. The Occupational Health and Safety Act further binds employers to assign duties to employees according to skills and level experience.

The Conference board of Canada predicts that Canada could experience a shortage of one million workers within the next decade. Without the ability to hire new apprentices due to the ratio requirements, the overall effect on our future economic health could be serious.

RECOMMENDATION:

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

> Re-align ratios in restricted trades to allow for one-to-one ratios between apprentices and journeypersons.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

h. National Apprenticeship Certification Process
(Submitted by OCC Education Committee)

Issue:

Ontario's prosperity is dependent on its skilled workforce and would benefit from a process which allows the interprovincial mobility of apprentices and skilled trades people in Canada. The Ontario government must work with the federal government and other provinces on establishing a national apprenticeship certification process for Canada.

Background:

The Government of Canada's Apprenticeship and the Inter-provincial Standards "Red Seal" Program (www.red-seal.ca) encourages the standardization of provincial and territorial apprenticeship programs and certification, to provide greater mobility across Canada for skilled workers.

Currently, apprenticeship programs are administered by the education, labour or training ministry or department in each province or territory under the guidance of the Canadian Council of Directors of Apprenticeship (CCDA). Each province and territory has an appointed Director of Apprenticeship for this purpose. Also, the Red Seal program is supported by a network of advisory bodies, such as Apprenticeship and Certification Boards, Local Advisory Committees and Provincial Advisory Committees across the provinces and territories.

The Red Seal Program was established to provide greater mobility across Canada for skilled workers. It allows qualified trades persons to practice the trade in any province or territory in Canada where the trade is designated without having to write further examinations. To date, there are 49 trades included in the

Red Seal Program on a national basis. The Red Seal program is only mandatory in those jurisdictions where it has been expressly indicated in their apprenticeship legislation. Ontario has not made the Red Seal Program mandatory.

Upon completion of a training program, apprentices and certified journeypersons must successfully pass an Interprovincial Standards Examination to in order to obtain a "Red Seal" endorsement on their Certificates of Qualification and Apprenticeship. Having a Red Seal Endorsement is beneficial for skilled tradespersons since they do not have to write any further examinations to obtain a certificate from that province or territory.

The OCC recommends that Ontario legislate the Red Seal Program as mandatory as the first step towards facilitating a national apprenticeship certification process and take the lead on pushing the other provinces to do so as well. Currently, training and certification of skilled workers in Canada are responsibilities delegated to the provinces and territories.

The OCC believes the Government of Ontario should work with the other provinces to adopt a uniform system for the certification of apprentices across Canada through the Red Seal Program. There are a number of features under the Red Seal Program which would augment this process. A National Occupational Analysis (www.red-seal.ca/Site/trades/analys_e.htm), developed for each Red Seal trade, is currently used as a base document for the development of interprovincial standard examinations and is widely used by provinces and territories for curriculum development. The Ellis Chart gives an interprovincial overview of the 13 Canadian apprenticeship systems, provides an inventory of the more than 300 designated trades and indicates which provinces have apprenticeship training programs in place for each trade. The Ellis Chart also gives information on training, certification, education/entrance requirements and prior learning assessment and accreditation processes. In addition, efforts are already underway to expand the program and to streamline the existing process for the development and revision of national occupational analyses and examinations.

The OCC believes a national certification system should include the above features in addition to:

- A streamlined, uniform procedures for training and certification
- A uniform process for the assessment of prior learning
- Benchmarking of training programs and sharing of best practices
- One body responsible for certifications

The OCC believes the benefits of such a uniform training and certification system would be:

- Improved interprovincial mobility of apprentices between the provinces and territories giving apprentices more choice about where they want to work
- The removal of barriers to relocation for apprentices, between the provinces and territories.
- Assurance that all apprentices and skilled tradespersons are similarly qualified across the provinces and territories
- Certified skilled tradespersons from outside of Canada will know that the requirements are the same no matter which jurisdiction they plan to settle in
- Ability of employers to recruit workers outside the province
- Opens the door for more trades in Canada to be designated as Red Seal Trades
- Formalization of the apprentice training systems and enhancement of the profile of apprenticeship as a whole in Canada

RECOMMENDATIONS:

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

1. Adopt a Red Seal Program or a similar program as mandatory for Ontario designated apprenticeship trades.
2. Work with the other provinces and territories to make the training and certification procedures and requirements uniform across Canada, facilitating a streamlined certification process.
3. Work with the Government of Canada to develop a standardized national certification process for apprenticeship by 2010.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

i. Leave No One Behind: Certification for Cognitively Challenged Workers
(Submitted by Mississauga Board of Trade)

Issue:
Current post secondary programs designed to assist people with intellectual disabilities only offer rudimentary life skills training that lead to entry level, low paying jobs. There is a large segment of the population living with intellectual disabilities that have the functional capacity to achieve a higher level of education after high school. Creation of specialized programs, designed to train these individuals on specific tasks that are in high demand by the corporate community, will allow them to become more self sustainable and increase their contributions to the overall economic well being of Ontario.

Background:
The Canadian Association for Community Living states that 65% of adults with intellectual disabilities are unemployed and 80% of these adults live below the poverty line. The higher incidence of poverty among individuals with intellectual disabilities is due to the lack of access to the necessary training, which could potentially lead to higher paid employment. Limited access to training is a result of the lack of specialized training institutions.

By developing a special purpose education program, individuals with limited access to specialized training will be able to acquire skills that could potentially lead to higher disposable incomes. According to the provincial government's Adult Education Review (May 2004), "technological change has led to increased demand for employers for workers with higher levels of skill and education." This report goes on to explain that jobs requiring less than a high school education, contributed to less than one tenth of the job growth between the years 1996 and 2001.

In Ontario, individuals with intellectual disabilities currently do not have access to post secondary institutions that will train them to complete specialized tasks that would help increase their marketability in many industries.

Information Technology (IT) is one example of a sector in which workers trained to complete very specific tasks could be beneficial. Although there are limitations depending on the level of a person's disability, Literacy Link South Central, states that "individuals with intellectual disabilities can learn to read and [probably be taught] to decode anything." This observation highlights that with appropriate training, individuals with certain intellectual disabilities can become valuable assets to an organization.

The creation of a special education program would empower individuals with skills that would help make them less dependent on their family and government funded social networks. Although these networks have been reliable in the past, the aging demographics have made it imperative that alternative solutions be found. As parents supporting individuals with intellectual disabilities begin to retire and grow older, they will be less able to provide the essential economic support that they were capable of in the past.

RECOMMENDATIONS:

Ontario Chamber of Commerce urges the Government of Ontario to:

1. Take immediate steps to support certification programs designed to give workers with intellectual disabilities the skill sets that would enable them to earn self-sustaining wages.
2. Immediately work with local and federal levels of government to develop incentives that encourage the participation of workers with intellectual disabilities in these specialized certification courses, in particular co-op placement for entry-level jobs.
3. Immediately develop and support an adult education and training system that improves opportunities for adults with intellectual disabilities to increase job related skills, pursue further education and training and ultimately to enhance personal well-being and quality of life.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

j. Improve Transparency and Small Business Access to Student Loan

(Submitted by the Sarnia Lambton Chamber of Commerce)

Issue:

A small business that re-invests its net income into the business to create Ontario jobs, improve productivity and more is penalized when it comes to the Canada-Ontario integrated student loan application. The offspring students of such owners are at a disadvantage to a regular employee of another Ontario company. Open and transparent OSAP criteria must be created to ensure consistency for all Ontario student loan applicants.

Background:

The objective of student financial assistance is to assist eligible students who do not have the resources to meet the costs of postsecondary education. The intention is to promote equality of opportunity for postsecondary studies by providing financial assistance for educational costs and basic living expenses where students (and their families) do not have the resources to meet these costs.

The purpose is to supplement, not to replace, the financial resources that students and their families, if applicable, are expected to contribute. Assistance is based on financial need as established by the federal and/or provincial governments and as determined by the ministry through an assessment of your Ontario Student Assistance Program (OSAP) application.

The Province of Ontario is committed to ensuring that all qualified students continue to have access to high-quality educational programs that will provide them with the skills and expertise they need for future success. The Province of Ontario provides the Ontario Student Loan portion of the Canada-Ontario Integrated Student Loan. Access grants are provided to first-time, first-year and to second-year postsecondary students to help them with their tuition costs. In addition, a number of scholarships, grants, and bursaries are offered to assist eligible students, and the province provides a range of initiatives to help students manage their student loans.

A number of our small business owner members have indicated that their student children applicants have been turned down for the Canada-Ontario integrated student loan. (OSAP is the application point for the loan.) It appears that the net income of the small family business is considered family income. Rather than re-invest in the business and create local jobs and grow the economy, the small business is expected to liquidate its income and give to the student for their education.

There appears to be no criteria upon which the loans are assessed. OSAP was unable to provide or direct the members or our Chamber to a transparent set of criteria for assessing applications.

Without the criteria, we can only assume that small business owner families are being held to a different standard and expectation than families of regular wage earners.

This is a LOAN. If the government truly is "committed to ensuring that all qualified students continue to have access to high-quality educational programs that will provide them with the skills and expertise they need for future success", then they should look for ways to minimize barriers and provide greater access.

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

> Make public clear and transparent criteria for financial assistance resources and expected family contributions in applications for the integrated student loans.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

SECTION II

A. Environment

a. Improving Efficiency and Reducing GHG in the Supply Chain

(Submitted by the Ontario Trucking Alliance)

Issue:

In order to position Ontario's businesses, particularly those in the manufacturing sector, to take advantage of the global recovery, we need to ensure that they have access to the most productive and efficient freight transportation system possible. The use of Longer Combination Vehicles (LCVs) in Ontario will significantly enhance the ability of the trucking industry to play its role in supporting the economic recovery and ongoing competitiveness of the Ontario economy.

At the same time, allowing using LCVs will also contribute to reducing the carbon footprint of the freight transportation sector by eliminating an estimated 151 kilotons of GHG emissions annually.

The Ontario Government can therefore help improve efficiency in the supply chain, and help reduce GHG emissions by allowing the use of LCVs.

Background:

In August 2009, the Ontario Government began allowing the use of a truck configuration where two regular (up to 53') trailers are pulled by one tractor. This configuration, called an LCV, is currently allowed in the majority of US states as well as every other Canadian province, except PEI and Newfoundland.

In Ontario, as in every other jurisdiction, LCVs can only be operated through the granting of a permit by the Ministry of Transportation. In order to be eligible for a permit, both the carrier and the drivers who will actually operate the LCVs must meet safety criteria as well as operate under very strict restrictions. For example, LCVs cannot be operated in inclement weather, during peak traffic periods in the GTA, during the winter months at all, only on 400 series highways (except for a few kilometers to get into a terminal), etc. It is important to note that LCVs cannot carry more weight than a regular truck configuration. They are simply longer, but cannot be any heavier, than a regular truck.

Because of these safety regulations, in every jurisdiction where LCVs operate, study after study has shown that they actually have a better safety record than regular truck configurations. For example, one Alberta study estimated that LCVs account for a reduction of 67 collisions a year in that province, when compared to the number of collisions that would be realized by using single-trailer configurations for the same operations. In Ontario, during the period from June to December (when the winter restriction stopped all LCV operations) the LCVs operating in Ontario completed 4,114 trips, covering 1,281,268 kilometers, with zero collisions or incidents. There is no foundation in fact for an argument that LCVs pose any threat to the motoring public.

The primary benefits of LCVs are as follows:

1. Increased productivity and efficiency in goods movement, LCVs offer an increase in carrying capacity of between 90% and 100% compared to existing configurations.
2. LCVs can achieve total fuel savings of over 30% over existing configuration, resulting in an equal reduction in Greenhouse Gas (GHG) emissions. A recent study sponsored by Natural Resources Canada

estimated that for freight movements in Ontario alone, the annual savings would be 54 million liters of fuel leading to a reduction of some 151 kilotons of GHG.

3. Studies estimated that LCVs could account for only about 10% of total truck traffic (because of the weight limitations). However, this would still reduce the total number of trucks on the highways, eliminating the need for up to 750,000 trips per year on Ontario's already heavily congested roads and highways. This would mean up to 2,800 fewer trucks per day on Toronto area freeways.

Ontario has taken a tentative approach to the introduction of LCVs, allowing a maximum of 50 carriers to participate in the program during the first year and limiting those 50 carriers to only 2 LCV permits.

RECOMMENDATION:

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

1. Fully remove the limits on the number of companies eligible for the program so long as they meet the safety and due diligence of provincial testing, as well as on the number of LCV permits per company, as soon as is prudent and practical once the success of the program in terms of safety and performance are proven.

Effective Date: May 1, 2010
Sunset Date: May 1, 2013

b. Ontario's Competitive Clean Air and Climate Change
(Submitted by the OCC GHG Emission Task Force)

Issue:

In January 2010 the federal government announced a new set of Green House Gas (GHG) emission targets by aligning them with the U.S. Standards. However, as part of Ontario's Climate Change plan the provincial government recently passed legislation on provincial emissions standards that do not align with the federal government's recently announced targets.

Overlapping, non-harmonized environmental mandates at provincial and federal levels will significantly increase business operational costs while mandated emission free technologies will drive up both capital and operating costs in regulated industries. Ontario businesses could be unduly penalized relative to key trading partners if provincial standards are misaligned relative to other provinces, the federal government and global trading partners, primarily the United States.

Background:

On January 29, 2010, the federal government announced its 2020 target of a 17 per cent reduction in greenhouse gases from 2005 levels. This target is completely aligned with the U.S. target. However, Ontario's Climate Change Action Plan calls for reducing greenhouse gases by six per cent from 1990 levels by 2014, and 15 per cent by 2020. In December 2009, the provincial government passed legislation (the Environmental Protection Amendment Act -Greenhouse Gas Emissions Trading) which has set the foundation for Ontario's cap-and-trade program. The Cap and Trade "implementation" date is set for 2012.

It is counter-productive for Ontario and Ontario businesses to strike out on their own, to set and to pursue targets that will ultimately create barriers to trade and put us at a competitive disadvantage.

The OCC acknowledges that Ontario is working with its partners in the Western Climate Initiative (WCI) to assist in developing a broader cap-and-trade system. (WCI members include Ontario, Quebec, British Columbia, Manitoba, and seven U.S. states) However, Ontario's regime must be designed in the context of harmonized Canadian, North American and international approaches to ensure that Ontario can link to broader carbon markets. Further, given Ontario's extensive trade with the United States, being aligned with the emerging U.S. carbon regime is important so as to minimize the potential risk of future border measures.

The OCC endorses government's efforts to pursue a cleaner and sustainable environment for future generations. Yet, it is extremely important to business that the federal and provincial governments avoid regulations and compliance options that overlap, duplicate, or introduce inconsistencies that increase the compliance burden on industry.

Businesses have expressed concerns over a range of negative economic impacts related to tougher environmental regulations:

1. Technological limitations: There are genuine limits to the scope of available and affordable technologies which could be deployed effectively and particularly to meet the likely mandated timetables. In large measure, businesses already employ best available technologies that are commercially viable, making significant reductions unattainable in the short term.
2. Competitive Realities: The capital and operating costs of new technologies may be uneconomic for Ontario producers versus global competitors. Ontario producers may be unable to pass-through additional compliance costs.
3. Limited Scope/Early Action: Over the past several years businesses have significantly enhanced their environmental performance through improved internal operations (economically achievable process improvements, equipment upgrades, and other abatement methods). Similar large-scale opportunities do not exist for the next round of reductions.
4. Structural Impediments: The reduction targets are being imposed on existing operations, which are capital intensive with long payback and capital turnover periods. While a new green-field operation could be designed more optimally to achieve environmental results, existing facilities can only realize comparable gains through capital stock turnover over an extended period.
5. Compliance burden: overlapping or contradictory federal and provincial regulations will create confusion and will increase the compliance burden for businesses. A common set of design principles would ease the compliance burden.
6. Cost implications: An environmental tax will further increase the price of energy, jeopardizing the sustainability of a range of vulnerable industries in Ontario (manufacturing, forestry, agriculture, etc).
7. Allowing for growth. Some jurisdictions [particularly US states and Europe] disallow the use of intensity to manage GHG emission reductions. These jurisdictions are developing policies that require absolute reductions in GHG emissions. It is critical that Ontario harmonize with the federal government for an intensity based approach that will allow Ontario's economy to grow.

