2016 ONTARIO CHAMBER OF COMMERCE ANNUAL GENERAL MEETING PROPOSED POLICY RESOLUTIONS

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INFRASTRUCTURE/TRANSPORTATION

1. Bridge the Broadband Gap - Authored by the Ajax-Pickering Board of Trade and the Aurora and Newmarket Chambers of Commerce

Please select which category from the OCC economic vision best represents your issue:

- ☐ Infrastructure

Issue:

Inadequate access to ultra-high-speed internet is compromising the ability of communities across Ontario to attract and retain businesses. The provincial government has an important role to play in bridging the “broadband gap” by supporting provincial working groups and working collaboratively with the federal government.

Background:

According to the Government of Canada, broadband is internet service that is always on (as opposed to dial-up, where a connection must be made each time) and offers higher speeds than dial-up service.

Over the last several decades, ultra-high-speed internet has become a crucial success factor for cities to attract and retain business investment. Many Canadians consider broadband internet a standard public utility rather than a luxury. Canada ranks 33rd in the world when it comes to available speed as outlined in the 2012 York Region Economic Development Action Plan report. Some examples of speeds today in Ontario cities that have invested are Stratford (Business 1 Gbps Residential 50Mbps) and Toronto (Business 10 Gbps Residential 250 Mbps).

Peel, Halton, Durham, York Region and others from across the province have limited access to speeds that are primarily available in Toronto. Allowing this disparity to continue heightens the risk that Ontario's economic base could eventually be concentrated in two or three heavily populated urban centres, rather than having economic competitiveness stretch across Ontario.

In 2014, the federal government launched its Connecting Canadians program to address gaps in the delivery of high-speed Internet. It is estimated that by 2017, the federal government will have invested up to $305 million to address gaps in the delivery of high-speed Internet at speeds of at least 5 megabits per second (Mbps) in rural and remote communities across the country.

While Connecting Canadians was a good start, its funding was insufficient to create the incentives necessary to facilitate cable operators’ investments in broadband infrastructure. The new federal government has pledged $125 billion for infrastructure investment, but has not yet signaled what percentage of those funds will be dedicated to digital infrastructure.

To help create the case for local investment, a number of Mayors' and Wardens' groups have been established to identify regional broadband infrastructure needs. They would benefit from provincial supports.

The Town of Newmarket's own economic development impact report from Sandel and Associates on the implementation of a gigabit corridor indicates that an investment of between $300,000 to $1.1 million could support the addition of 17 firms in the area, creating an estimated 205 jobs in phase one of the project. An additional 126 indirect jobs would also be generated from phase one.

The Ontario Chamber of Commerce supports the CRTC decision to promote competitive access to next generation fiber broadband networks that are integral to the success of Ontario businesses in the 21st century.

Recommendations:

The Ontario Chamber of Commerce urges the Ontario Government to:

1. After conducting its due diligence, support the funding requests of regional bodies (Mayors, Wardens groups, etc.) for better access to broadband infrastructure.

2. Facilitate the creation of additional regional bodies that can help build the business case for federal and private sector broadband investment.

3. Encourage the federal government to fund a successor initiative to Connecting Canadians. This funding initiative should fund the need for wired or wireless infrastructure for the expansion or extension of broadband connectivity to underserved businesses.

4. Benchmark Ontario's internet speeds and access versus competitor jurisdictions and consider 5 year targets of: Business 1Gbps and Residential 50Mbps and 10 year targets of Business 10 Gbps and Residential 250Gbps.

Estimated Financial Impact to the Province (For discussion-purposes only – will not appear in final compendium)

Please choose which option best fits your policy resolution. Given the current economic climate, solutions to create a smarter, more fiscally sustainable government are a priority.

- ☐ Entail a small cost to government (less than $10M)

OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION

The OCC Policy Committee suggested minor content revisions. The authoring chamber has accepted these suggestions and incorporated them into the resolution.

2. Greater Toronto Area – Guelph Wellington – Region of Waterloo Business Innovation Corridor - Authored by the Brampton Board of Trade, Greater Kitchener Waterloo Chamber of Commerce, Guelph Chamber of Commerce, Halton Hills Chamber of Commerce, and the Toronto Region Board of Trade

Please select which category from the OCC economic vision best represents your issue:

- ☐ Infrastructure

Issue:

An emerging world-class technology cluster between the Region of Waterloo and the Greater Toronto Area (GTA) could be significantly expanded with government support into transit infrastructure.

Background:

Ontario is in the early stages of developing a globally competitive GTA - Waterloo Region technology cluster comparable to the San Jose - San Francisco Silicon Valley.

The corridor includes Brampton, Guelph, Halton Hills and Waterloo Region. Brampton will lead economic growth in Peel Region over the next two decades, attracting 80 percent of the employment forecast in the region. The city's mixed economy includes information technology, life sciences and advanced manufacturing.

The cities of Kitchener, Waterloo and Guelph have strong connections based on geographic proximity and a history of highly concentrated manufacturing activity. These centres have diversified over the past decade as manufacturers sought new areas of growth while smaller emerging technology clusters achieved national and international recognition. Waterloo Region's technology sector has prospered with the growth of large companies such as Open Text, SAP, and Christie Digital, while Guelph has a significant life sciences sector originating from the University of Guelph.

At this time, the key difference between these two clusters is that the Silicon Valley is supported by two-way commuter rail service while the Ontario corridor has nothing comparable. Future investments into infrastructure are the critical factor for advancing the GTA-Waterloo Region technology cluster and the significant provincial and national economic benefits that can be accrued. Two-way, all-day GO Service between Union Station and Kitchener, serving Brampton and Guelph, is critical for meeting the labour capital needs of employers and moving employees from the Toronto core.

A report compiled by the Cities of Kitchener, Waterloo, Brampton, Guelph and the Region of Waterloo estimates that an enhanced inter-city transit service has the potential to create an ecosystem with over 12,900 technology companies, 2,900 startups, and 213,000 technology employees. Net employment growth from this investment is forecast at 40,200 jobs, which will generate $567 million in personal income tax annually.

A 2009 Environmental Assessment estimated the total capital costs to establish two-way, all-day GO Train service from Union Station to Kitchener at $396 million, adjusted to $600 million in 2015. Capital upgrades primarily consist of rail improvements, and in 2014 Metrolinx acquired the rail line between Kitchener and Georgetown.

Recommendations:

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

1. Allocate an investment to support two-way, all-day GO Train service on the CN North Mainline between Union Station and Kitchener.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

Entail a large cost to government (higher than $200M) - approximately $600 million for infrastructure development

THE OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION.

3. Addressing Ontario's Infrastructure Deficit through Alternative Financing and Procurement (AFP) - Authored by the Greater Kitchener Waterloo Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

- ☐ Infrastructure

Issue:

To meet local, provincial and national infrastructure demands, all levels of government will be required to apply innovative financing models.

Alternative Financing and Procurement (AFP), or public-private partnerships, are a highly viable option for risk sharing on major infrastructure projects and should remain a priority across Ontario.

Background:

Ontario's expanding population and economic base requires major investments into new and upgraded infrastructure. The provincial government has allocated $130 billion over ten years for this portfolio, however rising demands will require new and innovative sources of financing beyond unilateral public funding.

An increasingly popular option for Ontario infrastructure projects is Alternative Financing and Procurement (AFP), or public-private partnerships, where the risks are transferred from the taxpayer to the private sector. This method allows projects to be managed with a higher level of certainty for cost, schedule, quality, availability and service. The result is significant opportunity for innovation in design, construction, financing, asset management and delivery of construction services.

The 2014 Annual Report of the Auditor General of Ontario was highly critical of the AFP model. Auditor General Bonne Lysyk estimated the province could have paid $8 billion less if large infrastructure projects were managed exclusively by the public sector and completed on-time and on-budget.

However, recent experiences indicate that public projects are rarely completed within these parameters. The Union Station revitalization project was 24 percent over budget, the St. Clair Right of Way was 63 percent over, and hospitals in Thunder Bay and Sudbury were off budget by 75 and 154 percent respectively.