The Ontario Government should collaborate with the federal government, and consult with the Ontario business community to ensure an effective harmonization of new clean air regulations.

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

1. Pursue a harmonized and non-discriminatory approach when developing any provincial standards in parallel with the federal government, and ensure:
    - a signed equivalency agreement with the federal government on Clean Air and Climate Change regulatory frameworks;
    - realistic and reasonable timetables for the implementation of science-based actions directed to improving air quality;
    - policy changes produce the least economic impact on regulated industries;
    - incentives to businesses to encourage implementation of lower-emitting technologies and early "emission reducing" action;
    - adequate funding of research on energy efficiency, and emission free technologies;
    - they are aligned with North American standards.
2. Engage all industries to be affected by proposed regulations/standards in a fair consultation process and ensure a level playing field for regulated businesses.
3. Partner with business, the Government of Canada and other jurisdictions to research and develop strategies and programs which bring awareness to the financial benefits and progressive action on tackling green house gas emissions.

Effective Date: May 1, 2010
Sunset Date: May 1, 2013

c. Developing Green E85-Ethanol Fleets & Fuel in Ontario

(Submitted by the Greater Oshawa Chamber of Commerce)

Issue:

The largest single short term opportunity for Canada and Ontario to accelerate the reduction of vehicle-related GHG emissions is to expand the availability of E85-Ethanol (fuel containing 85% ethanol and 15% gasoline) and other bio-fuels. (According to Natural Resources Canada's GHGenius study, lifecycle CO2 emissions from vehicles using E85 Ethanol bio-fuels are 47-54% lower than using regular gasoline).

Background:

Other Jurisdictions as Examples of Effective Ethanol Policies

Other countries such as the US, Sweden and Brazil are global leaders in the use of renewable ethanol and have a history of using E85-Ethanol or higher ethanol blended fuels. Their success has been clearly a result of comprehensive government policies that provide incentives and support throughout the complete value chain of ethanol fuel production, retail fuel infrastructure, retail fuel pricing and E85-Ethanol flexible fuel vehicle consumer incentives. These types of measures across the entire fuel/vehicle value chain are necessary instruments with any new fuel/vehicle option in the initial periods of commercialization. The Canadian Renewable Fuels Association's (CRFA) policy paper on ethanol also recommends support for E85-Ethanol fuel, specifically the need to maintain fuel tax exemptions for E85 and supporting the establishment of the E85-Ethanol refueling infrastructure.

Sweden's policies for E85-Ethanol fuel and vehicles have resulted in tripling its E85-Ethanol retail fuel stations over two years to over 800 stations and has increased the sale of E85-Ethanol flexible fuel vehicles to over 10% of total vehicle sales in a very short time period. This success has been accomplished by the following policy measures:

Retail Fuel Price Support - No energy, CO2, or fuel taxes on bio-fuels
Fuel Production Support – R&D support for ethanol production technologies
Infrastructure Support – Mandates for all large fuel stations to provide a bio-fuel, such as E85-Ethanol
E85-Ethanol Flexible Fuel Vehicle Support-

Significant government fleet mandates for environmental vehicles, such as
E85-Ethanol flexible fuel vehicles
Company car tax relief (20%) for E85-Ethanol flexible fuel vehicles
Free parking in large cities
Reduced annual vehicle registration costs

The **US policies** in the area of E85-Ethanol have also been broad based and have resulted in significant progress in the production of ethanol (over 16 billion litres annually), establishment of E85-Ethanol retail fueling stations (over 1,400 stations) and a very significant E85-Ethanol flexible fuel vehicle fleet (over five million vehicles). This has been accomplished by the following policy measures:

Retail Fuel Price Support – No federal and in many cases no state fuel taxes on ethanol;
Fuel Production Support – Both federal and state ethanol production incentives;
Infrastructure Support – Tax credits (30% or $30,000) for the installation of an E85 pump up to 10 credits per fuel company;
Vehicle Support –
Significant federal and state government fleet mandates for alternative fuel vehicles (including specific E85-Ethanol flexible fuel vehicles mandates);
Fuel economy credits for vehicle manufacturers that produce E85-Ethanol flexible fuel vehicles.

Brazilian policy on ethanol fuel is the most mature in the world and started out of the oil shocks of the 1970's. Their original incentives and policies focused on ethanol production, retail fuel sale and the vehicle spectrum and has resulted in over 40 % of their entire fuel pool being supplied by ethanol, virtually every station in the country offering E100-Ethanol fuel and many vehicle manufacturers selling only E100-Ethanol flexible fuel vehicles (note: due to a warmer climate in Brazil, vehicles can be readily designed to operate on 100% ethanol. This is not possible with the Canadian and the US winter climate). Many of their ethanol support policies are no longer required as ethanol is now established in Brazil and is a significant portion of their fuel pool.

In summary, leading ethanol using jurisdictions have demonstrated that support/incentives/requirements across the ethanol fuel production, fuel retailing and E85 vehicle spectrum are required in order to have a successful bio-fuel policy, particularly for objectives beyond low level ethanol blends of 5 per cent to 10 per cent.

An Ontario and Canadian set of policies facilitating the transition from low level ethanol blends towards E85 (85% blends) will allow Canada and Ontario to join other world leading jurisdictions in enabling their citizens to achieve the most significant vehicle GHG reductions possible by using E85-Ethanol flexible fuel vehicles and E85-Ethanol fuel technology. With these government policies and initiatives that are good for the environment, support rural communities, have economic benefits for the growing bio-fuels industry as well as providing encouragement for individuals the opportunity to significantly reduce their auto GHG emissions, Canada and Ontario will continue to be a leader in Ethanol BioFuel.

Recommendations:

The Ontario Chamber of Commerce urges the Government of Ontario to work with the Federal Government and other provinces and territories to:

1. Reinstate the exemption of provincial fuel road tax for E85 fuel only where necessary (retail fuel price support).
2. Continue with existing support mechanisms for ethanol production in Ontario (fuel production support).
3. Institute a similar tax credit incentive to that in the US for E85 fuel pump conversions. (infrastructure support).
4. Institute support programs to increase the number of E85-Ethanol flexible fuel vehicles in Canada (vehicle incentive support).

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

d. Practical Waste Management for the Industrial, Commercial & Institutional Sectors

(Submitted by the London Chamber of Commerce)

Issue:

There is a large and growing disconnect between the IC&I (industrial, commercial and institutional) waste generators in Ontario, the waste industry as a whole, and the infrastructure provided by municipalities in Ontario. In many municipalities, this disconnect results in a significant volume of recyclable waste needlessly sent to landfill, depleting a valuable resource & adding to the precarious position we find ourselves in many/most Ontario landfill sites today.

Background:

The provincial government has created a number of acts and regulations to encourage and enforce responsible waste management to both the private sector and residential sector (via municipalities), as it has recognized that both have a role to play in reducing the amount of waste produced within the province.

For the residential sector, the legislation applies to the municipalities and promotes the creation and continuous improvement of the needed infrastructure (i.e. collection systems, material recovery facilities [MRF], etc.). This legislation relies on the theory that if municipalities make it possible for residents to recycle, they will, and properly.

In contrast, the legislation that applies to the private sector places the onus on the individual generator to ensure their waste is managed responsibly but includes no aspects to promote the creation of the needed infrastructure.

O.Reg 101/94 was created to address the waste generated by the residential sector. For example, one of the requirements in the regulation specifies that municipalities (with a population exceeding 5,000 people) must have a blue box program1 in place. This regulation, along with the fact that municipalities are scrutinized by the media and the public, has led to a very responsible and proactive approach to residential waste management in most Ontario cities and towns.

This same body of provincial legislation also gives powers to municipalities to create controls that encourage residents to use the waste management programs effectively (i.e. user pay, bag limit, material bans, etc.). However, municipal governments do not have the authority to create similar incentives to motivate the private sector to engage in similar proactive waste management strategies.

Similarly, O.Reg 102/94 and O.Reg 104/94 were created to address the waste generated by the IC&I sector. These regulations require private sector waste generators to conduct audits and create work plans in order to ensure continuous reduction of waste and packaging materials. These requirements specify a 3R's (reduce, reuse, recycle) approach to the management of these materials. However, these regulations apply directly to the individual generators and not to a governing body (as is the case with municipalities) and therefore it is extremely difficult to enforce or audit. Compounding the issue is the fact that the local markets for the majority of recyclable waste in Ontario are not large enough to sustain any individual business. With no legal obligations and no real financial incentives, there is no reason for any party to create the needed infrastructure for recyclable IC&I waste. While there are a growing number of responsible and environmentally conscious businesses, industries and institutions in Ontario - the lack of enforcement along with a lack of available infrastructure has led to a somewhat haphazard and reactive approach to the IC&I sector's individual waste management programs in Ontario.

It is acknowledged that municipalities do not have any legal obligation, or the legal power, to require the IC&I sector to be more responsible with its waste management practices. However, IC&I waste that could have been recycled is ending up in the City's landfill by way of third party waste haulers. Because of this, it would seem that Ontario municipalities have an obligation to their residents to do everything they can to divert this recyclable waste from the landfill. This may be possible by creating incentives to create a more accessible waste management (i.e. recycling) infrastructure for the IC&I sector. A good example of this is the recently announced City of London RFP for the design, construction and operation of a City MRF (material recovery facility).

Until recently there were organizations in Ontario that acted as a hub for environmental concerns and issues in the IC&I sector. In London, The Centre for Environment, Health and Safety or CHES (formerly the Environmental Management Resource Centre for Business or EMRCB) was founded by the London Chamber of Commerce and provided many needed services to the IC&I sector relating to all forms of environmental management. It provided information on various and ever-changing environmental legislation/regulation in the form of a website and newsletter. Also available through the CHES was a confidential inquiry service where businesses could ask specific questions to various government bodies anonymously and many different training courses on the proper methods and legal requirements for environmental management. This non-profit organization recently folded as a result of reduced financial support from their member base. The absence of CHES and others like them has created a void that is making the previously mentioned "disconnect" even larger.

Now businesses that want to do the right thing do not know where to find the answers or the resources they need to be environmentally responsible.

RECOMMENDATION:

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

1. Ensure that the Ministry of the Environment reallocate the necessary resources to enable the IC&I sector to act more proactively in the area of environmental responsibility and through the appropriate budgetary process allocate additional responsibilities to municipalities (in a comparable manner to residential recycling) to provide for the necessary infrastructure and programs designed to mitigate/reduce IC&I waste going into landfills. The percentage allocated for each community's IC&I sector should generally reflect the percentage of those businesses in that sector in compared to the number of residences in each community.
2. Ensure that the Ministry of Environment through Ontario municipalities, create incentives that promote the creation of regional cooperatives investing in infrastructure for recyclable IC&I waste. Such incentives may include; reduced land development fees for strategically identified areas, further reduced landfill fees for recycling residual waste and strategic tipping fees to encourage the delivery of IC&I recyclables to the proposed City-owned MRF (material recovery facilities)
3. Ensure that the Ministry of Environment support on a trial basis the establishment of a number of "Pilot Projects" to act as a clearing house or resource centre for the dissemination of IC&I specific issues, as well as new or pending legislation, regulations and policies. These resource centres could also be used as a vehicle to promote the incentives available to the private sector for creating the needed infrastructure.

Appendix # 1
Note: As a reminder, we encourage the Ontario Government to follow through with the recommendations of the Ontario Chamber of Commerce on the issue of Energy from Waste. It is our view that no Sensible Waste Management Strategy can be complete without an 'Energy from Waste' component. As a matter of record, the recommendations by the Ontario Chamber of Commerce are as follows:

- Review by 2008-2009 the experience in other jurisdictions and, considering the environmental and economic efficiency, estimate what of the available Energy for Waste technologies (combustion with energy recovery, advanced thermal technologies, gasification, pyrolysis, anaerobic digestion, pelletization, etc) have the highest rate of return for Ontario.
- Assess the costs of erecting EFW facilities and estimate the benefits for Ontario by considering the environmental effects, avoided waste disposal, land filling/development costs and promotion of alternative energy generation.
- Assess increasing the share of the efficient Energy from Waste generation technology in the supply mix and develop by 2010-2011 an integrated waste management plan, prioritizing on EFW.
- Educate the public on the importance of 5-Rs: (1) Reduce (waste, packaging etc); (2) Reuse (beer bottles etc); (3) Recycle (new product from waste i.e.: sewer pipe from used car dashboards etc.); (4) Recover (energy, oil); and (5) Retain (landfill issues). Also educate Ontarians of the importance and safety of advanced EFW technology for their communities.
- Commit to create a stable streamlined regulatory environment, an electricity market guided by prices reflecting true costs of power and pursue consistent EFW policies.
- Stimulate development of EFW facilities, where appropriate and strategically feasible at existing landfill sites.
- Engage private sector in the development, construction and financing of WTE facilities.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

B. Business Sector-specific Issues

a. Funding Support for Commercialization of New Technology
(Submitted 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:
There is some government funding available for pure research and applied research. This funding can be applied for bench and pilot scale facilities/testing.

Depending on the technology or process being considered, funding for a demonstration plant may or may not be available. One major determinant of this is the large scale barrier. Demonstration level funding could probably be had for an innovative manufacturing process, for example, that was limited to a single machine for a few $100,000. The problem community's face is trying to replace multi-billion dollar facilities.

A demo plant could cost several $10's of millions. Something like a new waste gasification to chemicals or University of Western Ontario's Bio-generator or a next generation bio-diesel plant or a next generation chemical pulp mill have a huge chasm to bridge between funding for a bench/pilot which might be available and funding for a demonstration plant.

All businesses that supply products or services to present day facilities could be affected. If Ontario cannot replace present day, traditional technology facilities and replacement new technology facilities are built elsewhere in the world we will lose all of the support businesses as well as losing work for the businesses that would be involved in building the facilities - fabrication, construction etc.

This is a broad based sector issue. This issue isn't limited to one sector; rather it includes industries having similar characteristics re: complexity, scale up, economic size of facilities. Refining, petrochemical, pulp & paper, mineral processing and their potential replacements e.g. bio-fuels, chemicals/fuels from waste and innovative power generation technologies that are bio based are a few examples.

The first step in moving from a lab/pilot scale to a demo 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 $1million. This level of information is required before the proponent can approach any 'commercial' funding bodies (bank, angel investor, larger company, etc).

The Ontario Innovation Demonstration fund will cover 50% of eligible expenses to a maximum of $4m. This level of funding may be good support for a pilot scale plant. However, it does not provide sufficient funding to build a demo plant (next step after pilot) and the fund's existence is not well known.

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
b. the assistance needed to assemble funding to actually build the demo or commercial plant.

d. Expand the awareness of the Ontario Innovation Demonstration fund through area economic development offices.

Effective Date: May 1, 2010
Sunset Date: May 1, 2013

b. Ensuring Competitiveness and Accountability with OntarioBuy's
(Submitted by St. Catharines – Thorold Chamber of Commerce and Greater Sudbury Chamber of Commerce)

Issue:
The OntarioBuys program is a provincially-funded shared-service organization (SSO) and an example of this problem. Under its organizational sphere, SSOs have developed RFP procurement processes that include stipulations which reduce the competitiveness of small and medium sized business in bidding on provincial contracts. Of the many SSOs, the Ontario Education Collaborative Marketplace (OECM) is of particular concern.

Background:
OntarioBuys is a government initiative launched in 2004 to achieve savings in the procurement of goods and services in the provincially-funded broader public sector (BPS) including hospitals, school boards, colleges and universities. The BPS Supply Chair Secretariat, part of the Ministry of Finance, is responsible for administering and managing OntarioBuys. Ontario is the only province in Canada with a formal program that provides funding and advice to BPS organizations to help them improve their supply-chain management practice. OntarioBuys encourages BPS organizations to engage in collaborative ordering, delivering, warehousing and payment of goods and services.

Since 2005, the program has provided $148 million to expand SSOs (Shared Services Organizations; basically a central organization whose sole purpose is to act as one voice for broader public sector organizations) and support projects aimed at helping broader public sector organizations become more efficient.

The first SSOs to be created under OntarioBuys is the Ontario Education Collaborative Marketplace (OECM). OECM is a not-for-profit corporation founded by nine educational institutions (six universities, two colleges and one school board). With $35 million in funding from the Ministry of Finance in 2007, the OECM objective is to establish an e-procurement marketplace for the goods and services currently purchased by its members. Over the next five years the number of members of OECM is anticipated to increase to 45 members with an average spending on goods and services of $2 billion annually. OECM is the largest OntarioBuys initiative in terms of projected savings.

In 2009, the OECM released its first RFP for office products. A review of the RFP raised a number of concerns for suppliers. First, the terms of the RFP required three-year firm pricing, which was subsequently changed to one-year firm pricing just before the close of tender with no extension granted. This has left many businesses unable to responded based on the new information. The RFP also stipulates that there should be no minimum order size. This means if an institution orders a set of the pens – it can – without receiving a higher charge rate based on size of purchase. This an unrealistic expectation considering the scope of educational delivery sites within Ontario and the request for departmental delivery.

As well, there are no provisions in the RFP process that allow for the value added components that ensure the overall service of business to its clients. The only level of service provision is the need for a toll free telephone number. Many small and medium sized companies take pride in the high level of service provided to its clients, and it is an important competitive edge in many communities across Ontario. In fact, the current system which is driven by locally based institutions working with suppliers to keep costs contained through a strong working relationship between supplier and purchaser will be erased completely within the new guidelines.

In addition, OECM demanded a rebate of up to 5 per cent on all purchases, plus a volume escalation discount and prompt payment discount that could actually increase the cost of products. Since the closing of the RFP, OECM has changed the rebate to a 3 per cent administrative fee that will be charged by the awarded suppliers to the participating organizations under OECM. Again, the changes took place after the closing of the RFP negating the opportunity for all suppliers to re-submit on the RFP. The rebate will be used to finance yet another government bureaucracy at a time when governments should be looking for ways to reduce its size.

Modifications have been made to the RFP process, but there is still a concern that the competitiveness of the process is unfairly balanced. This concern was echoed in a report from the Auditor General in the fall of 2009 that assessed the OECM. The report demonstrated that there are significant risks that were overlooked in the creation of OECM. One of the noted concerns was low supplier participation. According to the report, SMEs are unable to access OECM due to the size of the RFPs, and the stipulations of the RFPs being issued by the organization.

While the government should be commended for seeking ways in which the procurement of goods and services is conducted in a manner that saves money and reduces expenses, the process of procurement should not be prohibitive to SMEs across Ontario. In addition there should be considerable metrics to determine the actual savings that the Ontario government is making through a modified supply-chain management process. In doing so the provincial government will be able to be both accountable and ensure competitiveness integrity when it comes to the OntarioBuys program.

RECOMMENDATIONS:

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

1. Include private sector representation on the boards of all shared-services organizations operating under OntarioBuys, including from SMEs and regions of Ontario;
2. Immediately develop monitoring guidelines to assist OntarioBuys staff as they conduct oversight of project funding;
3. Mandate performance metrics for the OntarioBuys program and its shared-service organizations as a means to measure the actual return on investment compared to the realized cost savings and leveraged efficiencies; and
4. Immediately initiate consultations with business to develop proper guidelines that address the concerns raised by the Auditor General in its review of the OECM.

Effective Date: May 1, 2010
Sunset Date: May 1, 2013

c. Protection of Intellectual Property Rights of Businesses Providing Professional Services to the Government of Ontario

(Submitted by the Consulting Engineers of Ontario)

Issue:

Many service agreements used by the government of Ontario typically presume that the service provider will assign all intellectual property rights to the government with no remuneration for subsequent use of the intellectual property. For businesses that offer intellectually-based services, this is a significant disincentive to offer the government innovative ideas and solutions. Intellectual property is not only proprietary, but is in fact, the "stock and trade" of the professional services industry.

Background:

The Ontario government represents a major client to many sectors of the professional services industry. This is particularly true of services related to the core business of the government such as healthcare and infrastructure. The current government to its credit has stated its intent to invest significantly in these areas. Further, the government is looking to its service providers from the private sector to provide cost effective innovative strategies and solutions to meet its challenges.

From the perspective of the service providers, intellectual property is proprietary. Ceding intellectual property to a client effectively strips a firm of proprietary assets. However, remuneration offered by the government to professional service providers rarely if ever, provides sufficient compensation for such proprietary assets. Viewed another way, innovation requires both a financial and intellectual investment. As with all private enterprises, these service providers are looking for a fair and reasonable return on investment.

Currently most standard agreements used by the government of Ontario explicitly require its service providers to assign intellectual property and moral rights to the government. This is detrimental to service providers receiving a fair and reasonable return on its investment on any assignment. Furthermore by assigning the intellectual and moral rights to the government, the government may be in a position that if it chooses it could in fact compete with private sector firms using that firm's intellectual capital and innovation while the firm itself is unable to use its own innovation. As we have seen, government agencies such as the Ontario Clean Water Agency (OCWA) and Infrastructure Ontario (IO) offer services that could be in competition with services offered by many private sector businesses.

Another complication is the Province's Freedom of Information requirements. In some cases, intellectual property and other proprietary information provided to the province (even in confidence) can be subject to Freedom of Information requests.

The recent proclivity of the Ontario government to unilaterally transfer significant risk to service providers combined with the requirement to transfer intellectual property and moral rights further erodes any potential return on investment that professional service firms would receive for innovating on behalf of the government.

In situations where the government requires the use of intellectual property related to ongoing operations and maintenance, intellectual property can be licensed to the government for specific purposes.

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

1. Allow service providers (in normal circumstances) to retain their intellectual property and moral rights when doing business with the government;
2. Adopt standard contract language for all government agencies and ministries that recognizes and protects the intellectual property rights of service providers;
3. Allow for the licensing of intellectual property to the government (when justified) contingent on the negotiation of fair and reasonable royalties to be paid to the professional service provider for the reuse of its intellectual property; and
4. Indemnify professional service providers from damages from any reuse of its intellectual property by the government unless otherwise explicitly agreed to.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

d. Creating a Fair Paper Procurement Policy in Ontario
(Submitted by the Timmins Chamber of Commerce)

Issue:
At a time when many forestry companies in Ontario are in dire straits financially, the Ontario government plans to change its policy for the procurement of paper to exclude two of the three previously approved certification processes from access to 30% of the supply.

Background:
In 2004, David Ramsay, then Minister of Natural Resources, announced that all Ontario forest companies operating under sustainable forest licenses would have to be certified by 2007 through any of the three major certifying bodies recognized by the Ontario government: the Sustainable Forestry Initiative (SFI), the Forest Stewardship Council (FSC), or the Canadian Standards Association (CSA). Certification with an independent auditor is done to ensure that the forest operations comply with recognized sustainable forestry practices in their day-to-day operations, and was seen as a way to make Ontario's forest industry more competitive. However, in September 2007, Gerry Phillips, as Minister of Government Services, announced a paper procurement policy that would give preference to one certification standard over the others.

This new government policy stated that next year 30% of all paper purchased by the Ontario government will come from FSC-certified forests only, and move toward 50% by 2012. We question why the Ministry of Government Services decided to exclusively award a portion of the government's business to companies certified by one standard, when the Ministry of Natural Resources agreed to recognize all three certification standards.

Ontario has world class forest management practices, and local forestry companies such as Domtar, Tembec, Norbord, and AbitibiBowater have all become certified to one or another of these three independent, internationally accepted certification processes at considerable expense. This policy suggests that the SFI or CSA certification processes are somehow inferior, or do not result in sustainable forestry practices.

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

> Act immediately to amend the Ministry of Government Services' 2007 procurement policy and instead, adopt a policy requiring the Ontario government's paper come from forests certified by any one of the three standards they endorse.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

e. Creating a Competitive Climate for the Mining Industry in Ontario

(Submitted by the Timmins Chamber of Commerce)

Issue:
Investor confidence has been shaken by the Ontario Government's 2007 Budget announcement of a sudden change to the tax structure for diamond mines so close to the start of production for the De Beers Victor Project.

With a $7 billion economic footprint by the De Beers Victor Project alone, the future of diamond exploration and mine development in Ontario is an important element in the prosperity of Northern Ontario communities, and in the provincial economy as a whole. The construction and development phase of this project has already had a positive economic impact on Northern Ontario with job training and other economic opportunities such as extra revenue for suppliers in the surrounding communities. A predictable, stable and non-discriminatory tax regime that is applied equally across the mining sector is required to sustain this and future economic growth in the north.

Background:
In April 2007, as part of the Ontario budget, the Ontario Government proposed to introduce a diamond royalty system under the Mining Act. The proposed diamond royalty, which works like income tax, would range from 5% to 13% depending on annual production values. Currently, the Mining Tax Act rate is fixed at 10% for mines south of the 50th parallel, and 5% for mines north of the 50th. Within the 2007 Ontario Budget, the Government explained that "Diamonds are a new commodity in Ontario and many aspects of diamond mining differ from those of more traditional mining in the province. Unlike other commodities whose value is set by world trade markets, rough diamonds are not traded on the open market and require a unique and separate system for determining their value." The Ministry of Finance based this recommendation on the comparison with the Nunavut project in the Northwest Territories. However, they failed to reflect that there are also complicated land claim issues in Nunavut, including some royalty sharing agreements whereby each Inuit community impacted receives 50% of the taxes up to $2 million and 5% thereafter. The proposed tax in Ontario will only apply to diamonds and not all mining activities like in Nunavut.

At the time of the budget announcement, De Beers Canada had already invested approximately one billion dollars in the construction of the Victor Project, Ontario's first diamond mine that is scheduled to start production in 2008. The De Beers Board and shareholders approved the Victor Project budget based on the current government policies and tax regimes including the fixed 5% Mining Tax Act rate for developments in the far north.

Currently, approximately 600 people are employed by De Beers Canada for the construction of the Victor Project site near Attawapiskat in Northern Ontario. Once the production commences, it is expected that 400 employees will be hired for the daily operations. As an avid supporter of community development initiatives, De Beers Canada built an $800,000 training centre in Attawapiskat to provide training to the people of this community to prepare them for the employment opportunities that will be offered. The First Nations people of this community are receiving education and training and are being given financial opportunities that would not be available to them without the investment of industries such as this.

Canada is one of the largest mining nations in the world, producing more than 70 minerals and metals. The mining industry provides some of the highest weekly earnings in the economy and exports of minerals and mineral-based products contribute close to 13% of Canada's total domestic exports. Mineral exploration and development is key to the prosperity of many Northern Ontario communities, and favourable tax regimes are needed to maintain and increase investment in the northern regions. Unpredictable tax regimes will be a disincentive to investment firms, and potential investors in projects of this magnitude, if the tax structure can potentially change midstream, thereby negatively impacting potential profits on that investment. It is imperative that the Provincial Government not view the exploration and development of the diamond industry only as a source of revenue for the province as a whole, but take into consideration the long term effects on the many communities, including our First Nations people, who are positioned to benefit from such mineral exploration and mine development.

On July 12, 2007 Minister Sorbara met with the Timmins Chamber of Commerce at the Minister's request to discuss the diamond tax. At that meeting, he committed to keeping the diamond tax in the range of 3 to 7%.

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

1. Restore investor confidence in Ontario's mining industry by adjusting the diamond tax to a range of 3% to 7%.
2. Set up a taskforce by March 31, 2008 to study comparative revenue sharing models, both in Canada and globally in order to implement a revenue-sharing process for returning a share of diamond taxes to the communities affected by diamond extraction. Membership of this committee should include people from communities in Ontario that are and will be impacted by diamond mines.

Effective Date: September 6, 2007
Sunset Date: September 6, 2010

f. Gift Card Legislation
(Submitted by the Whitby Chamber of Commerce)

Issue:
Legislation brought in by the Provincial Government in Bill 152 contained a provision that affects gift cards issued in Ontario which has eliminated the expiry dates on the gift cards and certificates being issued to the consumer.

While protecting the consumer, the new legislation places undue hardship particularly on small and medium sized businesses as they now must have to maintain the liability of any unredeemed gift cards or certificates, with no mechanism for them to ever reduce that liability.

Background:

The Ontario gift card regulations (O.Reg 17/05 amended to O.Reg 187/07) to the Consumer Protection Act, was amended through Bill 152. The legislation was introduced in 2006 and came into force on October 1, 2007. There are now very specific restrictions in place for the supply of gift cards by retailers and other suppliers.

As of October 1, 2007, gift cards, including prepaid and reloadable gift cards and gift certificates cannot include an expiry date. In addition dormancy or inactivity charges are not permitted.

Gift cards issued at multiple affiliates stores, such as shopping malls are not currently regulated. Gift cards and other store valued cards are an increasingly popular product to consumers and represent a multi-billion dollar industry.

Nova Scotia and British Columbia currently have Private Members' Bills that have been introduced and Manitoba has followed Ontario's lead by prohibiting expiry dates on most retail cards as of November 1, 2007.

However in the United States, 14 states have no current legislation, 31 states allow fees on gift cards and certificates and five have legalisation in place banning fees. Some of the expiry date provisions range from no expiration date earlier than five years, or seven years after issue date or if the gift card remains unclaimed for more than three years it is considered abandoned and the liability can be written off.

Protecting the consumer is important; however, penalizing the business community by effectively ensuring that they must indefinitely carry the liability for lost or unredeemed gift cards puts them at a disadvantage. From an accounting perspective – lost or unredeemed cards must remain on the balance sheet as a liability indefinitely and for businesses that issue a large number of cards – this could represent a substantial dollar value.

Manitoba's legislation contains a provision that a maximum monthly fee of $2.50 can be charged if the card has not been activated within one year. This would assist with the financial liability associated with lost or unredeemed cards.

RECOMMENDATION:

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

Ensure that business has the ability to reduce or eliminate the liability of lost or unredeemed gift cards and certificates by:

- If the gift card remains unclaimed for more than four years it is considered abandoned and the liability can be written off.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

g. Transportation Surcharges and Fees Reducing Competitiveness

(Submitted by the OCC Borders and Transportation Infrastructure Committee)

Issue:

Transportation security fees, taxes, increased inspections and other surcharges are making Ontario and also Canada less competitive compared to other jurisdictions, particularly the US. These added charges increase the cost of doing business, which can lead to lost production, investment and ultimately lead to job loss across the province.

Background:

In 1985, US President Ronald Reagan signed into law the Consolidate Omnibus Budget Reconciliation Act (COBRA). This act authorized the US Customs Service to collect user fees for inbound air and sea passengers, commercial trucks, rail cars, private vessels, dutiable mail packages, and customs broker permits. The 2007 COBRA CBP user fees are as follows:

- Private Aircraft Decal: $27.50 (USD) per calendar year*
- Private Vessel Decal (30 feet or more in length): $27.50 (USD) per calendar year*
- Commercial Vehicle User Fee – $100 – US CBP, $105 – US Department of Agriculture's Animal and Plant Health Inspection Service (APHIS)
- Canadian Border – $205 (USD) per calendar year
- Mexican Border – $205 (USD) per calendar year

APHIS

In 2007 APHIS removed the inspection exemption for Canadian-grown fruits and vegetables, and the user fee exemption for commercial vessels, trucks, railroad cars and aircrafts, as well as international passengers entering the US from Canada.

In 2004, Ontario exported to the US $11.8 billion in agricultural products, $430 million of which were vegetables.

In 2000, Canada's US fruit and vegetable exports totaled nearly $2 billion USD. During 1999-2001, the US imported 83 per cent of Canada's fresh fruit exports, and 94 per cent of Canada's fresh vegetable exports.

While APHIS seeks to preserve border security and prevent agricultural diseases and animal pests from entering the US, the rule adds to the growing list of red tape. Canadian carriers are already heavily invested in programs and procedures to secure the supply chain. These include Customs-Trade Partnership Against Terrorism (C-TPAT), Free and Secure Trade (FAST) and the one-hour advanced notification to the US Customs and Border Patrol Agency (CBP) requirement for all US inbound truck shipments. CBP and the Food and Drug Administration (FDA) also screen abnormalities through their targeting systems and warn border officials of any potential threats. By imposing additional inspections and fees on all Canadian shipments and inbound airline passengers, APHIS increases the cost to shippers and manufactures, as well as exacerbates existing challenges already impeding the legitimate movement of goods across the border.

The inspection user fee amounts are as follows (The amount changes on October 1 of each year):

- Commercial Trucks: $5.25 per entry; $105 annually with a purchased transponder.
- Commercial Vessels (100 net tonnes or more): $490 per entry. After the 15th entry, there is no charge.
- Loaded Commercial Railroad Cars: $7.75 per entry.
- Commercial Aircraft: $70.50 per arrival.