The 2014 Auditor's report ignores the primary benefit of the AFP model, which as noted above is to shift risk from the taxpayer to the private sector. The report also assumes that any government possesses the capacity to deliver 100 percent of projects on time and on budget. In reality infrastructure projects are often over budget which, in the AFP model, places the cost on the private sector.

Recommendations:

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

1. Continue with the application of Alternative Financing and Procurement (AFP) projects to address Ontario's infrastructure challenges.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

Create a cost-savings for the government.

THE OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION.

4. Expanding Natural Gas Service in Rural Ontario – Authored by the Greater Kitchener Waterloo Chamber of Commerce and the Chatham-Kent Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

- ☐ Infrastructure

Issue:

The expansion of natural gas service into rural Ontario will create significant economic development opportunities.

Background:

In their 2016 pre-budget submission to the Standing Committee on Finance and Economic Affairs of the Ontario Legislature, the Ontario Federation of Agriculture (OFA) indicated that expanding the natural gas pipeline network across rural Ontario will lead to significant savings and generate millions of dollars in new disposable income. Natural gas access will fuel new economic growth.

The 2014 Ontario Budget provided a commitment of $200 million through the Natural Gas Access Loan and the $30 million Natural Gas Economic Development Grant to attract new industry, create jobs, and lower energy costs for businesses and consumers.

The OFA has also indicated they are disappointed that the Ontario government has not implemented these programs. As outlined in their pre-budget submission, $30 million in grants and $200 million in loans provides a limited incentive for expanding natural gas service. More investments are needed to achieve wider access.

An April 25, 2015 news release from the Ontario Ministry of Economic Development, Employment and Infrastructure noted that in the upcoming year, the provincial government will consult with rural communities to seek input on the design of natural gas programs and encourage them to partner with utilities for expansion plans. The Ontario Energy Board (OEB), at that time, also asked natural gas utilities to propose new approaches to expanding rural natural gas infrastructure.

On July 23, 2015, Union Gas was the first and remains the only utility to have submitted a community expansion proposal to the OEB. This proposal would provide expanded natural gas access to 29 new rural and First Nation communities and contains other mechanisms designed to increase rural access, specifically to those living in proximity to the existing system.

The OEB deferred any decision on the Union Gas proposal in January 2016 and has alternatively conducted a generic hearing on community expansion which has delayed natural gas service to more rural communities.

As noted in a July 23, 2015 news release from Union Gas the current regulatory framework is a barrier to the expansion of rural natural gas infrastructure and makes the cost to expand to rural and First Nations communities unworkable. Union Gas President Steve Baker noted that prices have declined dramatically in the past five years due to the delivery of new supplies and are actually lower than ten years ago. These economics are driving the requirement to increase access.

Increased access to natural gas can also be achieved through funding partnerships with the federal government. The expansion of this infrastructure, according to the OFA, is the most significant rural economic development program that either level of government can initiate.

Recommendations:

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

1. Ensure the OEB expeditiously conducts generic hearings and subsequently issues a decision on the new regulatory framework related to community expansion so that utilities can begin investing in expanded rural access;

2. Finalize and implement the criteria and application process for both the Natural Gas Access Loan Program and Natural Gas Economic Development Grant and ensure funds are flowing by the end of the 2016 calendar year;

3. Continue to make a priority of expanding rural natural gas access to ensure Ontario rural communities remain competitive and viable in terms of energy costs.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

The $230 million through the Natural Gas Access Loan and the Natural Gas Economic Grant are committed funding

THE OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION.

5. Empower All Municipalities to Build and Maintain Essential Infrastructure Authored by the Sarnia Lambton Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

- ☐ Infrastructure

Issue:

Ontario municipalities face a public infrastructure gap of $6 billion per year.[1] The Province is providing some relief through a number of programs; however there is no reliable source of funding for municipalities to meet their infrastructure needs. The current patchwork of programs is neither equitable, reliable nor predictable in nature. The administrative burden to apply and subsequently report is cumbersome and time consuming and the funding is inadequate in relation to the demand of a municipality's ability to pay.

Background:

Municipal public infrastructure, such as bridges, roads, water systems and public transit systems, are essential support systems for our quality of life and research shows that modern, safe and efficient infrastructure increases productivity and competitiveness.[2]

Most of Ontario's infrastructure was built in the 1950s and 1960s with modest investments and repairs in the 1980s and 1990s. By 2007/08 the average age of all public infrastructure in Ontario was 15.4 years[3] with an estimated deficit of $60 billion.[4] Roads, buildings and sewers built more than 50 years ago will not be capable of withstanding the increasing frequency of weather events caused by climate change. For example, water damage has now surpassed fire as the number one cause of home insurance losses because aging sewers are incapable of handling the new, higher levels of participation.[5]

Municipalities have been unable to maintain adequate infrastructure for many reasons including downloading of responsibilities onto lower tier governments in tandem with reduced transfer payments from the Province, increasing costs and a limited number of

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[1] *Provincial-Municipal Fiscal and Service Delivery Review Report*, Ministry of Municipal Affairs and Housing, 2008

[2] *Looking to the Future: A Plan for Investing in Canada's Transportation System*, Council of the Federation, December 2005

[3] *Age of Public Infrastructure: A Provincial Perspective* by Mychèle Gagnon, Valérie Gaudreault and Donald Overton

[4] *Municipal Infrastructure –Infrastructure Backgrounder*; Association of Municipalities of Ontario, August 2015

[5] *Telling the Weather Story*, Insurance Board of Canada, June 2012

revenue tools. Needs vary depending on the size of a municipality as well. Larger municipalities (over 100,000 residents) own about 2/3 of Ontario's infrastructure debt, while smaller places have a higher debt to population ratio.[6]

The Government of Ontario has made efforts to increase transfers for municipal infrastructure. The Moving Ontario Forward plan will dedicate $31.5 billion over 10 years to public infrastructure, representing less than half of the estimated deficit. Communities can access funding through the Ontario Community Infrastructure Fund (OCIF), Ontario Municipal Partnership Fund (OMPF), the 2012 Municipal Infrastructure Strategy, Connecting Links and the Gas Tax for Transit.

For municipalities, this assortment of programs is both inequitable and inadequate. The administrative burden is high, meaning that additional funds must be spent on operational costs; allocation formulas change; and because communities must compete via resource-intensive application processes, there is little correlation between need and the provision of funding.

A single program, modelled after the federal Gas Tax Fund, is needed. The federal program provides $2 billion on a permanent annual basis to municipalities for all types of public infrastructure in one easily-managed system. Funds are allocated according to population so each municipality can anticipate what they will be receiving from year to year. The Province already collects and distributes gas tax funds: by funneling all infrastructure spending through a new expanded provincial gas tax program, the Province could eliminate ad hoc programs and decrease bureaucracy. Municipalities would be better able to implement their asset management plans and maintain structures and systems that are the essential backbone of sustainable communities.

Recommendations:

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

1. Replace existing ad hoc public infrastructure funding programs with a single, expanded and permanent provincial gas tax fund that would predictably distribute provincial funds using an equitable formula.

2. Link funding to asset management plans to encourage strategic planning and economic development.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

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[6] *Working Paper: Infrastructure Table; Provincial-Municipal Fiscal and Service Delivery Review*, Association of Municipalities of Ontario, June 2008.

Be cost-neutral to the government

OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION
The OCC Policy Committee suggested minor content revisions. The authoring chamber has accepted these suggestions and incorporated them into the resolution.

6. Modernizing the Connecting Links Funding Program - Authored by the Sault Ste. Marie Chamber of Commerce and the Timmins Chamber of Commerce, Co-sponsored by the Greater Sudbury Chamber of Commerce and the Thunder Bay Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

- ☐ Infrastructure

Issue:

Municipalities struggle to adequately address the true cost of maintaining portions of provincial highways that have been downloaded by the Government of Ontario, particularly in light of chronic underfunding or outright cancellation of provincial partnership programs.

Current Situation (Why the issue matters)

Already facing numerous infrastructure funding challenges, the 77 municipalities to which the Province has downloaded the responsibility of maintaining 350 kilometres of Connecting Links – portions of provincial highways traveling through municipalities – are under particular financial duress.