- International Airline Passengers: $5 per arrival.

Added costs and inspections increase uncertainty of the availability of needed goods. Agricultural products also face the possibility of spoiling due to unanticipated delays at the border. All this is a major disadvantage considering just-in-time logistics has become the way of doing business for many companies. By reducing the amount of onsite inventory, costs are reduced and companies gain a competitive advantage. Instead of using Canadian producers, US companies have chosen to use inputs from their domestic producers.

It was reported that certification for trade facilitation programs such as FAST, C-TPAT, Partners in Protection (PIP), Customs Self Assessment (CSA) and NEXUS can cost a company more than $100,000 USD, according to the Canadian Chamber of Commerce.

Airport Fees

The Greater Toronto Airports Authority (GTAA), which operates Toronto Pearson International Airport, recently completed their redevelopment program, leaving the Province with the largest investment in transportation infrastructure in decades. Despite this investment, government collects greater than $175 million from the GTAA on an annual basis. This has included $133 million in rent to the federal government in 2005, $151.8 million in 2006, and $149.5 million in 2007 and greater than $1 billion in total payments since the transfer of the airport in 1996. Added to this, the GTAA pays approximately $25 million a year to local levels of government.

Coupled with the debt incurred through development, these costs have made Toronto Pearson one of the more expensive airports in the world for airlines to operate. The GTAA raised landing fees by 6.9 per cent and the general terminal charges by 8.9 per cent in 2006. This increase marked the eighth consecutive year of fee hikes and a 289 per cent increase since 1998. In 2008, the GTAA reduced landing fees by 3.1 per cent and terminal charges by 4.7 percent. Despite this recent fee reduction this still leaves Pearson at a competitive disadvantage compared to other international airports.

Ontario's aviation fuel tax on international and transborder US flights is among the highest among all provinces at 2.7 cents per litre. Competing US jurisdictions are not subject to this tax. International flights from Alberta, Quebec, New Brunswick and Newfoundland are exempt, and several provinces have implemented rebate programs that significantly reduce the tax burden on international and/or domestic cargo flights.

Our governments must look to ways to reduce the already high cost burden of gas prices.

Aviation fuel tax per province :

AB	BC	SK	MB	ON	QC	NB	NS	PEI	NF
1.5	2.0	3.5	3.2	2.7	3.0	2.5	0.9	0.7	0.7

The provincial government collects about $38 million annually from the aviation fuel tax on international and transborder US flights. Recognizing that this is a significant revenue stream, the province is encouraged to assess the opportunity cost to Ontario of not reducing the aviation fuel tax. For example, an airline adding one additional daily passenger service between Ontario and India, would result in $86 million to the province, and 422 jobs (based on a daily B777-200LR (275 seats) and a 70% load factor from Toronto to

India). Reducing the aviation fuel tax, may encourage airlines to provide additional services potentially resulting in greater economic opportunities.

Other charges applied to all airports include the airport departure tax. This adds between $10 and $20 per Canadian airline ticket. US airports do not have such fees. It is a significant increase, particularly for families travelling by air. Over all, security charges, GST, provincial sales taxes, NAV Canada fees, fuel surcharges and airport rent can total more than 30 percent of the final airline bill. This directly affects Ontario's competitiveness:

- million Ontarians per year use the Buffalo Niagara International Airport and avoid Hamilton and Toronto Airports.
- Travellers from the Ottawa region use the airport in Syracuse, New York, and are also regularly bussed out of the Province to Montreal Airport, where there is no provincial fuel tax on international flights.
- 300,000 tonnes of cargo is trucked out of Ontario to US airports like those in Chicago, New York, Detroit, and Miami on an annual basis.
- New York JFK – 152,000 tonnes
- Chicago O'Hare – 128,250 tonnes
- Detroit – 19,000 tonnes
- Miami – 9,500 tonnes
- Airlines strategically avoid purchasing fuel in Ontario, instead purchasing excess fuel ("tankering") in US cities, resulting in a loss of potential revenue for the Province.

These tax pressures are not felt in Ontario alone. In 2007, a new airport opened in Plattsburgh, NY, a one hour's drive from Montreal. The terminal was built by the government and pays no property taxes, federal rent or interest on debt. Montreal pays $60 million in government rent and taxes annually, including $34 million in municipal taxes and $70 million in interest to service debt.

An assessment of competitiveness is needed to better understand how competitive Ontario and Canada is compared to other jurisdictions. The province needs to determine what the fees are and how they compare from a province and country perspective. When this is done the province can develop effective policies and strategies to ensure an effective level of competitiveness.

RECOMMENDATIONS:

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

1. Work with the federal government and transportation stakeholders to assess the true impact of fee and surcharge differentials to Ontario and Canada's global competitiveness by 2010.
2. Develop policies designed to mitigate the impact of the transportation surcharges and fee differentials on Ontario and Canada by incorporating the results of the study by 2011.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

C. Efficiency & Accountability in Healthcare

h. Health Information Management and Technology

(Submitted by OCC Health Policy Committee)

Issue:

Improving health information management and technology is key to modernizing Canada's health system. A national electronic health records (HER) strategy would improve access, and enhance accountability towards health care services.

Background:

Canada's banking sector is one of the most modern in the world, with electronic banking commonplace. Banks invest approximately 10 per cent of their operating budgets on information technology. By contrast, Canadian health institutions spend about 1.5 per cent on health innovation and technology. This chronic under-funding has resulted in a haphazard information technology infrastructure across Canada.

We can book a flight, and pay our bills electronically, but Canadians may be surprised to learn that most physicians in Canada still rely on paper records in their offices and don't routinely use technology to help them better manage and coordinate care. A 2007 survey found that just 23 per cent of primary health care physicians use electronic medical records in Canada, far behind Australia (79 per cent), United Kingdom (89 per cent), New Zealand (92 per cent) and the Netherlands (98 per cent). Canada also trails other countries when it comes to computerized systems to access test results, to remind patients about follow-up care, and to prescribe medication. Meanwhile, other countries are making significant headway in creating a secure electronic record of patients' health information.[6]

An Electronic Health Record (EHR) system would include information on visits to physicians, hospital stays, prescription drugs, laboratory tests, family history, etc. The record would be available anywhere to authorized health care providers at all times, from the local pharmacy to the faraway trauma centre. What is required is linking all these disparate efforts together in a coherent and timely fashion.

Electronic health information is fundamental to better health care. A report released in 2007 by Canada's Health Council states that "There will be no quantum leap forward in health care quality and efficiency without high quality, user-friendly health information compiled and delivered electronically."[7]

Current Plan

Electronic health records are an essential building block for a modernized, more integrated health care system. They give health providers rapid access to the medical records of their patients, including physician visits, hospital stays, prescription drugs and laboratory tests, while safeguarding patient privacy.

Canada Health Infoway Inc. was created in 2001 with a mandate to provide a fully interoperable EHR for 50% of Canadians by 2009, and 100% coverage by 2020.

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[6] Why Health Care Renewal Matters: The Health Council of Canada, March 2007, http://healthcouncilcanada.ca/en/index.php?option=com_content&task=view&id=192&Itemid=10

[7] Beyond Good Intentions: Accelerating the Electronic Health Record in Canada, September 2007

A pan-Canadian EHR will:

- Improve Canadians' access to health services by expediting diagnosis and treatment, supporting more accurate diagnosis and treatment, and eliminating distance barriers between patients and health care professionals;
- Improve the quality and safety of patient care by reducing the possibility of adverse drug events, such as handwritten prescription errors or allergic reactions; and
- Enhance the efficiency of the health care system by reducing the costly duplication of tests, improving the quality of data, and supporting evidence-based management, decision making and research.

Benefits of Electronic Health Record

- An electronic health record would provide individuals with a secure, private lifetime record of their health history and care within the system.
- Patients not having to repeat their health history or undergo the same tests for every provider they see.
- Research in the United States has showed that comprehensive electronic records cost about $300 per capita. That translates into close to $10 billion for Canada. The investment would pay off quickly in safety, quality and cost of care.
- Health errors – which kill as many as 24,000 Canadians annually – will fall if electronic charts are used instead of paper ones. It is estimated that one in four diagnostic tests are repeats because X-Ray and MRI results are lost or misplaced; electronic records would, in large part, eliminate that problem.
- More timely access to care by reducing wait times and transferring information across large distances.

When the University Health Network, a large Toronto hospital, moved to electronic health records, it was able to eliminate 40,000 square feet worth of charts.

In B.C., PharmaNet, a system that links all pharmacy records, has led to a sharp reducing in medication errors because it makes it easier to avoid dangerous drug interactions and to flag patient's allergies. It has also reduced prescription drug fraud.

Barriers to Change

- Education and training for new users should be addressed. Providers are also concerned with the confidentiality of patient information and may perceive electronic storage and access to information as less secure.
- Process is voluntary. Providers have not had to adopt these systems; governments are not required their adoption; and, patients have not demanded the sharing of information to improve the safety and quality of care.

Other Jurisdictions

Listed below are some examples of planning and implementation of shared electronic health record initiatives in Canada:

British Columbia has a comprehensive plan for the province wide implementation of the electronic health record. The implementation of the plan is governed by a provincial steering committee with representation from the senior executives of the health authorities, providers, Chief Information Officers, and members of the Ministry of Health Services executive.

The Alberta Electronic Health Record was implemented in 2004. It stores pertinent clinical patient information on-line that links physicians, pharmacists, hospitals, home care and other providers by computer. The Premier of Alberta has promised an EHR for every Albertan by the end of 2008. Excerpt from a recent Health Data Magazine article, "Alberta Goes for the Electronic Records Gold":

The need for benchmarking data is why the province supported an effort by seven of Alberta's nine health regions to standardize health care information systems. Recognizing they needed better and standardized data, CEOs of the seven health regions hatched an innovative plan to get new information technology. So the seven regions decided standardizing new IT applications through a single vendor would bring economies of scale, especially if they shared a central data center. Under the agreement, the provincial government will pay $64 million over seven years for the applications and the seven health regions will kick in about $30 million by dipping into their existing and future operating budgets. In general, the province will pay for the software, hardware and implementation. The local health regions will pay for staffing costs related to implementation and training, and ongoing maintenance and support. By combining their buying power and sharing the data center, the regions estimate they will save $27 million versus working independently. Still being populated with data, the regions envision the network being a province wide access point for demographic and drug/allergy data and laboratory test results. Further, standardizing clinical systems—and the data elements within them—will enable health officials to collect and analyze benchmarking data such as cost per procedure.

Quebec's information technology system, le Réseau de télécommunications sociosanitaire, links all public health services: hospitals; local community health centres; long-term care centres; rehabilitation centres; the 18 régies régionales; and, other services. Since January 2002, the Family Medical Groups can also access the system.

Nova Scotia is implementing a province-wide hospital information system that supports a shared electronic health record across levels of care. The related Nova Scotia Health System Interoperability Project will allow primary health care teams to electronically link to client health information including lab and diagnostic imaging results.

New Brunswick is implementing electronic patient records for Community Health Centres.

Prince Edward Island has implemented a province wide Integrated Service Management information system linking community programs such as home care, mental health, diabetes education, child and family services to support continuity of care.

RECOMMENDATIONS:

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

1. Accelerate the provincial plan to create electronic records for all Ontarians. The government should ensure that this plan is compatible and integrated with the federal plan to create electronic records for Canadians, so that every Canadian has an electronic record before 2020.

2. Support the Canada Health Infoway to continue to take the lead on developing a pan-Canadian electronic health record framework built upon provincial systems. Such support can take the form of ensuring the interoperability of current electronic health information systems and addressing issues such as security standards and harmonizing privacy policies.
3. Engage and involve physicians and health care providers more effectively in the creation of Electronic Health Record strategies.

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Effective Date: May 5, 2008
Sunset Date: May 5, 2011

D. Stand-Alone Policies

a. Stop the Spread of Another Invasive Great Like Species
(Submitted by the Sarnia Lambton Chamber of Commerce)

Issue:
The economic future of the $50 billion Great Lakes tourism industry is threatened by the spread of Asian Carp into Lake Michigan. Political differences must be overcome quickly to block the migration of the invasive Asian Carp into the Great Lakes.

Background:
Currently the Asian Carp, a massive fish with a reputation of jumping into boats, injuring fisherman and endangering natural resource vital to the fishing, boating and tourism industry, only live a few miles from Lake Michigan in the Illinois and Mississippi Rivers. If allowed to migrate into the Great Lakes, wildlife experts believe the hyper-aggressive Asian Carp would breed quickly, dominate food supplies and push precious gaming fish into extinction. That's not a chance the business community is willing to take given the significant economic impact Asian Carp would have on a $7 billion commercial fishing industry in the Great Lakes region, not to mention the trickle-down on tourism, boating and other related industries.

Ontario and Michigan are home to one of the world's largest freshwater coastlines in the world, giving our province a unique competitive advantage in attracting jobs and investment. Michigan Attorney General Mike Cox has filed a lawsuit against the state of Illinois and the U.S. Army Corps of Engineers with the U.S. Supreme Court to have the Chicago Canal locks closed. We are told that Ontario and neighbouring states, including Ohio, Wisconsin, Minnesota, support Michigan's efforts. The lawsuit also seeks permanent separation between the invaded waters and the Great Lakes.

The U.S. Army Corps of Engineers fears closing the canal locks and dams could lead to flooding and affect water quality. To prevent the invasive migration, officials poisoned more than five miles of the canal waters. However, a follow-up study showed at least one Asian Carp remained in the canal and experts believe more could be present. The Obama Administration has allocated $13 million to block the migration, but the president has not supported closing the locks. In fact, the Obama Administration had filed a response to the lawsuit filed by Attorney General Cox. According to the filing, the Obama Administration believed the risk of Asian Carp entering into the Great Lakes is overblown.

Chambers of Commerce, legislators and wildlife advocates from several USA Great Lakes states say the president's plan does not go far enough. Asian Carp can grow up to seven feet and weigh 150 pounds. Officials from the U.S. Fish and Wildlife Service fear the Asian Carp, if allowed to enter the Great Lakes, would quickly become the dominant species with no proven way to stop it from destroying the natural habitat. "Stopping Asian Carp is an economic and environmental necessity for Michigan," Michigan Attorney General Mike Cox has said.
The Ontario Ministry of Natural Resources and the Ontario Commercial Fishing Association are aware of this threat and have dedicated personnel to monitor and advocate for species control.

In the Sarnia Lambton area, a grass carp, a species of Asian carp, was recently caught by a commercial fishery. Action must take place now to stop the spread.

RECOMMENDATION:

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

> Work with all Great Lake states and the US and Canadian federal governments to intensify efforts to stop the spread of Asian Carp.

b. Support Ontario Agriculture

(Submitted by the Prince Edward County Chamber of Tourism & Commerce with support from the Quinte West Chamber of Commerce)

Issue:

Agriculture in Canada is facing serious challenges. Agriculture is a high-risk business. Notwithstanding that good management is a prerequisite for success, a majority of the factors determining receipts and input costs are beyond a farmer's control. Variables such as the higher Canadian dollar, the global economic slowdown, and the new trade barriers stifling Canadian agricultural exports pose challenges to Canadian farmers.

A priority must be to provide Canadian agriculture with the tools to create a stable and healthy agriculture environment. In order for farmers to continue investing and expanding their farming operations, they need financial stability and adequate tools to offset the risks tied to agriculture.

Background:

Agriculture and AgriFood Canada's total Ontario Farm Income forecast for 2009 was a $143.5 million loss compared to $1.25 billion profit for all Canadian farms. It is clearly evident that Ontario farms are facing some unique challenges. Ontario's livestock sector is contracting at a greater rate than in other provinces.

Government policies, while meeting some other policy objectives, have raised Ontario farm production costs. Unfortunately, for many food commodities, farm gate prices have not kept pace with cost increases.

The reality is that Ontario's local food supply is threatened. Farmers cannot stay in business with negative margins for long and many are idling their farms or leaving farming altogether. Farmers need a commitment from both the federal government and the Ontario government to secure local food production for Ontario's future. An investment in agriculture is good for the economy, the environment and is a smart, least cost way of preserving jobs and local services in rural communities.

The overall outlook for future growth and development is at its lowest level and the average age of today's agricultural worker is the mid-fifties. Many of these individuals are seeking ways and means of either retiring or moving on into some other line of work. Both levels of Government must be committed to strategic investment in agriculture, investment that reflects immediate need in the agricultural industry, as well as addressing long-term need to further the industry's ongoing goals and objectives.

If provided the right economic stimulus, the agriculture sector can contribute significantly to the financial health of the Ontario economy. History has shown us that government investment in agriculture provides positive dividends for both agriculture and the general population.

A healthy agricultural economy means an overall healthy economy for Ontario. In the Canadian Senate's interim report called 'Understanding Freefall: The Challenge of the Rural Poor', the rural poor have rarely been the subject of political attention. It is time for that situation to change since poverty in rural Ontario spills over into urban areas and weakens the overall economy of the province.

This reality is manifested in the fact that the migration of youth and business from rural Ontario to our urban centres creates expensive consequences, ones that most small rural communities are unable to deal with. As examples, we consider the infrastructure, transportation and social problems we witness in the news every day. In its 2006 report, the Organization for Economic Co-operation and Development (OECD) provides additional supporting evidence such as the "vicious cycle of a poor agricultural economy leading to rural migration which leads to low population density, lack of critical mass for infrastructure and services, low or declining rates of business creation and fewer jobs".

These outcomes weaken the remaining farm operations and the cycle continues with little in the way of hope for improvement.

Ontario farmers have readily adopted technological advances – something that has put agriculture at the forefront of productivity compared to other industries. Increased investment in agricultural research must be encouraged because in reality, the province has reduced public investment in agricultural research by 30 per cent in the past 10 years. The province needs to return investment in agricultural research to an earlier level of $90 million per year.

Ontario's future prosperity depends largely on its ability to continue to adapt, innovate and strengthen its competitive advantage. Primary agriculture is an essential integral component of Provincial rural economics in particular and of Provincial urban economies in general.

In October 2009, the Ontario Federation of Agriculture along with Ontario commodity organizations representing grains and oilseeds, edible horticulture and livestock sector came together to form the Ontario Agricultural Sustainability Coalition (OASC) because of a shared concern over the future sustainability of agriculture in the province.

OASC has concluded that the current Growing Forward suite of joint federal-provincial agriculture programs including AgriStability are flawed and are in many ways dysfunctional in helping farmers to cope with the prolonged deterioration in business margins that they have experienced. Farmers need a Business Risk Management Program that allows them to cover all or a portion of their cost of production.

OASC, with the technical assistance from Ontario Ministry of Agriculture, Food and Rural Affairs staff, has also developed a premium-based Business Risk Management Program proposal that would give farmers the ability to insure against market prices falling below production costs.

In Canada, agriculture has traditionally been treated as a joint federal-provincial policy area. The Growing Forward Policy Framework and its predecessor have been funded on a 60/40% federal-provincial basis.

OASC believes its proposals should be funded on the traditional formula basis. However, because of the urgent need in Ontario, the provincial government must commit its share of funding regardless of whether the federal government funds the program.

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

1. Reform the AgriStability program to make it more responsive and effective in providing income support in challenging years;
2. Build on the success of the three-year (2007-2009) pilot Risk Management Program for grains and oilseeds sector by making it a permanent plan under the Business Risk Management Program proposal developed by the Ontario Federation of Agriculture and other farm organizations. This new Risk Management program would retroactively encompass the 2009 year;
3. Create a Risk Management Program for other commodities under terms and timing that make sense for each commodity, ensuring that government support is provided. The new Risk Management program would retroactively encompass the 2009 year for all commodities;
4. Recognize that the Ontario Government is the best organization to distribute accordingly Federal & Provincial dollars in consultation with agricultural organizations such as the Ontario Federation of Agriculture and commodity organizations; and
5. Encourage increased investment in agricultural research.

c. Forest Tenure Reform

(Submitted by the Thunder Bay Chamber of Commerce)

Issue:

There is a need to establish in law, through regulations, that there will be 26 million cubic metres of available fibre for industrial use on a sustainable basis for the creation of wealth in the Province of Ontario. (This is consistent with the statement made by Minister Gravelle on November 26, 2009 at the Provincial Wood Supply Competitive Process announcement in Thunder Bay).

Background:

The Forest Tenure issue has long range implications for the future of Northern Ontario. Most of the Ministry of Northern Development, Mines & Forestry August 2009 Strategic Discussion document concentrated on suggestions to improve current forest management, when the more important issue is where do we want the Forest Industry to be in Ontario. Much of the document concentrates on issues related to managing the forests, not better maximizing the value of the forest resources, which should include better paying, and skilled jobs, investment, research and development.

Our core forestry enterprises may be undergoing "a major transformation", but they still need to be supported by having the Province establish the ability to access long term fibre sources and reasonably priced energy to allow for the development of expensive infrastructure. We welcome opportunities for new entrants, either as partners or new direct users. We need to “diversify the forest industry portfolio” and have set measureable goals. Wood pellets should be utilizing the “wood waste” stream, not replacing current usage for high quality fibre.

At one time, Ontario had a policy of highest and best use of the sustainable fibre. This was approached by ensuring that the ‘best’ wood first went to a sawmill, with the residue then transported to a pulp and paper processor. With the advent of biofuels, and the creation of pellets, this policy must continue to apply but with a focus on highest and best employment creation possible. The main processor of fibre should continue to the sawmill, with that residual going to pulp and paper and the remainder, including slash, burned and diseased fibre being allocated to the bioenergy field.

The government of Ontario also needs to commit to socio-economic impact assessments associated with any legislation, regulation or policy that impacts the forest sector. For example, the Wood Turtle Habitat Regulation received Cabinet level approval without any socio-economic assessment.

MNDM&F needs to provide clear measurables/objectives associated with the tenure and pricing review. At a Toronto public session sponsored by the Canadian Parks and Wilderness Society (CPAWS) and the Ivey Foundation, MNDM&F publicly stated that the overall objective of the tenure and pricing reform was "the health of the forest". This is unacceptable – government must provide clear and measurable objectives that include job retention and creation, overall/sector wide access to fibre, and competitive fibre costs (top quartile in Canada).

RECOMMENDATIONS:

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

1. Permanently protect a minimum of 26 million cubic metres/year of available fibre for utilization of existing mills and new entrants, even if it is not being used (provided the Provincial Wood Supply Competitive Process is pursued), and that the government ensure that the existing operational land base is not further eroded; and
2. Conduct and release publicly 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.

Effective Date: May 1, 2010
Sunset Date: May 1, 2013

d. Withdrawal of the Far North Act

(Submitted by the Thunder Bay Chamber of Commerce)

Issue:

The Far North Act, initiated by the Provincial Government to set aside "at least 225,000 square kilometres of the Far North in an interconnected network of protected areas" which represents 50% of the land under review, has been the subject of numerous requests to have the Act withdrawn before it moves to second reading, likely in the Spring of 2010, as it will detract and delay effective development of the region.

Background:

(Map identifying the Area under consideration for preserving 50% of the Far North, greater than 225,000 sq. km.
Source: MNR Website)

The Far North Act (Bill 191) was first presented in July, 2008.

The arbitrariness of setting aside 50% of the land north of the undertaking, without identifying which 50%, creates considerable uncertainty over all of the territory, and then embarking on a multi-decade planning process is also detrimental to strategic development of the region. Business investment and addressing new opportunities is hindered by uncertainty. As it is currently written, the Act has the potential to paralyze future developments in Ontario's far north. These investments are coming at a time when the Provincial

Government should be welcoming opportunities for new revenue generation.

In a News Release July 22, 2009, Nishnawbe Aski Nation Grand Chief Stan Beardy, announced that "Chiefs across Nishnawbe Aski are calling on the Government of Ontario to immediately withdraw Bill 191." Grand Chief Stan Beardy continued "This legislation will set aside 225,000 square kilometres as a protected area within our homelands without our consultation, accommodation or consent and will lock down the land to prevent First Nations, the poorest people of Canada, from achieving economic independence by preventing the development needed to build our communities and strengthen the Ontario economy". A rally against the Act was held August 6.

The Act was imposed, not the result of consultations and recommendations coming from the North during the lengthy Northern Growth Plan consultations. It was requested by Municipal leaders and the Northwestern Ontario Associated Chambers of Commerce that reference to the Far North Act be removed from the Proposed Growth Plan for Northern Ontario.

A recent Fraser Institute study showed that Ontario was falling in our ranking on mining investment. There is a lot of competition for mining dollars throughout the world, and unless there are clear rules that are well-founded and implemented, the Province is not going to fully realize that investment.

In the 2010 Provincial Speech from the Throne delivered March 8, the Government referred specifically to the region known as the ""Ring of Fire", "said to contain one of the largest chromite deposits in the world, a key ingredient in stainless steel. There is no substitute for chromite. There is no North American producer of chromite. It's the most promising mining opportunity in Canada in a century." It immediately followed up with "Together, we will create Ontario jobs and support northern families as we continue to protect 50 per cent of the northern Boreal Forest."

This continued framing of potential development within the Far North Act, which has yet to be passed, is not supporting investment.

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

1. Withdraw the Far North Act immediately; and
2. Set up a process through the Ministry of Northern Development, Mines & Forestry to consider how to address the issues of enhanced planning and sustainability without the arbitrary removal of 50% of the land base.

Effective Date: May 1, 2010
Sunset Date: May 1, 2013

e. Better Coordination of Provincial Government Planning Efforts

(Submitted by OCC Borders & Transportation Infrastructure Committee)

Issue:
Systemic challenges within the provincial regulatory framework and decision making process have resulted in the delay or in some instances the prevention of construction and completion of needed infrastructure

projects. The provincial government needs to improve coordination efforts between its various ministries and other levels of government with regards to infrastructure, land use and other areas of planning.

Background:

It is apparent that provincial ministries are inconsistently and inefficiently sharing information and resources. Keeping in mind the importance of investing and developing infrastructure to ensure long-term competitiveness, it is essential that the government make the right choices which will allow them to better act on priorities. It is imperative that when there are multiple ministries addressing the same issue, they collectively evaluate policy options to avoid conflict and inconsistency when it comes to implementation. Better coordination between the ministries and other levels of government will greatly improve the efficiency and outcomes of infrastructure, land use, and planning issues.

One significant example of this challenge is with the environmental assessment (EA) process, which is headed by the Ministry of the Environment (MOE). MOE's decisions, timelines and process directly affect the activities of the Ministry of Transportation (MTO). Take for example the construction of the Niagara-to-GTA corridor. The Niagara region is the second busiest commercial border crossing in Canada, carrying over $92 billion annually (16 percent) of all Canada-US trade. The initial EA Terms of Reference (ToR) was first submitted in 2003. However, in response to comments from several public stakeholders, a new EA ToR was submitted in October 2005. The corridor is expected to be complete in 2015, 12 years after the original EA was drafted.

An EA is a vital instrument for gauging the impact of activities on the environment. Public consultations are an important part of this process. Meeting Ontario's infrastructure needs and allowing for public input requires a balance. When the EA process is delayed, it jeopardizes the efficient movement of traffic, and may impede business investment in the province. Traffic congestion caused by insufficient infrastructure reduces Ontario's competitive advantage. It leads to lost trade opportunities and impacts employee recruitment and retention.

Cross-border infrastructure and planning is also subject to inconsistency and inefficiency. There are about 44 regulating bodies governing operations at Canada-US borders. This includes all levels of government on both sides of the border—local, provincial/state, and federal agencies. At times, there are changes and other requirements that contradict inter-and intra-government rules and regulations. As an example, Transport Canada added requirements for vehicle immobilization systems are not mirrored in the US. This regulation contains performance requirements, but there is no test method or procedure to show compliance, which is contrary to government policy.

It is imperative that the ministries have a process by which they share relevant information and collaborate on planning initiatives in a timely and consistent manner. Given that each ministry operates from their own unique mandate, it is important that they adopt a multi-stakeholder approach.

RECOMMENDATION:

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

1. Immediately develop a network for the effective exchange of data and information within the Ontario Public Service to:
    - Improve coordination of information and policy development between all relevant ministries, and
    - Facilitate collaboration on such issues that impact or affect all levels of government.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

f. Employment Insurance Benefits Fairness for Ontario (Northern Ontario as a Model)

(Submitted by the Thunder Bay Chamber of Commerce)

Issue:
The province's relative position has deteriorated steadily over the past half decade. In 2002, Ontario had the second highest nominal GDP per capita, behind Alberta, and a 7% advantage over the national-average level. By 2007, per-capita GDP in Ontario had fallen to 2% below the Canadian average, or the equivalent of fourth place in the provincial rankings and yet the unemployed in Ontario are short by $1.7 billion.

Background:
Workers in Canada, no matter which Province they live in, pay Employment Insurance (EI) premiums, however, they are not treated equally when it comes to collecting EI benefits. While nearly 80 per cent of workers in Newfoundland qualify for benefits when they lose a job, the figure in Ontario is closer to 25 per cent. In 2007, only 30 per cent of unemployed persons in Ontario received regular EI benefits, compared with an average of 58 per cent in other provinces. If an unemployed worker in Ontario received the average EI benefit that an unemployed worker in another province receives, that worker would get $4,630 more each year. Last year the average unemployed worker in Ontario received $5,110 in regular EI benefits, while the average unemployed person in the rest of Canada received $9,070. That difference cost Ontario's unemployed $1.7 billion. The unemployed of Ontario are being short -changed $1.7B and wants Ottawa to address discrepancy.

Ontario has seen some progress in the fairness campaign that Premier McGuinty has lead for more than three years. While the government addressed three of the four cornerstone grievances in the 2009 Federal Budget, employment insurance recipients in Ontario will continue to receive approximately $4,000 less annually than those in other provinces. This is a fundamental inequality that remains for Ontarians.

These Ontarians have paid into EI and yet it is much tougher for Ontarians to collect EI when they lose their jobs, and their benefits run out sooner than in other parts of Canada. It makes absolutely no sense for Ontario workers to pay into a fund that provides generous support to the unemployed in other parts of the country when so many of those workers in Ontarian can expect to get much less if they lose their jobs.
The Ontario Chamber of Commerce took a leadership role in 2005 on the issue of equalization and other federal transfers to Ontario. It has published two reports on the issue of the fiscal imbalance: Fairness in Confederation Fiscal Imbalance: A Roadmap to Recovery and Fairness in Confederation Fiscal Imbalance: Driving Ontario to "Have-Not" Status.

A website was launched by the OCC prior to the October 14, 2008 election to encourage voters to press candidates on the fairness issue (www.ActNowforOntario.com). ActNowForOntario.com provides compelling testimony to the unfair level of federal funding and federal representation for Ontario and how that directly affects every Ontarian. Facts are provided in videos on five issues: healthcare, unemployment insurance, immigration, representation and infrastructure.

RECOMMENDATION:

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

> Work with Ottawa to ensure that Ontario employees can get the same Employment Insurance benefits and job training as workers in other regions of Canada.

Effective Date: May 2, 2009
Sunset Date: May 2, 2012

E. Workplace Health

a. Fixing the WSIB

(Submitted by the Greater Sudbury Chamber of Commerce)

Issue:

The Workplace Safety and Insurance Board (WSIB) has become a vast provincial government bureaucracy that is quickly becoming a danger to the Ontario government, taxpayers, businesses and insured workers. In fact, over the course of the last 25 years, the WSIB have had significant challenges fulfilling its obligations.

Background:

In the 2009-2010 Annual Report of the Auditor General of Ontario, the Workplace Safety and Insurance Board (WSIB) was identified as being severely underfunded. In fact, the WSIB's target date for eliminating the liability has now been pushed back from 2014 to 2022.

According to the report, as of December 31, 2008, the WSIB underfunded liability topped $11.5 billion – an increase of $3.4 billion or 42% over the previous year. Furthermore, if WSIB operations were included in the province's financial statements, Ontario's reported accumulated deficit of $113.2 billion would be increased by more than 10%.

As a trust, the WSIB has been overlooked when the auditor general prepares his report, but given the unique economic situation and recent public management challenges with the WSIB, it is time to review its role, structure and overall success.

There are three ways to address the liability: raise premiums, reduce benefits, or increase investment income. At the same time, it is obvious that increasing premiums or reducing benefits will continue to prove difficult since experience has shown the inherent political, social and economic sensitivity of implementing changes to either.