The Province has long recognized its responsibility for assisting in that maintenance through the Connecting Link funding program, which provided an annual $15 million to cover up to 90% of project costs until 2013; however, communities still face considerable struggles to address these additional responsibilities. For example, the City of Timmins faces an estimated $100 million of repairs over 10 years for its 24 kilometres of Connecting Link. Moreover, municipalities cannot use capital funding from any other provincial program for projects funded under the Connecting Links program.

These challenges became pronounced in 2013, when the Province cancelled the Connecting Link program, urging communities to turn to the Municipal Infrastructure Investment Initiative (MIII). With less than $100 million, MIII was open to 350 municipalities for a broad range of projects, leaving many Connecting Link projects without funding as a result of competition. While the Province recognized this and reinstated the program in 2015 – and in Feb. 2016 committed to raise it to $30 million by 2018 – the loss of $30 million in funding over two years forced communities to defer much-needed maintenance, adding to already substantial costs. This includes the City of Sault Ste. Marie, whose roads budget took a “significant hit” of $3 million in that time.

RECOMMENDATIONS:

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

1. Provide a one-time, $30-million enhancement of the Connecting Links fund as a transitional measure to assist affected communities in addressing the two-year gap in which the program was discontinued;

2. Work with the federal government to determine joint opportunities to improve funding for the Connecting Links program; and

3. In conjunction with the affected communities, develop a strategy to annually revise the Connecting Link funding envelope and criteria to more accurately reflect the development of high-priority projects as they arise.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

Entail a medium cost to government (between $10M and $200M)

THE OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION.

COMPETITIVENESS

1. Restoring Ontario's Research Competitiveness with the SR&ED, ORDTC, and OITC Credits - Authored by the Belleville Chamber of Commerce, Greater Niagara Chamber of Commerce, and Quinte West Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

☐ Competitiveness

Issue:

In a global economy where technology and innovation are increasingly important, Canada trails most of its peer countries in innovation and research. The Government of Canada should act quickly to address this, particularly by restoring the Scientific Research and Experimental Development (SR&ED) tax credit.

Background:

At the World Economic Forum, the Prime Minister stated that the world should not know Canada for its resources, but for its resourcefulness.[7] To be resourceful is to develop new solutions to both new and old problems – to innovate and to research. If Canada is to be successful in reinventing itself along these lines, it will need to be a world leader in research and development.

Unfortunately, Canada is far from a world leader. The World Economic Forum ranks Canada as 22nd in capacity for innovation, 22nd in technological readiness, and 27th in company spending on research and development (R&D).[8] Canada's R&D spending as a percentage of GDP has been declining for over a decade and is now 1.69%, compared to the OECD average of 2.4%.[9] Business spending on R&D is near the bottom of all OECD countries.[10]

Canada is the only developed country in the world with an intellectual property deficit. We spend more importing technology from other countries than we earn selling technology abroad. This gap costs $4.5 billion a year.[11]

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[7] CBC News, Trudeau touts Canada's diversity and resourcefulness in Davos (http://www.cbc.ca/news/politics/trudeau-davos-future-look-economy-harper-1.3412182)
[8] KPMG, *Canadian Manufacturing Outlook 2014: Leveraging Opportunities, Embracing Growth*, 2014.
[9] OECD, *Science, Technology and Industry Scoreboard 2015*.
[10] Ibid.
[11] Standing Committee on Industry, Science and Technology, *The Canadian Intellectual Property Regime – Dissenting Opinion of the New Democratic Party*

The Government of Ontario's 2016 budget cut the Ontario Research and Development Tax Credit (ORDTC) from 4.5% to 3.5%, and the Ontario Innovation Tax Credit (OITC) from 10% to 8%.[12] When Canadian research and innovation are falling behind, cutting the programs that encourage and nurture private sector R&D can only exacerbate the problem.

The Government of Ontario has chosen to offset the cuts in the ORDTC and OITC with a $7-million-per-year, five-year investment towards establishing the Advanced Manufacturing Consortium, a $6.6-million-per-year, three-year college partnership for innovation, and a $10-million-per-year, five-year investment in the Perimeter Institute.[13] Reducing non-specific investment in the private sector in favour of these targeted initiatives makes Ontario less open to the sort of innovative approaches found in the market and which tend to be unpredictable (e.g. the explosive growth of sharing economy firms, which was not successfully predicted by any government).

The Government of Canada's decision to cut the SR&ED tax credit from 20% to 15% in 2014 must be also reversed.[14] The SR&ED program is the Federal Government's main R&D investment vehicle, and restoring it is a necessary step in restoring Canadian competitiveness in innovation.

Recommendations:

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

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

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

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

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

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

Entail a large cost to government (higher than $200M)

[12] Government of Ontario, *2016 Ontario Budget – Chapter V* (http://www.fin.gov.on.ca/en/budget/ontariobudgets/2016/ch5a.html)
[13] Ibid.
[14] Government of Canada, *Budget 2012 – Scientific Research and Experimental Development (SR&ED) program* (http://www.cra-arc.gc.ca/gncy/bdgt/2012/qa04-eng.html)

Although the size of the SR&ED program was approximately $3.4 billion in 2013, the program also indirectly generated significant tax revenues from technology firms. The government could also reallocate $537 million per year in "direct" innovation spending which has been criticized for being unavailable to large firms.

The Government of Ontario can also reclaim $105 million by cancelling the specific investments made in Budget 2016 (outlined above) that can be re-invested in the ORDTC and OITC.

OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION
The OCC Policy Committee suggested minor content revisions. The authoring chamber has accepted these suggestions and incorporated them into the resolution.

2. Improving the Process for Establishing Regulations that Impact Business - Authored by the Burlington Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

- ❑ Competitiveness

Issue:

New and existing regulations invoked by the Ontario Government that affect business can unintentionally place businesses in jeopardy of survival. This could arise due to failing to consult and consider the implications of a regulation to the operation of a business, it could arise due to conflicting regulations with no clarity on which regulation supersedes, or it could arise from costs being in excess of social or economic benefits to be gained.

Background:

There have been instances where poorly developed laws and regulations have meant considerable expense to businesses.

A recent example involves a restaurant caught in the middle of two provincial commissions – Ontario Human Rights and the Ontario Alcohol and Gaming. Ontario Human Rights has determined that a patron has the right to smoke 'medical marijuana' at the doors of the restaurant while Ontario Alcohol and Gaming will revoke the restaurant's license if alcohol is served to an individual known to have used a controlled substance.

In this particular case the restaurant owner incurred thousands of dollars in legal fees in trying to determine what avenues were available to him in the near impossible task of meeting the conflicting requirements of the Commissions. The goal of the business was to prevent the smoking of a controlled substance within the immediate outdoor space of the restaurant while abiding by the alcohol serving rules. Additionally the taxpayers have to fund the Ontario Rights Commission and the Alcohol & Gaming Commission in them defending their respective regulations while neither have an obligation to assist in finding a solution.

In a situation like this, the cost will fall on the business to try to resolve such a situation. The real shortcoming is in the process for development of legislation.

Recommendations:

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

1. Move to a regulatory model whereby all proposed legislation and regulations must be supported by a cost-benefit analysis and an analysis on the impact on business.

2. Move to a regulatory model whereby all legislation and regulations must be reviewed for their degree of conflict and integration with existing legislation.

3. Work with the federal government to adopt a standard of regulatory harmonization between the two levels of government.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

Entail a small cost to government (less than $10M)

NOTE: This is a sunsetting resolution.

THE OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION.

3. Access to Development Charge Information for Ontario - Authored by the Centre Wellington Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

- ☐ Competitiveness

Issue:

There is no way for online access to Development Charges from communities across Ontario.

Background:

Development charges are fees collected from developers at the time a building permit is issued.

The fees help pay for the cost of infrastructure required to provide municipal services to new development, such as roads, transit, water and sewer infrastructure, community centres and fire and police facilities.

Most municipalities in Ontario use development charges to ensure that the cost of providing infrastructure to service new development is not borne by existing residents and businesses in the form of higher property taxes.

All municipalities establish and make available Development Charge information at a local level. When considering changes to these rates, most municipalities look to surrounding communities and those of similar size in the province. While it is prudent to make these comparisons, obtaining this information is laborious and time consuming.