Similarly, the third option – increasing investment income – remains a sensitive issue. In the wake of last year's market meltdown, the WSIB lost 15.5 per cent of its investments.

What is clear is that the continued practice of shifting money from investments toward paying ongoing benefits is unsustainable. In fact, Section 1 of the Workplace Safety & Insurance Act states that the WSIB is to administer the system "in a financially responsible and accountable manner." It is time the Ontario government directly addressed the problem by passing legislative changes to reduce benefits and employer premiums and refocus the system on prevention and an early return to work.

It is important to promote safe workplaces in Ontario and broad insurance coverage for workplace-related injuries and illnesses. However, a legislated monopoly for the WSIB on workplace insurance is not the only best answer for enhancing workplace safety and protecting worker's income. The Ontario Chamber of Commerce supports competition in the marketplace and the ability for employers to choose from a range of options to achieve these results. If the WSIB model truly represents the best coverage at the lowest price, employers will choose WSIB coverage over others. Competition, flexibility and choice are the hallmarks of a good system.

RECOMMENDATIONS:

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

1. Approve legislation that prescribes the reduction of benefits and employer premiums and compels the Workplace Safety and Insurance Board (WSIB) to focus on prevention and worker rehabilitation;
2. Ensure that the Workplace Safety and Insurance Board (WSIB) is included in all subsequent annual auditor general reports;
3. Immediately initiate a study to determine the benefits and consequences associated with privatizing the Workplace Safety and Insurance Board (WSIB);
4. Withdraw the impending regulation that will require all construction-related businesses to pay for Workplace Safety and Insurance Board (WSIB) coverage and reinstate the current policy of allowing employers the option to participate; and
5. Allow employers to opt out of WSIB and use private insurers where there is equal or better coverage, to allow for competition in the marketplace.

Effective Date: May 1, 2010
Sunset Date: May 1, 2013

b. Promoting Workplace Health in Ontario

(Submitted by Mississauga Board of Trade)

Issue:

Promoting a more comprehensive and integrated approach as the model for workplace health planning in Ontario businesses.

Background:

In 1991, Health Canada created a "Corporate Health Model" that identified the cornerstones of successful workplace health programs and outlined how to effectively develop these programs. Components of any program were described to include personal health practices, the physical workplace environment and the social environment of the workforce. As a result, The National Quality Institute (NQI) developed a Healthy Workplaces model from this document.

The provincial government has made significant strides in the prevention of occupational injuries and illnesses. In 1990, the creation of the Institute for Work and Health (mainly funded by WSIB) increased the research and access to products and training around prevention of workplace injury and illness. The Prevention Branch at WSIB oversees prevention awareness campaigns, training, and incentive programs for employers to create and maintain physically safe environments for their workforces. Past policy initiatives from the Ontario Chamber of Commerce on employee health have focused on the safety of the physical environment and injury prevention for workers. Provincial funding continues for the Health Communications Unit at the University of Toronto, which provides resources and training to public health staff on designing and evaluating programs that address illness and injury prevention.

Although health and safety programs are important contributors to the health of employees, a considerable body of current and emerging research shows programs are most effective and generate the most positive outcomes when employers take a comprehensive approach to employee health. Providing an environment that is physically and psychologically safe for an employee is becoming an increasing responsibility for employers. Expanding health programs to address issues around organization development (i.e. corporate culture, supportive psychological environments, employee friendly HR policies), and voluntary health practices of individual employees, as well as the safety of the physical environment, embeds the health of employees within the business. Organizations that have implemented health promotion programs have been shown to increase corporate productivity, boost employee morale, enhance job satisfaction, improve employee commitment and decrease spending in health care dollars.

According to the 1993 Statistics Canada Labour Force Survey, absenteeism cost Ontario businesses billions of dollars in lost revenues, resulting from full-time employees missing on average 8.4 days of work per year. With close to five million full-time employees, absenteeism costs the province approximately $6.3 billion (based on an average salary of $39,000) annually. The many reasons of increased employee absenteeism include psychological conditions such as stress, anxiety and depression, as well as musculoskeletal injuries such as lower back pain and sprains. Companies in Ontario that have introduced corporate wellness programs have seen a dramatic decrease in absenteeism resulting in increased productivity, lower turnover rate, and reduced workplace injuries and workers' compensation costs.

A comprehensive approach means incorporating a range of health programs into a company's mission and strategic business plan. This is a practice increasingly found amongst successful organizations. When organizations integrate the various health-related policies and programs into a seamless workplace health strategy, the above outcomes are even greater.

The cost of initiatives for each corporation would depend upon the organization's needs and resources. However, the research on return on investment in workplace health promotion demonstrates a three to eight dollar return for every one-dollar invested within five years of the initial funding of a program. Moreover, there are numerous societal benefits to improving workplace health, such as a reduced utilization of public health services, a reduction of chronic diseases and a more productive economy. There is also a cost to doing nothing. Mental illness, stress, heart disease, diabetes and obesity are all on the rise and all have a strong impact on our businesses and communities. The escalating and projected costs of managing chronic diseases in Ontario have the attention of business, private benefit providers and governments.

Comprehensive workplace health is gaining momentum in the political agendas at both the provincial and federal levels, including the promotion of better mental health and work-life balance. Public health departments in Ontario are mandated to assist employers, and to work with local chambers of commerce and boards of trade to implement programs and provide health resources. Recent intergovernmental discussions have featured comments at the ministerial level on the strong relationship between the overall health of workers and the success of businesses, and it appears these topics will remain high on the agenda of this year's meeting of the federal, provincial and territorial Labour Ministers.

RECOMMENDATION:

Ontario Chamber of Commerce urges the Government of Ontario to:

1. Support a provincial approach to workplace health, including mental health, that includes enhanced research and evaluation capacity to increase the health of employees and the productivity of Ontario businesses that:
    - Identifies and builds upon best practices, and champions the establishment of a coordinated and comprehensive approach involving all stakeholders in workplace health as the most effective means of improving health in the workplace.

- Actively encourages all stakeholders to collaborate on workplace health planning, implementation and evaluation, with a view to ensuring optimal use of available resources.
- Places an emphasis on prevention of chronic diseases (e.g. diabetes, cardiac disease, cancer and mental illness) by addressing the root cause risk factors (obesity, lack of physical activity, poor nutrition, and stress).
- Includes enhanced health programming that can be measured and evaluated with other business performance indicators.
- Sets out clear standards for workplace health by using benchmarking criteria set out by national/international agencies and academic centres on workplace organization and health (e.g. NQI, Six Sigma, Healthy Scorecard, Workplace Health Research Unit) and encourages businesses to actively work toward meeting and exceeding these standards by providing incentives both financial and other, possibly through the use of tax rebates to corporations.
- Provide small businesses with access to workplace and workforce health research and information (knowledge translation), so that this transfer and sharing of information will enable businesses to know which best practices to use.
- Encourage the Ministry of Labour to work in conjunction with the Ministry of Health and Long Term Care, as well as with businesses, labour, academic research centres and other stakeholders, to support effective workplace health programs and bring them into Ontario Workplaces.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

c. Corporate Mental Health

(Submitted by OCC Health Policy Committee)

Issue:
Mental health is a major issue on several levels including cost and productivity, recruiting and retaining skilled talent, competitiveness and public health.

Background:
Canada is currently the only G8 nation without a national strategy to address mental illness.

In the 2007 Federal Budget, the Government committed to establishing a Canadian Mental Health Commission with $10 million allocated over the next two years and $15 million per year starting 2009-10. The Honourable Michael Kirby was appointed Chair of the Commission. The Commission met for the first time in September 2007 with the mandate to lead the development of a national mental health strategy by consulting with all members of the mental health community.

According to Mental Health Works (MHW), an initiative of the Canadian Mental Health Association, mental health is more than just a personal issue; it is a social issue and a workplace issue. Mental Health, as defined by MHW, is about achieving a balance in the social, physical, spiritual, economic and mental aspects of our lives.

Common mental illnesses include:

- Anxiety disorders
- Depressive disorders
- Schizophrenia
- Eating disorders, personality disorders, and organic brain disorders

Mental disorders in Ontario are concentrated among newer entrants to the work force, as well as men and women in their prime working years. These people are the backbone of our economy. While the prevalence rates of these conditions are well-established, less well known is the resilient capacity of employees to recover and return to work productively – that is when they receive proper care and treatment on a timely basis. Regrettably, fewer than 20 per cent of the estimated number of cases of mental illness in Canada seek or receive treatment of any kind. Stigma and shame is one reason. Lack of family and co-worker support is a second. Limited access to qualified care is a third.

Workplace Absenteeism

Absenteeism in the workplace results in lost revenue and productivity to Ontario businesses and organizations each year. A Statistics Canada Labour Force Survey found that in 2003, an average of 8.4 days were missed by each full-time employee in Ontario (up from 7.1 days in 2000).

For a company of 1,000 employees, with an average salary of $39,000 a year (or $150 per work day), absenteeism amounts to a loss of $1.26 million per year. When multiplied by the number of full-time workers in Ontario (5.036 million), absenteeism costs the province approximately $6.3 billion per year.

While there is no consensus on the main reasons for workplace absenteeism, among the most common are psychological conditions, which include stress, anxiety, depression, and other psychological conditions.

In determining the main reasons for absenteeism, a study by the Canadian division of Watson Wyatt Consulting found that "stress, anxiety, depression and other related psychological conditions are the leading causes of short- and long-term disabilities."

"According to the latest Ipsos-Reid survey conducted with WarrenShepell, Human Resources Professionals Association of Ontario (HRPAO) conference participants indicate that the top two contributors to absenteeism and/or heath costs in the workplace are depression, anxiety and other mental health disorders (66%); and stress (60%).

Economic Burden of Mental Illness, Addiction and Suicide

According to a 2001 study conducted by Stephens and Joubert, the economic burden of mental illness (not including substance abuse disorders) in Canada was estimated to be $14.4 billion in 1998; direct health care costs amounted to $6.3 billion with hospital care representing the largest direct cost, at $3.9 billion, or 26.9 per cent, of the total burden of mental health illness. Indirect costs related to lost productivity and premature death totaled $8.1 billion, or approximately 56.5 per cent of the total cost component.

The Kirby Report on Mental Health included commentary which stated that since Canada lacks a national information base, it is difficult to accurately identify the prevalence of either mental illness or addiction, to measure the mental health status of Canadians and to assist in the evaluation of policies, programs and services in the fields of mental health, mental illness and addiction. The report identifies this lack of an information base as a "major impediment to determining the need for and the level of provision of appropriate and adequate treatments and services."

The economic burden of mental illness, addiction and suicidal behaviour is enormous. Governments must take the necessary steps to contain or reduce such a heavy burden. The 2008 Federal Budget committed \$10 million to develop a mental health strategy. Prior to this Canada was the only major industrialized nation without a strategy on mental illness and addiction policies and programs that reflect their burden, social and financial, to Canadian society.

The indirect costs attributable to mental illness and addiction – the cost of absenteeism and lost productivity – are substantial and exert great pressures in the workplace. In contrast to other illnesses, the indirect costs of mental disorders appear to be higher than the associated direct health care costs.

The Role of the Workplace in Reducing Absenteeism

"In some workplaces, individuals with mental illness or addiction may have access to some assistance in dealing with their problems, but with or without these supports, they may still feel compelled to keep their personal struggle hidden. All too often, the fear of losing one's job or of being stigmatized by one's colleagues is enough to prevent individuals living with a mental disorder from seeking treatment. The Committee heard that it is common for employees to blame themselves and remain silent when they become depressed or unable to meet their employers' expectations because of a mental health or substance abuse problem."

There is much that can be done by businesses to reduce workplace absenteeism. For instance, many businesses have found that a corporate wellness program, which includes exercise and health information, dramatically reduces absenteeism and increases productivity.

Why mental health in the workplace matters

Many people face mental health problems during their prime working years:

- Depression will rank second only to heart disease as the leading cause of disability worldwide by the year 2020
- Disability represents anywhere from 4% to 12% of payroll costs in Canada; mental health claims (especially depression) have overtaken cardiovascular disease as the fastest growing category of disability costs in Canada
- The Canadian economy loses billions to mental health problems:
- In 1998, Health Canada conservatively estimated that the economic burden of mental health problems was \$14.4 billion a year. More recent calculations, which include indirect costs, suggest that upwards of \$30 billion is lost to the Canadian economy annually due to mental health and addiction problems
- High stress levels and mental health problems can cause other health conditions:
- Excessive stress has been linked to infectious disease and cardiovascular problems, higher incidence of back pain, repetitive strain injuries (RSIs), colorectal cancer
- Stress on the job can double the risk of heart attack
- Early identification and treatment can be important to successful recovery:

- When a person experiences a mental health problem and they obtain treatment in the first few months of their illness, early recovery is more likely; early detection and treatment also reduce the likelihood that the mental health problem will become chronic
- When short-term disability becomes long-term, there is a lesser chance that the person will be able to return to previous levels of proficiency
- Stigma and discrimination can discourage people from seeking help:
- In response to societal stigma and negative stereotypes about mental illness, people often conceal symptoms and fail to seek treatment
- Accommodating mental health problems at work makes good business sense:
- The costs for providing accommodations are fairly low; most cost under $500
- For those who get access to treatment, the employer could save between $5,00 to $10,000 per employee per year in the cost of prescription drugs, sick leave, and average wage replacement
- Employees who are diagnosed with depression and take appropriate medication will save their employer an average 11 days a year in prevented absenteeism
- Promoting mental health benefits workers and organizations:
- In the United States, psychiatric hospital admissions of Chrysler employees actually went down 12 percent one year over another, and their length of stay in mental hospitals dropped 22 percent, due to that company's efforts to achieve higher rates of earlier detection through better psychiatric health benefit programs and greater success in matching diagnosis and treatment methods
- 57% of graduating business students around the world rate maintaining a balance between work and personal life as their primary career goal and a key to choosing their first employer. Most believe a career and personal goals can be developed in tandem, and say a working schedule that allows them to see family and friends on a predictable basis is key to work-life balance

Husky Injection Molding Systems of Bolton, Ontario estimates it has saved $8 million in reduced absenteeism, higher productivity, and better use of resources, from a $4 million investment in employee well-being and a healthy workplace environment. With programs such as an on-site parent resource centre and extended benefits:

- Absenteeism rates in 1999 were 2.25 days per Husky employee per year, compared to the Canadian average of 5.7 days per year
- Annual per employee drug costs for Husky's workforce were $153 in 1997, compared to a $495 average for similar businesses

There is a compelling case for employers to address mental illness and addiction in the workplace. A corporations' most important asset is its workers. Investing in human capital is a necessary part in competing in the global economy, and as such, protecting human capital – or "mental performance" – is just as important. This mental performance, including the motivation, knowledge, perspective, judgment, the ability to communicate, share ideas and have relationships, is critical to business success.

During its mental health consultations, the Committee on Social Affairs, Science and Technology heard repeatedly that, given the burden of mental illness and addiction on society and on individual workers, and given the rising cost of occupational disabilities, "employers must help to enhance the level of awareness about mental illness and addiction in their organizations."

The Global Business and Economic Roundtable on Addiction and Mental Health believes that employers must provide an appropriate environment for the promotion of good mental health, awareness of mental illness and addiction, early detection of mental illness and addiction, and integration of an accommodation for employees suffering from a mental disorder. In this regard, the Roundtable published the 12-step business plan to mental illness and addiction :

- CEO briefing on mental illness and addiction
- Early detection of mental illness and addiction
- Reforming Employee Assistance Programs (EAP) and group health plans
- Establishing a healthy mental health workplace
- Reducing the overflow of email and voice mail messages
- Developing flexible return to work policies
- Educating managers and supervisors on connections between mental illness and physical illness
- Reducing emotional work hazards
- Promoting work/life balance policies
- Encouraging people to seek the necessary professional assistance
- Monitoring the health status of the organization through specific targets
- Eliminating the 10 main sources of workplace stress.

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

1. Work with key stakeholders and take a leadership role by developing a provincial Workplace Mental Health Strategy. The Provincial Government must also:
    - Work with the federal government on its national mental health strategy.
    - Work with other stakeholders and initiate a public education and awareness campaign on mental health issues in the workplace.
    - Encourage employers to develop their own mental health workplace plan, similar to the 12-step business plan developed by the Global Business and Economic Roundtable on Addiction and Mental Health.
2. Work with all levels of government and develop an information base, as discussed in the Kirby Report, to measure the mental health status of Canadians and to assist in the evaluation of policies, programs and services in the fields of mental health, mental illness and addiction. This review should be conducted annually and include a wide range of disorders.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

F. Access to Medical Professionals

a. Nurse Practitioners and the Doctor Shortage
(Submitted by the Greater Oshawa Chamber of Commerce)

Issue:
Given the severe shortage of family physicians across the Province of Ontario, can nurse practitioners be used more effectively?

Background:
According to the Ontario Medical Association (OMA), the province's health care system is short nearly 2,000 physicians, leaving almost 140 communities and more than one million people under-serviced. For example, the City of Oshawa needs 44 physicians – one of the highest in the province. The Region of Durham needs more than 100 physicians, a need that is expected to take many years to fill.

The interest in nurse practitioners has traditionally been highest when the availability of family physicians is lowest. Nurse practitioners can alleviate some of the stress on our health care system.

Several barriers – including our current fee-for-service funding model and social perceptions – must be overcome if our health care system is going to benefit from the expertise of nurse practitioners.
Certainly, not all physicians are in favour of nurse practitioners. Some believe it will diminish their responsibility for patients and they will be left to treat only the sickest patients – not the wide range of patients that attracted them to family practice. Liability is another concern.
Are there other ways to address our physician shortage, including the use of foreign-trained doctors?

WHAT IS A NURSE PRACTITIONER?
As defined by the Ministry of Health and Long-Term Care, nurse practitioners are expert nurses with additional education and skills that allow them to provide front-line primary health care.

In Ontario, the term is used interchangeably to describe a number of advanced practice nursing roles, such as primary health care nurse practitioners and acute care nurse practitioners.

Nurse practitioners always work closely with family physicians and other health care professionals. They emphasize the importance of staying healthy and preventing disease and can serve as the first point of contact in Ontario's health care system.

TIMELINE:
1965: The first nurse practitioner program in North America was offered in the United States, followed very quickly by a program at Dalhousie University in Nova Scotia.
1975: The Ontario Council of Health published The Nurse Practitioner in Primary Care, a report that recommended legislative changes and remuneration issues.
Early 1980s: The province's first nurse practitioner initiative ended for a number of reasons: perceived physician oversupply and lack of remuneration mechanisms, legislation, public awareness regarding the role and support from both medicine and nursing.

1993: The NDP government announced a new nurse practitioner initiative that paved the way for a new nurse practitioner education program.

2004: The Liberal government released the Nurse Practitioner Integration Study, which Minister of Health and Long-Term Care Minister George Smitherman described as a "roadmap for integrating nurse practitioners in family health and community care" across the province.

Minister Smitherman says many barriers must be overcome if our health care system is going to benefit from nurse practitioners. Funding is top among those barriers, but not the only one, says Theresa Agnew, chair of the Nurse Practitioners' Association of Ontario (NPAO).

In 1998, the Expanded Nursing Services for Patients Act amended the Regulated Health Professions Act and Nursing Act to provide nurse practitioners in Ontario with an expanded scope of practice. They're able to:

- Provide wellness care, such as monitoring infant growth and development and health screening services.
- Diagnose and treat minor illnesses such as ear and bladder infections.
- Diagnose and treat minor injuries such as sprains and lacerations.
- Screen for chronic diseases like diabetes.
- Monitor people with stable chronic disease such as hypertension.

Nurse practitioners can diagnose and treat 50 to 80 per cent of all problems seen in hospital emergency rooms, NPAO reports. They can assess common episodic illnesses, conditions and injuries, order some x-rays and lab tests, prescribe certain medications and suture lacerations. They can also perform initial detailed histories and physical examinations for more urgent health problems.

Nurse practitioners aren't meant to replace physicians. They can work collaboratively with physicians to promote health, monitor chronic conditions like asthma and diabetes and deal with some ailments.

According to reports, family physicians can take between 1,300 and 1,500 patients. With a NP practitioner on staff, they could see another 150 patients. Many NPs have graduated but aren't working as NPs. The fee-for-service funding model is a major barrier to nurse practitioner employment, says NPAO. Physicians provide most primary care in Ontario and bill OHIP for each time they treat a patient. Nurse practitioners are salaried.

A 'blended payment method' is one alternative. It means physicians would be paid according to how many patients are in their practice, not how often they see them, says the NPAO. Having a nurse practitioner on staff would allow physicians to increase their patient load. Many physicians – including those in under-serviced communities – would like to work with nurse practitioners but there is currently no permanent funding mechanism to allow them to do so. NPAO recommends using federal transfer funds and hospital restructuring savings to fund a permanent funding mechanism through which communities can apply for nurse practitioners.
Another barrier to fully realizing the potential of nurse practitioners is the length of time it takes to update the medications they can prescribe. For example, a list of antibiotics approved in Sept. 2004 took 3 years to approve.

Nurse practitioners are currently working well in a variety of settings, including Lakeridge Health Oshawa and Whitby, a community health centre in Oshawa and a teen health centre in Ajax. At Lakeridge Health, they're working in numerous departments, including oncology, palliative care, acute pain and stroke care. An acute care nurse practitioner in a critical care/cardiopulmonary program, for example, works with cardiologists, internists and respirologists to help diagnose and treat such conditions as heart attacks, angina, heart failure and lung disease.

In 2005 Minister Smitherman announced the establishment of over 145 family health teams' (FHTs): interdisciplinary teams of health care professionals that will be available to serve groups of patients around the clock. Many teams include nurse practitioners – including those in the nine FHTs in the Central-East LHIN. To date in 2008 over 145 specific proposals have been approved for the FHTs.

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

> Enable family physicians to increase patient load and assist in relieving the family physician shortage by approving funding and accelerating a nurse practitioner model that will allow sole practitioners and physician groups the ability to incorporate Nurse practitioners within their practices.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

b. Provincial Review of the Ministry of Health and Long-Term Care Underserviced Area Program (UAP)

(Submitted by the Greater Kitchener Waterloo Chamber of Commerce)

Issue:
The supply/recruitment of family physicians and health care providers is a priority public policy issue across Ontario.

While the Government of Ontario provides incentives for physicians relocating to communities designated as underserviced, the current program is unbalanced and inequitable, creating significant disadvantages for non-qualifying areas. A government-initiated review of the Underserviced Area Program (UAP), incorporating a broad stakeholder perspective, is urgently required.

Background:
The current Ontario physician shortage is not only a serious community concern for all citizens seeking adequate health care, it is an economic development and productivity issue impacting the provincial business sector. Human resource officials are aware of the escalating interest related to local health care services for potential employees considering relocation. Operations managers have noted that time-off required for workers to wait in clinics or emergency rooms is negatively impacting productivity.

In October 2007, the Ontario Medical Association (OMA) estimated that the province is short over 2,000 doctors, leaving one million adults and 130,000 children without access to a family doctor. In addition to this deficit, 19 per cent of practising physicians are over the age of 60 and 11 per cent are over the age of 65, leading to the imminent loss of an additional 2,500 practitioners to retirement.

Recent statistics also indicate that Ontario ranks seventh among Canada's 10 provinces in relation to physician/population ratios. Ontario possesses 176 doctors per 100,000 people, while Nova Scotia, the highest ratio in Canada, has 218 practitioners per 100,000 residents.

The College of Physicians and Surgeons of Ontario (CPSO) has noted that the number of general practitioners accepting new patients continues to decline – from 39 per cent in 2000 to 11.5 per cent in 2005, and an all time low of 9.6 per cent in 2006. As the patient population ages and more physicians leave their practices, the number of Ontario residents without a family doctor will increase.

The impacts of the escalating physician shortage are significant. The CPSO notes that patients requiring treatment for chronic diseases will not receive the on-going care from a physician who can effectively monitor progress. In addition, older patients will be left to seek treatment in crowded emergency rooms and walk-in clinics, and as a result will not receive the professional health care they require.

The Underserviced Area Program (UAP) of the Ministry of Health and Long-Term Care (MOHLTC) was established in 1969 as a response to an escalating need for more professionals in northern Ontario. The program has expanded to address health care human resource issues in southern Ontario. Under current provisions, the program provides $40,000 for tuition reimbursement and $15,000 as an incentive grant to a physician agreeing to practice full time in an underserviced area.

A community must have less than one family doctor for every 1,380 residents to gain an underserviced designation. In 2003, 122 communities across Ontario were granted the status, subsequently escalating to 141 by 2008.

The current program encompasses a number of structural inequities which seriously disadvantage communities with certain demographic compositions. Most notably:

Large student populations are not incorporated into physician/population ratios;
Communities which are considered regional health care centres provide services to residents beyond their boundaries, however a narrow population calculation is utilized;
Specialty services such Regional Cancer Centres and Children's Hospitals require large physician staff complements that subsequently do not practice family medicine. However, these professionals are included in underserviced area calculations;
Teaching hospitals also include doctors in instructional capacities who do not regularly practice family medicine but are also included in the aforementioned calculations.

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

> Immediately commence an extensive and wide-ranging review of the Ministry of Health and Long-Term Care (MOHLTC) Underserviced Area Program (UAP) among all relevant stakeholders, with the objective of formulating solutions which are fair and equitable to communities across Ontario. The consultation should include representation from the business sector, municipalities, hospitals and community based healthcare organizations across Ontario.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

c. Doctor Shortage in Ontario

(Submitted by the Greater Oshawa Chamber of Commerce)

Issue:
Given the continuing shortage of family physicians across the Province of Ontario, steps need to be taken to expedite the process for training and recruiting family physicians who have an interest in practicing family medicine in Ontario.

Background:
According to the Ontario Medical Association (OMA), the Province's health care system is short approximately 2500 physicians, leaving almost 140 Ontario communities and more than 850,000 people in Ontario without a family doctor.

Despite constant publicity and a number of public awareness campaigns regarding the shortage of family physicians, there continues to be a serious shortage which, according to an OMA report in August 2008, threatens the economic well-being of our communities. In an unprecedented move, Ontario doctors asked municipal leaders at the 2008 Associate of Municipalities of Ontario Annual Conference to join them in calling on the provincial government to take any measures necessary to ensure the every Ontarian has access to a family doctor. Support for a petition urging government action was overwhelming with close to 400 signatures received. Dr. Ken Arnold, OMA President, raised concerns not only about the impact on the health of patients across the province, but also the negative economic impact that the doctor shortage is having on many communities. A poll conducted by the OMA showed that 83% of Ontarians believed that the doctor shortage negatively affects the economic growth of their community. Doctors want to make sure that all municipalities have an adequate number of doctors to:

- Ensure their citizens are healthy and have timely health care
- Attract businesses and skilled employees so that their economies are able to grow and prosper
- Reduce unnecessary emergency room visits and hospital admissions, and finally
- Ensure quality care for an aging population.

"Ontario's doctors want to ensure patients in Ontario – regardless of where they live – have access to physician care" said Dr. Arnold. "We received great support from the municipalities in terms of pushing forward the ban on smoking in cars with children legislation, and we are calling for their support again to ensure all Ontarians have access to the health care they deserve."

According to the OMA, Ontario's doctors with the help of the provincial government have taken on 630,000 patients who were previously without a doctor; however, the Province is still short 2500 physicians leaving over 850,000 patients without their own family physician. The OMA fears that as competition from other provinces and the United States continues to grow, Ontario could see a net loss of physicians for the third year in a row. To compound this, the OMA found that Ontario would lose another 2500 doctors today if all those 65 and older decided to retire.

"Communities in Ontario have already devoted great energy and resources towards attracting more family doctors" said Dr. Arnold. "It is our hope that by opening the discussion and partnering with communities we will be able to build on this work and effect some positive change."

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

1. Continue to increase the number of family medicine training positions in Ontario medical schools.
2. Enhance and market the strategy for recruiting Ontario-trained doctors back to Ontario.

3. Develop a repatriation program aimed at recruiting Canadians trained as physicians in other countries.
4. Continue to develop and implement primary care delivery models that will include the use of nurse practitioners and other health care professionals to help reduce the workload on family physicians.
5. Work efficiently to certify foreign trained doctors.

Effective Date: May 2, 2009
Sunset Date: May 2, 2012

G. Funding of Services (Health and Education)

a. Strategic Re-investment in Ontario Universities
(Submitted by the London Chamber of Commerce)

Issue:
Ontario's universities provide us with a unique economic advantage that is quickly being eroded. Their role as vital economic generators in the province has been severely crippled by chronic under funding thus weakening our competitive position in the national and global marketplace.

Background:
We need re-investment in post-secondary education because Ontario needs to be a magnet for the world and Ontario students need the capacity to become leaders in a competitive and emerging, knowledge-based economy.

For instance, Ontario's five-year investment in the "Reaching Higher Plan", aimed to assist with student aid and in accommodating some growth in enrolment. In terms of funding, aside from what universities received in the Reaching Higher plan over 5 years (2005-2010), universities have received funding, including $150 million in operating funding in the 2009 Ontario budget.

According to the Council of Ontario Universities however, with respect to operating grants per capita, when compared to other provinces, Ontario is dead last in Canada, despite the significant and welcome increases the Province has made in the last few years. There has been much unexpected student growth over the years, which has translated into less funding per student. Ontario universities, between 2004-2005 and 2008-2009, added over 25,000 undergraduate spaces and over 10,000 graduate spaces. This has translated into the addition of approximately 100,000 students since 2002-03.

Therefore, although the Province has provided more, there is more to improve on and which can be done. Ontario, after the most welcome funding plans, however, is still not equal to the other provinces when it comes to core funding per university student.

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

1. Bring university funding up to the national average, incrementally by the budget year 2012/2013; and
2. Allow universities the flexibility to determine fees, on a program by program basis to be determined by value and market conditions.

Effective Date: May 1, 2010
Sunset Date: May 1, 2013

b. Accountability of School Boards to Property Taxpayers
(Submitted by the Greater Oshawa Chamber of Commerce)

Issue:

Currently there is a lack of transparency and accountability to the taxpayers between school boards and municipalities. This can have a negative impact on business and good municipal planning through property taxes and residential and non-residential development charges. School boards and municipal councils need to ensure they work together on decisions regarding education infrastructure so as not to undermine local economies.

Background:

The Ontario Chamber of Commerce in a May 2009 urged the Government of Ontario to accelerate its planned cuts to the Business Education Tax. Stating these cuts must result in real tax relief for Ontario businesses and go beyond revenue neutral adjustments to the Business Education Tax rates as a result of a Current Value Assessment and to implement a uniform Business Education Tax rate across the province. Alternatively uniform Business Education Tax rates must be assessed on a regional basis, so as not to place neighbouring municipalities at a competitive disadvantage.

In May 2008 the Ontario Chamber of Commerce urged the Government of Ontario to mandate municipalities to lower the tax ratios for municipal business tax classes in relation to the tax rate of the residential property class to the prescribed range of fairness of 1 to 1.1 within the next seven years and to eliminate optional classes and limit properties classification to the list of property classes and sub-classes, as defined in Ontario Regulation 282/98.

These resolutions support an economic and business competitiveness business case. However one area of the property tax base that has flown under the radar screen and is currently lacking accountable and transparency to the taxpayers is the education portion of the property taxes which can be 20% to 25% and the education development charges. DC's assist municipalities achieve good planning. In light of the provincial legislation these areas can be negatively impacted long term by the Ministry of Education Accommodation Review process used by the school boards across Ontario.

Education Property Taxes

The province of Ontario dictates the education tax rate to the municipalities who collect the taxes and remit it to the school boards. The province gives a set base rate per student and the Ministry tops up the amount where necessary. In most cases the amount on the property tax bill ranges from 20 to 25% of the taxes.

Community Schools Alliance

In the summer of 2009, frustrated with the process used by Ontario's school boards to make decisions about student accommodation, including decisions to close schools the Community Schools Alliance (CSA) was formed by municipal leaders from across Ontario. By January 2010 over 150 of Ontario's municipalities have joined the CSA and the number continues to grow. Many of the municipalities from across Ontario have written to the province (Premier McGuinty and the Minister of Education) calling for a "smart moratorium".

The CSA united municipalities across the province behind the common cause of obtaining a 'smart moratorium' on disputed school closures citing the negative impact that school closures were having on their community's property tax base, development charges, and the socio-economic fabric as there is a lack of meaningful consultation for these between School Boards and the municipality's.