If this information could be entered into a searchable document online, it would provide a foundation of evidence upon which municipalities can make informed decisions, and would allow for a more comprehensive third party examination of local economic competiveness across the province. The exact data required should include community name, size of community, date of revision, various categories for development charge items, and website or contact information.

Recommendations:

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

1. Collate cross-province Development Charge information and make this information available to the public in an accessible format.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

Entail a small cost to government (less than $10M)

THE OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION.

4. Expanding Ontario's Export Capacity by Harmonizing Agri-Food Cross-Border Trade Regulations - Authored by the Guelph Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

☐ Competitiveness

Issue:

The ability for Ontario's agri-food industry to swiftly and efficiently deliver their product to cross-border markets is hampered by cross-border trade inefficiencies.

Background:

Ontario-U.S. trade is valued at approximately $180 billion annually. In 2012, Canada-US agri-food trade exceeded $44B. In 2015 Ontario-US agri-food trade exceeded $10B. Canada-US agri-food trade involves a wide range of fresh, processed and frozen foods, beverages, floral and nursery products, pre-packaged consumer foods/beverages and bulk shipments of grains, oilseeds, food oils among other products. There are differences in legislation, regulatory authority, coverage, standards, measurements and in the handling of real and perceived risks of agri-food product trade to the other nation's domestic food safety, environmental security and responsiveness to its own public. It is clear that some of these different regulatory challenges can and do limit smooth cross border movement however, the Canada/US agri-food trade is Canada's largest bilateral relationship.

For Canada/US cross border trade, it is critical that the scarce public and private resources focus increasingly on those product shipments not in line with border measures. This should, in turn, result in allowing greater amounts of trade-including agri-food trade, to flow more easily. These day-to-day operational challenges tend not to be reflected in trade policy analyses, but they do affect overall product movements between the two countries, and ultimately the competitiveness of those traded products.

On February 4, 2011 the Canada-United States Regulatory Cooperation Council (RCC) was created to facilitate closer cooperation between Canada and the USA with the objective to develop more effective approaches to regulation in order to enhance economic strength and competitiveness of both countries. As an exporting nation, Canadian businesses are dependent on smooth, fast and free trade. The RCC is an essential program for identifying impediments to trade across numerous sectors. Canadian businesses are sure to see tremendous benefit when RCC recommendations are implemented. Both Prime Minister Justin Trudeau and President Barack Obama have committed to a strong U.S. – Canada working relationship.

Currently, there are 10 inspection centers conducting food product re-inspection at the U.S. border. These privately owned businesses charge exporters large fees to conduct a second inspection of the food product, rendering one of the inspections redundant. This lengthy process costs exporters both time and money, increasing compliance cost for Ontario's agri-food industry. By harmonizing inspection protocol with the U.S. these redundant border inspections can be eliminated.

Recommendations:

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

1. Urge the federal government to recommit to the principles of the Canada-United States Regulatory Cooperation Council (RCC) in its initiative to harmonize regulatory requirements and practices on agri-food products between Canada and the United States of America with a specific focus of eliminating the re-inspection of agri-food.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

Be cost-neutral to the government.

OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION
The OCC Policy Committee suggested minor content revisions. The authoring chamber has accepted these suggestions and incorporated them into the resolution.

5. Mitigating the Risks of Cap and Trade on Business - Authored by the Halton Hills Chamber of Commerce, Greater Sudbury Chamber of Commerce, and Windsor-Essex Regional Chamber of Commerce; Co-sponsored by the Greater Kitchener Waterloo Chamber of Commerce, North Bay & District Chamber of Commerce, Sault Ste. Marie Chamber of Commerce, Tillsonburg District Chamber of Commerce, and Timmins Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

- ❑ Competitiveness

Issue:

The province is moving forward with a cap-and-trade system for Ontario. A proposed cap and trade must be designed in a way that reduces greenhouse gas emissions (GHGs) but that does not unfairly hurt or penalize Ontario businesses in the process, particularly in the face of growing regulatory and cost burdens.

Background:

In April 2015, the Government of Ontario announced that it will implement a cap and trade system as part of its overall strategy to address climate change. This approach will enable the government to set a limit on the total level of greenhouse gas emissions (GHGs) produced by entities covered by the cap and trade system. Further, these entities will be able to purchase and trade the ability to emit GHGs. The provincial government has set GHG emissions targets of 15% below 1990 levels in 2020 and 80% by 2050.

On November 16, 2015 the province released its Cap and Trade Program Design Options paper, setting out both its program design proposal and the options under consideration for a provincial cap and trade program. The Ontario Chamber of Commerce has responded with recommendations to government regarding design options and outlining outstanding questions about a cap and trade system.

Ontario has made strides in reducing the carbon footprint of electricity by ending coal-fired generation in 2014. Additionally, the province’s emissions have fallen by 20 percent since 2005. The business community supports further efforts to reduce Greenhouse Gas Emissions (GHGs) and to fight climate change in the province. Industry is however concerned about the potential impact a cap and trade system will have on Ontario businesses in the face of increasing regulatory and costs burdens. A cap and trade system has the ability to greatly impact the competitiveness of Ontario businesses if not designed properly.

In order to mitigate the risk of a cap and trade system on industry, three important elements should be considered 1) getting the timing right; 2) considering the potential impact on electricity prices; 3) re-investing revenues collected to support Ontario industries.

Taking the time necessary to consult and develop a system that is responsive to local conditions is essential. The government has proposed that the program would begin on January 1, 2017, with the first emissions allowance auction to be held in March 2017. Ontario is attempting to develop a cap and trade legislation in 12 months while other jurisdictions such as Quebec and California took several years to develop their systems. Industry is concerned about this compressed timeframe. This short timeframe and quickly approaching start date is particularly worrisome for those industry players currently impacted by the downturn in commodities and volatility in global markets. These industries are vulnerable to the added cost a cap and trade could impose at this time. The current economic climate as well as the numerous other regulations that employers face should be factored into decisions on timing and the design of the cap and trade system in Ontario. Additionally there are outstanding questions and issues that need to be addressed before implementation can occur. Initiating the cap and trade system in 2018 rather than 2017 with a three year compliance period that aligns with that of California and Quebec is a more appropriate timeframe that would allow businesses adequate time to prepare for the system and to ensure stakeholder readiness at all levels. An extended timeframe would also provide additional time for training and outreach programs to be directed towards businesses prior to the implementation date to assist them with the transition into the cap and trade system.

In addition to timing, industry is also concerned with the potential impact a cap and trade system can have on electricity costs due to potential flow through costs of a carbon tax. Electricity costs are one of the top barriers to competitiveness faced by Ontario businesses. Over the next five years, industrial customers' bills are expected to increase by 13 percent, while rates for households and small businesses are predicted to rise by 25 percent (IESO 2014). To maximize the proportion of emissions that is covered by cap and trade, Ontario is proposing to include electricity generation and fuel distribution, as well as industrial facilities that exceed the emissions threshold. The impact of the carbon price will therefore be felt by smaller emitters and consumers through an increase in the cost of inputs, namely electricity and fossil fuels. Businesses are particularly concerned about the cumulative effect of these pass-through costs on their supply chains. By increasing the costs of production, the rising costs of inputs as a result of a carbon price could make Ontario-based suppliers less attractive to their existing customers. If these customers decide to source their supplies elsewhere, then Ontario's supply base suffers.

Being that there will be a component of electricity generation covered by cap and trade, businesses are concerned that the cap and trade system will further contribute to rising electricity prices. The government needs to factor in the potential impact to electricity prices in its decision making and consider how other policies to reduce GHGs such as nuclear refurbishment might also impact the price of electricity in the coming years. It is essential that the province carefully analyze the interaction of all these policies and ensure the cap and trade system is aligned with other programs intended to reduce GHGs. The chamber network also recommends phasing in emissions from electricity at the end of the first compliance period to ensure industry has time to adapt to the financial implications of pricing carbon.

Lastly, the revenue generated from a cap and trade system should be recycled back into the business community to facilitate industry's transition to a low carbon economy. For example, re-investing revenues in effective programs and policies that help businesses adopt new and innovative technologies to curb their emissions will enable Ontario businesses to better compete. The government should introduce incentives alongside a cap and trade system to accelerate the adaption and commercialization of more productive and less emission intensive technologies.

Taking a proactive approach to mitigate potential risks to business is essential to creating a responsible cap and trade policy that reduces GHGs but still enables business to compete in an increasingly complex regulatory environment. The government should also take further steps to create mechanisms to reward and recognize industry players that have invested in environmental sustainability and that have already reduced GHGs significantly.

Recommendations:

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

1. Initiate the cap and trade system in 2018 rather than 2017 to provide industry adequate time to prepare and to allow the province to address the business community's outstanding concerns.

2. Conduct and publicly release an economic impact analysis of the incoming cap and trade system for Ontario, including the potential cumulative impact that cap and trade and other GHG-reduction policies will have on the price of electricity.

3. Reduce competitiveness impacts of the cap and trade system by distributing free allowances to those sectors that are most exposed to a carbon price, and to develop a set of objective and transparent criteria to do so.

4. Direct cap and trade revenue towards efforts that directly facilitate businesses' transition to a lower carbon economy, such as investments in low-carbon processes, technology, and other capital. It is important that the allocation of the revenue be

objective and transparent. To increase transparency, the government should consider creating or retaining an arms-length third party organization to administer this revenue.

5. Take action to reduce GHG emissions from all major sources of emissions in the province so that businesses do not bear a disproportionate burden in achieving emissions reductions. These actions should reflect the relative contributions of different sectors to Ontario's total GHG output.

6. Recognize and reward companies that have taken early, substantial action to reduce GHGs.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

Cost-neutral to the government

OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION

6. Keep Ontario Competitive by Taking a Measured Approach to Changes to Ontario's Labour Laws - Authored by the Halton Hills Chamber of Commerce, Co-Sponsored by the Brampton Board of Trade

Please select which category from the OCC economic vision best represents your issue:

- ☐ Competitiveness

Issue:

Major changes to the Labour Relations Act (LRA) and the Employment Standards Act (ESA) could weaken Ontario's economy and put its businesses at a competitive disadvantage. Government must balance the interests of workers and employers as it seeks to update the province's labour laws.

Background:

The Government of Ontario is undertaking a comprehensive review of the Labour Relations Act (LRA) and the Employment Standards Act (ESA), through its Changing Workplaces Review.

Several labour groups have proposed significant amendments to these Acts, many of which have caused considerable concern in the employer community:

A) **Reform the LRA to allow workers to unionize by simply signing a union card, thereby eliminating the secret ballot vote.** The secret vote is an essential component of the union certification process. It provides workers with the opportunity to make decisions free of interference and external pressures.

B) **Create a streamlined ESA that ensures a common standard for all workers in Ontario by eliminating the Act's Greater Contractual or Statutory Right provision.** In a global talent economy, employers need to have the flexibility to provide greater benefits than are provided by the ESA in order to attract top talent. By limiting employers' abilities to do so may inhibit Ontario employers from attracting and retaining top talent within the province, resulting in "brain drain".

C) **Eliminate all exemptions in the ESA.** Abolishing sector exemptions would mark a significant change from Ontario's long-standing approach to Employment Standards legislation, which takes into account sectoral differences in the organization of work and its cost. For example, exemptions in agricultural sub-sectors (including hours of work) recognize the unique nature of agricultural production, which is characterized by its dependence on external factors including weather and the perishable nature of agricultural products.

D) **Amend the ESA to require employers to post work schedules two weeks in advance.** As it stands, the Employment Standards Act does not include any explicit provisions on scheduling. This allows businesses in the manufacturing sector, for example, to adjust production in order to meet demand, without being penalized. It also allows any industry where hours are tied to customer schedules and demands such as in the business services industry to have the flexibility to meet those customer demands. Any legislated requirement that limits this flexibility will hurt Ontario's competitiveness.

E) **Through the ESA, implement a system of "reverse onus on employee status", where a worker must be presumed to be an employee unless the employer demonstrates otherwise**. The implications of the introduction of a reverse onus classification system—or an employment framework that creates hurdles to contract employment—are substantial. Contracting is a fundamental part of many employers' business models. Employers frequently rely on third parties to provide services in areas including logistics, janitorial services, security, sanitation and waste, among others. Any explicit provisions in the ESA that would force businesses to change the nature of their relationships with their contract employees would raise the cost of doing business in Ontario. This would have an especially detrimental impact on businesses in the manufacturing sector, who operate in a supply chain that uses a mix of permanent and contract employees. It is the many small- and medium-sized businesses within that supply chain that would bear the brunt of such changes.

The contribution of independent contractors and the staffing agencies that act as their intermediaries to businesses to the Ontario and Canadian economies cannot be underestimated. The knowledge worker sector has a large component of contractors. This is because their skills are in demand. As a matter of fact, the independent contractors have no desire to work as employees of those companies. The demand for their skills creates premium rates and they wish to have the ability to take advantage of this business reality. The reason for the premium is that these skills are those that create systems that make business more efficient, grow sales and even build new markets, usually on a project basis. However, the projects that involve these systems are not activities that are long term so taking on permanent staff is not a good business decision. When the project is complete, the independent contractor moves on to a new assignment. The companies have compensated the contractor for the short term nature of the work through the rate premium thus benefitting the worker and created a cost saving to the companies. Forcing companies to take people on in an employee model means knowledge talent will go elsewhere, a clear cut issue with a recovering economy in the US.

Recommendations:

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

1. Ensure transparency in the union certification process. Maintain the Labour Relations Act requirement for a secret ballot when attempting to certify or decertify a union.

2. Allow Ontario employers flexibility to provide greater benefits than are provided by the Employment Standards Act in order to attract and retain top talent. Maintain the Greater Contractual or Statutory Right provision in the Employment Standards Act.

3. Continue to take into account sectoral differences in the organization of work and its cost. Maintain Employment Standards Act sector and sub-sector exemptions.

4. Recognize different sectors' abilities to foresee future capacity requirements. Do not amend the Employment Standards Act to include specific provisions around employers' scheduling obligations.

5. Do not establish, through the Employment Standards Act, a reverse onus on employee status, where a worker is presumed to be an employee unless the employer demonstrates otherwise.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

Cost-neutral to the government

THE OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION.

7. Support Ontario's Steel Industry and its Supply Chain Clusters - Authored by the Hamilton Chamber of Commerce and the Sault Ste. Marie Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

- ☐ Competitiveness

Issue:

The Ontario steel industry, includes steel producers as well as manufacturing industries within its value chain and geographical clusters and has long been a cornerstone of the provincial economy. Recently, a combination of regulatory burdens, instability of the global market economy and foreign competition from industries benefitting from unfair economic advantages has led to a sharp decline in their ability to compete globally.

The Ontario government needs to focus public policy and investment efforts towards supporting this important industry, clusters and the innovation it creates.

Background:

Steel is a versatile material whose local production is essential to supporting local industries, consumer products, building and maintenance of our transportation and physical infrastructure. It is also a major component of the evolution towards sustainable energy planning in Ontario through its utilization in the construction of traditional and renewable energy systems.

The rise of the steel industry was integral part of Canada's development as a world-class economy in the 20th century. From Algoma in Sault Ste Marie to Dofasco and Stelco in Hamilton, Ontario firms especially distinguished themselves as centers of excellence and advancement in new varieties of steel. According to a study by Informetrica[15], the steel industry has a multiplier of approximately 3.3:1; that is, there are 3.3 jobs outside of the steel industry for every direct job within the industry, other approaches suggest that the multiplier may be larger; In the auto industry, a recent projection for the Ontario Manufacturing Council by Spatial Economics has estimated a multiplier of seven or more[16].

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

Given their successes (by the 1980's, Canada was seen as having the second most successful steel industry after Japan) most Ontario firms were inevitably bought out by foreign firms looking to capitalize on their knowledge and operational assets and geographic proximity to American manufacturing hubs.