The goal of the 'smart moratorium' is to provide time for the Ministry, school boards and municipalities to work together to develop policies addressing issues such as planning for declining enrolments, a mutually agreed upon Accommodation Review Committee (ARC) process, a review of funding to rural and small community schools and establishing a working relationship between municipalities and school boards that provides transparency and accountability to the taxpayers where currently there is none.

The members of the CSA know that the current system for determining which schools stay open and which schools are closed is a flawed process and school boards are closing schools, amalgamating schools, and in some cases transporting students out of their community, and building new schools without reviewing the impact of these decisions on our communities and taxpayers be it education development charges or property tax. Municipalities across Ontario are frustrated by the ARC process and the negative impact such decisions are having on sustainable municipal growth and municipal planning.

Ministry of Education Pupil Accommodation Guidelines outlines that the purpose of a review is to provide direction to school boards regarding public accommodation reviews undertaken to determine the future of a school or group of schools. The document outlines four factors and states the ARC's are encouraged to introduce other factors that could be used to reflect local circumstances and priorities which may help. Two particular bullets from the Ministry document are key areas municipalities and business need to be a part of during the process;

Value to the community

- School grounds as green space and/or available for recreation
- School as a partner in other government initiatives in the community
- Value to the Local Economy
- Availability of training opportunities or partnerships with business
- Attracts or retains families in the community

As is the finding of the over 150 municipalities across Ontario too often the ARC process required by the Education Act is treated merely as a formality by school boards who implement the predetermined outcomes recommended by their administrations without dialogue with the municipally planning departments and with little or no regard for process. There is no opportunity for communities to appeal these decisions to an outside authority. The process gives the school boards absolute power.

The CSA feels that a better system is needed and should:

- ensure that school boards and municipal councils work together on decisions regarding education infrastructure;
- provide greater accountability for school board decisions;
- be developed through a review of the governance model for educational decisions which must include an appeal process for accommodation decisions; and
- respect and value the input of students, parents, the community and the municipality in the ARC process.

School Board decisions that fly in face of municipal planning can undermine the local economy.

RECOMMENDATIONS:

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

1. Implement a process on disputed school closings to provide the opportunity for municipalities to work together with the Ministry of Education, school boards and to develop policies addressing:
    - transparency and accountability to the taxpayers between municipalities and school boards;

- a mutually agreed upon Accommodation Review committee process; and
- planning for declining enrolments; and
- an appeals process for municipalities.

2. Put in place a standing committee of the legislature to review and report its observations, opinions and recommendations on the report of the Auditor General that relates to the disbursement of public money on the education system collected and disbursed from the property tax base.

Effective Date: May 1, 2010
Sunset Date: May 1, 2013

c. Funding for Colleges of Applied Arts and Technology

(Submitted by the OCC Education Committee)

Issue:

Ontario's colleges still remain well below the national funding level despite the government's 2005 investment in postsecondary education. Without a major new investment by the provincial government, Ontario's colleges of applied arts and technology won't be able to educate and train the workers we need.

Background:

Ontario's severe shortage of skilled workers is hurting the province's ability to compete and thrive. A recent Conference Board of Canada report (September 2007) suggests that by 2025, Ontario could face a shortfall of 364,000 workers. By 2030, that number could escalate to more than half a million workers. A skilled workforce is essential to the health of the Ontario economy and given that the college system is one of the primary sources of job-ready skilled workers, the Ontario government needs to ensure that they receive sufficient funding.

Ontario colleges are severely under-funded; they do not have the resources they need to fill the growing skilled workers gap. It is time to recognize the pivotal role Ontario's colleges play in supporting the province's economic growth and prosperity by investing in their success.

Colleges are economic engines that have earned huge returns for Ontario business, industry, citizens and the government. They are social and economic "profit generators", not "cost centres".

Ontario's colleges provide educational opportunities for over 75,000 new students each year. The vast majority of college programs provide career focused education that is needed for success in the workplace.

In 2003, Ontario colleges ranked 47th of 60 provinces and states in college operating expenditure per FTE and 46th of 60 for college tuition and fees as a per cent of total operating expenditures. In 2005/06, a significant funding investment from the province raised the total college grant and fee levels to $7,300 per student. While the new funding has brought Ontario colleges up to 80% of the 2003/04 national average, they still remain in 10th place compared to 2003/04 funding levels in other provinces.
Ontario colleges receive less funding per student than public secondary schools or universities. On a per student basis, in 2005/06 college students were funded by the Ontario government at a level 38.3% less than a university student and 47% less than a secondary school student.

Ontario colleges are significant engines of the Ontario economy but they are the most poorly funded in Canada. Quality programs and the requisite funding are critical to Ontario's competitive future. It is up to the government to ensure the college system is able to provide the best skilled workforce through high quality, properly funded programming. The next 20 years will be critical for Ontario's labour force. The aging population and the low birth rate will result in a critical shortage of skilled workers in key sectors of our economy. Increased investment in Ontario colleges of applied arts and technology is therefore not only a wise investment in human capital but also a sensible fiscal investment.

Colleges Ontario has stated that it will require a minimum of $400 million over the next four years to bring Ontario colleges in line with the national average.

Investing in colleges today will reap tremendous rewards in the future for students, businesses, communities and the province as a whole. Ontario's colleges create job-ready citizens, more competitive businesses, thriving communities and a better Ontario.

RECOMMENDATION:

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

> Within the current spending envelope, increase operating funding to the Ontario Colleges of Applied Arts and Technology by 2012 to bring college funding in line with the Canadian average.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

d. Addressing Access Bottlenecks to Primary Health Care

(Submitted by the Greater Peterborough Chamber of Commerce)

Issue:

The greater Peterborough area, like many other rural and small urban communities in Ontario, has been identified as an under-serviced area for primary health care. Branded 'the doctor shortage', this situation limits business growth because individuals and families are unwilling to relocate to an area where they perceive they cannot access primary care services. Businesses are likewise reluctant to establish themselves in areas where their employees do not have access to primary care. Physicians, nurses and other primary care providers avoid moving to communities where their spouses cannot get jobs. Thus, 'the doctor shortage' is crippling small communities like Peterborough by perpetuating a self-defeating culture of scarcity.

Background:

The Ontario Chamber of Commerce is supporting numerous Ontario communities as they attempt to attract family physicians. However, there are inherent problems with the strategies being utilized. The finite number of available family practitioners results in a competitive environment in which one under-serviced community is pitted against another in their respective attempts to bribe physicians, creating a 'robbing peter to pay paul' situation.

Exacerbating the apparent scarcity even further, the great majority of graduating medical students aspire not to practice family medicine, but rather intend to become specialists. The development of family health teams utilizing nurse practitioners for portal of entry has improved the situation somewhat, but three years after implementation of this model there are still thousands of taxpaying citizens without access to essential primary health care services.

It is estimated that it will take at least 10 years to graduate enough nurse practitioners and family physicians to address the present need. Unfortunately, the projected demand vastly exceeds present need due to the aging population and because of the number of physicians expected to retire in the next five years. In hospitals, physicians as well as administrators are under increasing pressure to do more with fewer resources as the Canadian Institute for Health Information made public in November 2007 mortality rates for Canadian hospitals. As long as we persist in using the physician model to resolve access bottlenecks, there will be a 'doctor shortage' for years to come.

It is time for Ontario to look outside the physician model for creative solutions to this problem.

In the United Kingdom, pharmacists have the authority to write prescriptions and here in Canada, pharmacists in Alberta have recently been granted the right to prescribe. In a precedent setting move, pharmacist prescribing was implemented in Alberta because it provides Albertans with better access to health care; not because of any projected or actual cost savings.

Optometrists in Ireland have the authority to write prescriptions for external eye-related conditions and in Ontario optometrists are lobbying for prescription privileges for glaucoma management and topically applied medications. In British Columbia and Alberta opticians can perform sight testing.

Many hospitals in the United States have chiropractors on their emergency staff and working as hospitalists and rehab specialists. OHIP statistics reveal that 50- 70% of physician visits pertain to musculoskeletal complaints; many of which could be effectively handled by a chiropractor or physiotherapist.

The above examples and best practices show a willingness to recognize the trained skills of various regulated health professions and to use these skills as a direct response to improve access to primary services. Part of the mandate of the LHINs in Ontario is to ensure the right care be implemented in the right place. The LHINs also recognize that politics has influenced past health care allocations and that the partnerships required to fix access shortfalls and break down silos are extensive and often non-traditional/non-medical.

As has been discussed above, precedents in resource sharing have already been set in both socialized and private health care sectors in other parts of Canada and worldwide. For instance, a nation-wide Canadian precedent was set in March 2006 when The Enhancing Interdisciplinary Collaboration in Primary Health Care (EICP) group released their initiative "The Principles and Framework for Interdisciplinary Collaboration in Primary Health Care". The paper clearly details the benefits to patients/clients and communities when health care stakeholders work together.

Summary:

- Lack of access to primary health care services has been identified as a significant barrier to business growth in many Ontario communities.
- Increased pressure on demand for physician services can be alleviated significantly and immediately by improving access to other regulated primary care providers such as chiropractors, optometrists, physiotherapists and pharmacists.
- The 'physician as portal of entry' model is outdated, inefficient and expensive and forces patients to utilize hospital emergency departments.
- The new 'nurse practitioner as portal of entry' model is progressive, but fails to adequately address both present and projected need.

- The mandates of the LHINs Integrated Health Service Plan and the EICP stress shared responsibility throughout the health care system.
- There is an immediate resource of regulated primary health care providers that are ideally positioned to alleviate the critical access bottlenecks to health care being faced by virtually every community in Ontario.

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

1. Review all RHPA professions de-listed from OHIP with the mandate of re-listing to facilitate immediate inclusion in family health teams; particularly primary contact professions and/or those with diagnostic expertise.
2. Review the Regulated Health Professions Act (RHPA) Controlled Acts with the various Colleges with the mandate of implementing the appropriate changes to enhance primary contact, enable inclusion in OHIP and expand family health teams.

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Effective Date: May 5, 2008
Sunset Date: May 5, 2011

e. Health Care Access Compromises Ontario Communities

(Submitted by the Richmond Hill, Aurora, & Newmarket Chambers of Commerce)

Issue:
The lack of timely local access to health care means that patients: are waiting longer; going without care; costing the healthcare system more once they do receive care; and costing the economy when they are unable to perform to their full potential. Furthermore, this lack of access to local health care services damages a community's attractiveness as a place to invest, and create jobs.

In some communities across Ontario, in particular high growth communities, lack of local access is directly related to significant variations in the levels of provincial funding as measured on a per resident basis.

Background:
Currently there is a large variation in funding for hospitals, homecare, and community mental health services across communities in Ontario. This inequitable distribution of funding for health results in inequities in local access to healthcare. For many regions across Ontario per resident funding is considerably lower than the provincial average. Six of the 14 Local Health Integration Networks (LHINs) receive an average of $267 less per resident for hospital care than the rest of Ontario, and the funding gap continues to widen. This translates into an annual gap in operating funding of $1.5 billion when compared to the provincial average level of funding.

Much of the inequities in funding health services can be attributed to the fact that current funding distribution is not population-needs-based, but rather allocated on a historical basis. The impact of funding inequities across LHINs, while not fully studied, include unexplained variation in rates of access to care, variation in wait times, and impacts on the quality of care and patient safety.

It is clear that there are no planned and objective criteria for allocating funds to hospitals that take into consideration differences in population growth. Funding inequities across communities result in differences in the quality and quantity of health care services. Current "across the board" funding methodologies have led to chronic under-funding of health care services in high growth areas where hospitals experience significant challenges maintaining service levels within their current budgets. These funding issues apply both to hospitals and other health care services.

Support for a Population-Needs-Based (PNB) funding approach has been expressed by several LHINs. The Toronto Central LHIN has stated that a population-based funding model is required for LHINs. The Mississauga-Halton LHIN has also identified a PNB funding formula as a priority. The Central East LHIN has proposed the introduction of a population health needs-based funding formula that matches health related needs with appropriate levels of funding. As well, PNB funding is already in use in British Columbia, Alberta and Saskatchewan. Soon after establishing Regional Health Authorities, these provinces implemented a PNB funding formula to allocate provincial health care funding. In their move to PNB funding the provinces of British Columbia, Alberta and Saskatchewan have found: improved equity, objectivity, transparency, efficiency incentives, predictability and stability, practicality and affordability.

Ontario is currently completing the development of the "Health Based Allocation Model" (HBAM). The benefit of HBAM is that it is about relative patient care needs and allocating new funding. It is not about reallocating existing funding that would destabilize Ontario's health care system. The Ministry of Health and Long Term Care (MOHLTC) recently announced that HBAM, under development since early 2006, takes into account the health status of patients in local communities. According to the MOHLTC, HBAM is expected to: promote equal access to services across Ontario; ensure funding is responsive to health needs of the patients treated; promote integration by recognizing opportunities to coordinate services across geography, providers and patient types; promote an equitable share of funding within available resources; promote fairness by accounting for differences in health and need for service. A clear commitment from the Ministry to implement HBAM is uncertain. To date, there is no evidence of an implementation plan with time-lines. Questions remain: when will HBAM be implemented, how fully and how will existing funding variation across LHINs due to past inequitable funding be rectified?"

While a move to PNB funding is a solid step in the right direction, to address the significant funding inequities for hospital services the government of Ontario should move forward on its commitment in the 2007 election to provide $100 million in growth funding to hospitals in high growth areas. This new annual operating funding will begin to address the large gaps in funding that regions that have experienced population growth above the provincial average have incurred and will allow residents in those regions to receive better care close to home.

Since 2005, twenty-four resolutions calling on the government to provide hospital growth funding and move to a PNB funding model for human services have been passed in regions and communities across the GTA/905.

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

> Actively address health care funding inequities across Ontario by immediately reviewing the funding formula and taking into consideration rural communities and high growth hospitals.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011

f. Funding Formula Inequities for Rural and Multi-site Hospitals
(Submitted by Greater Oshawa Chamber of Commerce)

Issue:
Over three million Ontarians are served by multi-site hospitals. Many multi-site hospitals across Ontario are being unfairly compared to single site hospitals, leading to funding penalties through the government's hospital funding formula.

Background:
In mid 1990s, the government announced a hospital funding formula to ensure a fairer and level funding mechanism that compared hospital costs by case across all hospitals. The formula was intended to use quantitative information to reward efficient hospitals and penalize those whose costs were above those of "efficient" hospitals.

In the late 1990s, many single site hospitals in Ontario were ordered to amalgamate by a government Commission. Although the hospital formula (originally designed to compare single sites hospitals) has undergone some refinements, it continues to ignore the unavoidable, additional costs of operating multiple sites, many in rural areas.

These costs include transportation between sites, unavoidable mid-management duplication, and inefficient/smaller but necessary services (security, patient & staff meals, equipment, utilities etc…). The Joint Policy and Planning Committee (JPPC) is made up of senior Ministry of Health and Long-term Care, and Ontario Hospital Association representatives. An expert panel was appointed by the JPPC to review the impact of the hospital funding formula on multi-site hospitals.

The panel identified a negative impact on multi-site hospitals in: Walkerton, Chesley, Durham, Kincardine, Fort Francis, Emo, Rainy River, Lion's Head, Markdale, Meaford, Owen Sound, Southampton, Wiarton, Parry Sound, Belleville, North Hastings (Bancroft), Prince Edward (Picton), Trenton, Bowmanville, Port Perry, Oshawa, Fort Erie, Niagara Falls, Niagara-on-the-Lake, Port Colborne, St. Catharines, Welland, Milton, Oakville, Brampton, Etobicoke, Georgetown, and Toronto.

The panel agreed and recommended to the Minister of Health and Long-term Care that:
"…This [addition of a multi-site adjustment] shifts the question from "if" to "how" a factor should be introduced." - -JPPC Task Force Report

The current disregard of this real and important factor disadvantages rural and multi-site hospitals across the province delivering healthcare to over 3 million Ontarians.

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

> Immediately recognize the funding inequity for rural and multi-site hospitals by having the Ministry of Health and Long-term Care include rural and multi-site hospital factors in the hospital funding formula for future funding decisions.

Effective Date: May 5, 2008
Sunset Date: May 5, 2011