Foreign mergers and other market challenges have led to the once prosperous steelmakers to experience serious crisis. Essar Steel Algoma is currently operating under the Companies' Creditors Arrangement Act putting 2700 direct jobs at risk, while Stelco, after its sale in 2007 to US Steel, entered creditor protection in 2014, with over 7000 local of pensioners left owed pension funds and millions in creditor backlog[17]. Many related SME companies and suppliers have downsized or gone out of businesses across Ontario due to the challenges experienced by this industry.

According to the Canadian Steel Producers Association[18], Canada has the most open steel market in the world, placing domestic producers in fierce competition in domestic and export markets. Steel producers by principle agree to compete against imports on a fair commercial basis but are in global competition against foreign government subsidies, state-owned enterprises, and other forms of support that run counter to the trade rules. Market conditions are jeopardized by an ongoing violations of WTO practices, the ineffectiveness of trade remedy laws and lack of full reciprocation within trade treaties.

While the majority of media coverage has focused on the decline of the industry, foreign competition and oversupply in the existing market, experts remain optimistic that fundamental forces, which if harnessed, will continue to support the prosperity and global demand for Ontario steel.

While challenges related to international markets remain a federal issue, the province can still play a critical role in:

1. Supporting investments for organizations to invest in new technologies under various funding envelopes;

2. Working with the federal government to negotiate more equitable trade regimes and adjudications processes;

3. Incentivizing the development of a skilled workforce equipped to participate in the transition towards advanced manufacturing;

4. Easing goods movement infrastructure bottlenecks, especially near trading hubs;

[17] City of Hamilton. U.S. STEEL CANADA Economic Impact Study. 2015. http://www.thespec.com/newsstory/5278638-hamilton-would-take-50-million-annual-hit-if-u-s-steel-canada-fails-report/
[18] Canadian Steel Producers Association. Public Policy Agenda. 2014. http://canadiansteel.ca/newsmedia/supporting-documentation/

5. Incentivizing the development and participation of steel industry clusters and value chains.

Recommendations:

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

1. Taking inspiration from the European Steel Technology Platform and "Framework for American Manufacturing" by the United States, work with the federal government to develop a coordinated steel manufacturing strategy that especially prioritizes investment in trade-enabling infrastructure near major clusters.

2. Explore the legislated and voluntary expansion of procurement tools to include fair and preferential treatment for Canadian steel products where the exported alternative doesn't meet or exceed Canadian and provincial environmental, health and safety regulations and does not allow similar, fair and equal access to their markets for the same product.

3. Given their role as suppliers of high-performance material in the manufacturing supply chain and in flowing down R&D improvements[19], prioritize allocation of cap and trade revenue to help energy-intensive businesses like steel industry to invest in low-carbon processes, technology and innovation and other capital investments.

4. Given that steel manufacturing is one of Ontario's trade-exposed industrial facilities, maintain and evaluate expanding the free allowance coverage under cap and trade as well as additional concessions for fixed process emissions within such industries.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

Entail a medium cost to government (between $10M and $200M)

THE OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION.

[19] Birnbaum, Cohen, Harris and Warrian (2009) Ontario Manufacturing, Supply Chains and Knowledge Networks: A Report to the Toronto Regional Research Alliance (TRRA), Toronto: TRRA October 2009

8. Regulating the Sharing Economy for a Competitive Ontario - Authored by the London Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

☐ Competitiveness

Issue:

Technology is leading to innovations that are disruptive to the status quo and the sharing economy is one area where the evolution in the marketplace is moving at an exponential pace. Our province's economy has been stagnant for some time and many Ontarians are naturally looking for ways to boost their incomes. One such method that has become popular in recent years is participating in the sharing economy.

By working with the sharing economy providers, rather than against them, our province can become a leader in this sector, grow our economy and help Ontarians grow their incomes thereby increasing the provincial tax base. We must change outdated structures and legislation to make the most out of these opportunities while maintaining the safety of the public.

Background:

The past several years have witnessed the rise of new models of consuming and accessing goods and services, often referred to as the "sharing economy".

Fueled by companies such as Uber, Autoshare, and Airbnb, the sharing economy enables individuals to obtain rides, accommodations, and a wide range of other goods and services via online platforms in exchange for monetary and non-monetary benefits.

The sharing economy has had—and is expected to continue to have—a significant economic impact at the global level. PwC estimates the global revenue from sharing economy companies in 2015 will be $15 billion, with the sector expected to reach global revenues of $335 billion by 2025 (2014). Sharing companies bring significant economic, environmental, and community benefits, including better use of existing resources. In 2013, Forbes estimated that the revenue flowing through the sharing economy directly into peoples' wallets surpassed $3.5 billion (Geron 2013). The evolution of the sharing economy presents a number of opportunities and challenges for governments.

Some of those challenges are exacerbated by the threat, whether real or perceived, that sharing poses to established operators. This threat has created tension between established operators and new market entrants—with government often caught in the middle. While some jurisdictions are beginning to harness its economic potential and tap into its benefits, others have banned companies operating in the space outright. No jurisdiction has landed on a comprehensive approach. Ontario is no exception.

It is paramount that we encourage innovation and the opportunity for entrepreneurship without compromising public safety. Ontario has the potential to be a leader and leverage these types of technologies to support current and future entrepreneurs while at the same time providing a reasonable offset compensation during any transition period.

Recommendations:

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

1. Produce regulatory criteria for sharing economy entities in the business of transportation so that the public is protected while not being too burdensome that the provisions limit the provider and the consumer from creating adequate value. It being noted that criteria in other jurisdictions should be considered so as not to create an uncompetitive environment with other markets.

2. Modernize legislation to address the unique nature of the sharing economy. This new legislation should focus on specific areas in which the sharing economy is already thriving such as lodging, and transportation while remaining flexible to address the sharing of other personal property or services as new platforms arise.

3. Make provisions to ensure existing businesses are not unduly harmed by the sharing economy. Opening a closed market penalizes entrepreneurs who sought to build a business within the confines of the legislation at a given time.

4. Implement a fair tax system within the sharing economy. The creation of internet based solutions that coordinate services locally without a physical local presence reduces municipal tax revenues as a result of both reporting deficiencies and the absence of a local tax base for the coordinating entity. A system must therefore be devised by which fair portion of local taxes to be collected from platform administrators.

Estimated Financial Impact to the Province:

Given the current economic climate, solutions to create a smarter, more fiscally sustainable government are a priority.

- Create a cost-savings for the government

  Or

- Be cost-neutral to the government

OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION

9. Positioning Ontario to be a Global Leader in Smart City Development - Authored by the London Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

☐ Competitiveness

Issue:

Ontario cities are in a race with other cities throughout the world to become “Smart Cities”.

A Smart City can be defined as a city that uses new forms of information and communication technology (ICT) to tackle challenges such as traffic congestion, fighting crime, providing social services, fostering economic growth, and improving the delivery of city services.

The diminishing cost of IT infrastructure has created the potential for an “Internet of Things” – a ubiquitous network of connected devices, smart sensors, and big data analytics. The ability to collect instantaneous feedback through smart devices allows for the creation of Living Labs, which can give members of the community direct input concerning municipal services and assist in continued research for the development of even more efficient and effective uses of technology.

Background:

While Smart Cities are a relatively new phenomenon, they are predicted to soon become the norm. Already, the White House administration in the United States has committed to an investment in Smart Cities Initiatives of over $160 million in federal research.[20]

A study commissioned by the UK government estimated that the commercial value of Smart City solutions and services could reach more than $408 billion per year by 2020 and estimates by analyst firm Frost and Sullivan put the combined market potential for energy, transportation, healthcare, building infrastructure and governance at $1.5 trillion globally.[21]

In order to stay competitive, attract business and encourage entrepreneurship, Ontario cities must employ Smart City strategies such as implementing ICT infrastructure and business intelligence tools.

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[20] https://www.whitehouse.gov/the-press-office/2015/09/14/fact-sheet-administration-announces-new-smart-cities-initiative-help

[21] http://www.probrand.co.uk/news-and-media/press-releases/Realising-the-benefits-of-smart-cities-sooner.aspx

This must be done with the understanding that Smart Cities are developing organisms consisting of numerous small projects rather than out of a single monolithic program. Research centres, P3s, and similar initiatives will play a major role as governments cannot do it alone.

It should also be noted that since all modern cities are moving toward this, it's the early adopters who stand the most to gain. Effective marketing therefore, will be a key component of reaping the rewards of such initiatives.

Recommendations:

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

1. Commit to funding and/or tax incentives to assist Ontario municipalities engaged in Smart City initiatives which have already been proven to enhance competitiveness and improve quality of life. Emphasis should be placed on incentives involving P3s.
2. Identify qualified cities/neighbourhoods within Ontario which the government can support in the creation of research/testing environments. This may include testbeds for "Internet of Things" IoT applications, Living Labs, and multi-sector collaborative models.
3. Once the Government of Ontario has programs underway to facilitate the creation of Smart Cities, it must then leverage its position to attract new business and investment by marketing Ontario globally as Canada's first "Smart Province."

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

Entail a medium cost to government (between $10M and $200M)

OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION

10. Investing in Tourism Promotion - Authored by the Greater Niagara Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

- ☐ Competitiveness

Issue:

Tourism is a hugely important sector for Canada and Ontario. However, the number of visitors is declining and Canada's place in the world as a tourist destination is slipping. The Ontario government should work with the federal government to reverse this trend.

Background:

Tourism contributes almost $85 billion to the Canadian economy every year, accounting for 4.5% of national GDP, over 600,000 jobs, and $22.7 billion in tax revenue.[22] In Ontario, every $1 million spent by visitors creates 14 jobs and generates $553,400 in wages and salaries for Ontarians.[23] However, despite this importance, Canada has declined from the 8th most visited country in the world in 2002 to 17th in 2013, and the number of visitors has declined from 19.6 million to 16.3 million in the same time period – almost 20%.[24]

Some of this is due to factors beyond our control, such as the thickening of international borders in the post-9/11 era, or the global economic downturn. Some, however, is due to decreased marketing for Canadian tourism. Over the past decade, the core funding for the Canadian Tourism Commission has been slashed by almost 50%, from $100 million in 2001 to only $58 million in 2013/2014.[25]

With tourist markets in countries such as Mexico, Brazil, India, and China (including Hong Kong) growing rapidly, it is imperative that full funding for promoting Canadian tourism be restored since Canada must work to build its brand in these emerging markets. That requires investment in marketing.

Recommendations:

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

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[22] Canadian Chamber of Commerce, *Top 10 Barriers to Competitiveness 2015* (http://bit.ly/1mVFhfY)
[23] The Ontario Competitiveness Study, Discovering Ontario – A Report on the Future of Tourism, 2009 (http://www.mtc.gov.on.ca/en/publications/Discover_ Ontario_en.pdf).
[24] Tourism Industry Association of Canada, 2013 Annual Report.
[25] Canadian Tourism Commission, 2013 Annual Report.

1. Work with the federal government to ensure funding is restored to the Canadian Tourism Commission, for the purposes of marketing, to at least $100 million per year.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

- Cost-neutral

This recommendation would have no direct cost for the Government of Ontario. The impact to the Government of Canada would be approximately $42 million. However, this is offset by the fact that each tourist generates approximately $1,400 in tax revenue at all levels (directly and indirectly), and increased tourist volume is likely to make this cost-neutral or revenue-generating.

OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION

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

Please select which category from the OCC economic vision best represents your issue:

☐ Competitiveness

Issue:

Farming entails many risks, most of which Ontario farmers can and do manage quite successfully. However, in order to remain sustainable, competitive and rise to meet the Premier's Agri-Food Challenge[26], government support is essential in some key areas, most notably helping producers manage risks that are beyond their control, such as fluctuating costs and market prices.

Background:

Ontario has over 5 million hectares of farmland, including over half of Canada's Class 1 soils[27]. The gross value of farm production, food processing and manufacturing in Ontario is estimated to be $53.7 billion[28], and an OMAFRA study further estimates that total sales revenues from Ontario agriculture in primary, processing and retail activity accounted for $158.6 billion in 2011.

The Risk Management Program (RMP) was announced in the 2011 Ontario budget and is among the suite of business risk management (BRM) programs available to farmers in the Province of Ontario. It responds to the well identified need for producers to manage the risks associated with the volatility of market prices for agricultural commodities. In a 2015 report commissioned by the Ontario Agricultural Sustainability Coalition[29], 62% of respondents suggested that without RMP they would not be able to maintain current on-farm employment and 36% of producers suggested that without RMP they may have downsized their operation or left the industry[30]. With respect to how RMP might support new farmers, 72% of respondents indicated that RMP was very important or extremely important for them when recommending new farmers to begin or to continue farming.

Despite the proven success of the RMP in mitigating the impact of these risks on Ontario farmers, the province capped contributions to the RMP at $100 million per year

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[26] To double annual growth rate and create 120,000 jobs by the year 2020
[27] Farmland Preservation Research Project, "Farmland in Ontario – Are we losing a valuable resource?" (2004)
[28] "Dollars and Sense Report" (2015)
[29] Harry Cummings & Assoc., "Measuring the Economic Impacts of the Ontario Risk Management Program" (2015)
[30] 2011 Census of Agriculture Data, Ontario is losing over 140 hectares of farmland daily

in the 2012 Budget. This cap severely limits the program's capacity to respond to risk, transferring an unmanageable portion of the risk onto individual Ontario farmers[31].

Producers indicate that the business risks they face are increased by the imbalance in financial support provided through supply management and in other jurisdictions. Without access to the RMP, it is reasonable to expect contractions in economic activity and employment. A sensitivity analysis determined that a modest 5% contraction in economic activity and employment of RMP enrolled producers would result in a loss of approximately $780 million in total sales revenue and 3250 jobs from the Ontario economy. A more significant 15% contraction by RMP producers would amount to a loss of over $2 billion in total sales revenues and nearly 10,000 jobs.

In order to ensure the sustainability and encourage growth of Ontario's agricultural sector, the Ontario government must ensure that the RMP is oriented and empowered to meet its stated objectives of predictability, bankability and sustainability to ensure that the full benefits of the program are realized.

The federal and provincial governments share jurisdiction on agriculture. There is an opportunity for the federal government to support Ontario farmers by contributing to the RMP. The Ontario Chamber Network, in conjunction with chamber members that are active in the agri-food sector, will continue to engage the provincial and federal governments as we work to secure the future prosperity of Ontario farmers.

Recommendations:

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

1. Raise the Risk Management cap of $100 million to $175 million over the next three years ($25 million per year increase) to enable more adequate risk management capacity.

2. Continue to work with the federal government to ensure the sustainability of the Risk Management Program (RMP).

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

Recommendation one would entail a medium cost to government ($25 million per year increase, totally a $75 million increase after three years). Recommendation two would be cost-neutral to the provincial government.

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[31] OFA, Submission to the Ontario Standing Committee on Finance and Economic Affairs (February 2016)

THE OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION. While supportive of the resolution, some members of the Policy Committee noted that this resolution would entail a cost for the provincial government at a time when fiscal restraint is needed.

12. Ensure the Trans Pacific Partnership (TPP) Creates an Equitable Trade Environment for Ontario's Auto Sector - Authored by the Oakville Chamber of Commerce, co-sponsored by the Greater Oshawa Chamber of Commerce, the Tillsonburg District Chamber of Commerce, and the Windsor-Essex Regional Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

- ❏ Competitiveness

Issue:

The recently negotiated Trans Pacific Partnership (TPP) creates some serious challenges to the future competitiveness of the Ontario auto sector. Specifically, the agreement creates a misalignment between Canada and the U.S. with respect to the phase-out of automotive tariffs. It also fails to address currency manipulation and it dilutes the automotive content provisions in the North American Free Trade Agreement (NAFTA).

Background:

Ontario's auto industry is a top economic driver in the province, contributing more than $16 billion to the economy and supporting over 100,000 direct manufacturing jobs. Growth in this industry has been fostered by a highly integrated relationship with the U.S and the provisions contained in the North American Free Trade Agreement (NAFTA). Auto trade under this agreement is $100 billion annually, or more than 20 percent of total Canada-U.S. trade.

If ratified by all member countries, the TPP risks jeopardizing this critical trading relationship and will put Canada's auto industry at a serious disadvantage relative to its competitors. This comes at a time when Canada is already struggling to attract new auto investment.

Under a ratified TPP, Canada's phase-out of tariffs on Japanese automotive vehicle imports would be misaligned with that of the U.S. While Canada's 6.1 percent tariff would be eliminated over a five-year period, the auto tariffs in the US will be eliminated after 25 years for cars, and 30 years for trucks. Due to the highly integrated and competitive nature of the North American auto sector, it is essential that both countries be subject to the same provisions.

Also, the content requirements for vehicles and vehicle parts have been reduced from current levels. At present, to be traded duty-free under NAFTA 62.5 percent of the value of that vehicle, and 60% of the value of auto parts, must originate from a member nation. Under the TPP, this requirement would be set at a much lower level of 45 percent of originating content for vehicles, and a range of 35% - 45% for auto parts. In addition, the

TPP includes a larger number nations of 12 countries compared to NAFTA with just 3 countries. For many members of the auto parts manufacturing community in Ontario, these changes present a significant risk to their business by exposing them to competition from low-cost jurisdictions.

The TPP does not contain any enforceable measures to prevent currency manipulation, where a country devalues its currency for the sole purpose of gaining an export advantage. Without such enforcement mechanisms, Canada's competitors could be tempted to devalue their currency to gain an unfair advantage over Canadian produced vehicles, both in Canada and in Canada's export markets around the world.

Canada was the first country to undergo a federal election since the TPP was announced however other TPP countries like the US will undergo a federal election in the coming year which will result in a regime change that could alter their perspective on the TPP.

Recommendations:

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

1. Work with the Federal government to:

   a) develop a targeted and coherent intergovernmental strategy for Ontario's automotive sector that should include both globally competitive investment strategies and a manufacturing-based trade strategy to create meaningful new export markets for Canadian-produced vehicles;

   b) work with the Federal government to identify opportunities to improve terms in the TPP that negatively affect the competitiveness of Ontario's auto sector as the ratification process unfolds; and

   c) Look for opportunities to better align TPP parts Rules of Origin content rules with existing NAFTA content rules.

2. Ensure that Canada's phase-out of tariffs align with those of the U.S.

3. Ontario and Canada should look for opportunities to include strong enforceable currency disciplines to offset the advantages of currency manipulation.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

Cost-neutral to the government

OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION

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

Please select which category from the OCC economic vision best represents your issue:

- ☐ Competitiveness

Issue:

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

Background:

In order to understand the true cost of electricity, Ontario businesses must have all the information as to the cost-drivers behind the price on their bills. This is particularly true for the many medium-sized businesses who are not eligible for the Industrial Conservation Initiative (ICI) and not included under the Regulated Price Plan and time-of–use pricing. The Independent Electricity Service Operator (IESO) is predicting industrial electricity prices will rise 13 percent over the next five years and the cost of electricity service will rise to approximately $20.2 billion by 2018, signaling that a decrease in hydro rates is not expected in the near future.[32]

Companies across the province identify electricity costs as a close second to labour in the list of the hard costs of doing business. The Ontario Chamber of Commerce’s report “Empowering Ontario: Constraining Costs and Staying Competitive in the Electricity Market” notes that 1 in 20 businesses in the province expect to close their doors in the next five years due to rising electricity prices. In addition, 38 percent will see their bottom line shrink, with the cost of electricity delaying or canceling investment in the years to come.[33]

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

Currently hydro bills are broken down between distribution and generation. Included in the distribution cost is the Global Adjustment (GA) which is defined by the Ministry of Energy as the regulatory mechanism that makes up the difference between contracted costs and wholesale revenues. How this cost is passed down to business is also

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[32] OCC Empowering Ontario 2015 pg 5
[33] OCC pre-budget survey, January/February 2014, n=987

problematic as it is a flat rate that is applied to consumption, which fluctuates from month-to-month.[34]

The IESO and the provincial local distribution companies (LDCs) have put a significant amount of time and money into promoting and encouraging businesses to participate in conservation programs, however, saving on the consumption side is only one part of the commodity price. In April of 2015, the average hourly price for electricity was 1.65 cents per kWh, while the GA was 9.56 cents per kWh.[35]

There are many factors that make up the distribution cost from, but not limited to, labour, contracts with local distribution companies, GA, FIT contracts and investment decisions. On the generation side, the IESO currently provides how much energy is generated by nuclear, gas, water, wind and solar, but we do not know for example how the cost of the FIT programs is factored into the price of generating the electricity from those sources.

Along with a lack of clarity in the breakdown of electricity bills, Ontario businesses have yet to see an apples-to-apples jurisdictional comparison of electricity prices from the provincial government. Such a comparison will allow for better understanding of the position of Ontario to its surrounding neighbours and competitors for business investment.

While the recommendations suggested below will not necessarily serve to see an immediate decrease in electricity rates, they will provide a better understanding of the true cost of electricity, which could lead to programs that are better designed to mitigate constant price increases.

Recommendations:

The Ontario Chamber of Commerce recommends that the Ontario government:

1. Make public the full breakdown of the cost-drivers behind electricity distribution and generation and how investment decisions since 2003 have impacted electricity cost.
2. Complete and make public a jurisdictional comparison that can be used to better understand how Ontario stacks up to its neighbours and competitors for business investment.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

Entail a small cost to government (less than $10M)

[34] Ibid
[35] Ibid

OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION

14. Support Commercialization for New Technologies - Authored by the Sarnia Lambton Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

- ☐ Competitiveness

Issue:

The potential for new jobs, through proven new technology is not being achieved in Ontario as gaps continue to exist to fund important final stages of commercialization development.

Background:

The Ontario Innovation Demonstration Fund was a program offered through the Ministry of Research and Innovation that covered 50% of eligible expenses to a maximum of $4 million as forgivable loans, repayable loans or royalty agreements. The program supported pilot scale projects until it was suspended in 2013. No government funding was or has been made available for building demonstration plants - the next stage of commercialization.

The first step in moving from a lab/pilot scale to a demonstration facility is to perform the detailed engineering to develop a commercially viable plant design and the detailed work required to prepare an accurate estimate of the capital cost of the facility. To do this could cost more than $1 million. This level of information is required before the proponent can approach any ‘commercial’ funding bodies (bank, angel investor, larger company, etc.).

The problem that communities face is the repurposing of multi-billion dollar facilities through new technology or process development. Funding for these demonstration plants may or may not be available and is a major deterrent to commercialization. Demonstration level funding should be available for innovative manufacturing processes.

Recommendations:

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

1. Work with the federal government, financial institutions and innovation clusters to develop loan guarantees that fund:

   a) The detailed engineering and cost estimating required to approach funding bodies; and

b) The assistance needed to assemble funding to actually build the demonstration or commercial plant

2. Reintroduce the Ontario Innovation Demonstration and promote it through area economic development offices.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

Be cost-neutral to the government

NOTE: This is a sunsetting resolution.

OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION

15. Supporting Ontario to Become a Leader in Global Mining Innovation - Authored by the Greater Sudbury Chamber of Commerce, Co-Sponsored by the Timmins Chamber of Commerce, the North Bay & District Chamber of Commerce, and the Sault Ste. Marie Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

- ❑ Competitiveness

Issue:

The current commodity downturn is impacting the competitiveness of Ontario's mining sector. Strategic government investments in areas such as mining research and innovation is needed to stimulate this sector in a challenging economic time and to position the province for success when global mining fortunes begin to turn for the better.

Background:

Mining is a competitive advantage for the province. In 2014, mining and quarrying activities generated over $8.3 billion in real GDP in the province. The Ontario Mining Association estimates that each additional $1 billion of mineral production in Ontario contributes $858 million to the province's GDP and creates nearly 4,500 jobs. Ontario's expertise in mineral production, mining supply and services, finance and innovation are in global demand.

With the current commodities downturn however, it is essential that the government take active steps, such as investing in innovation, to ensure the mining sector's continued role as an economic driver in the province. In face of a difficult economic environment, innovation and creative ideas are needed more than ever to reduce costs and increase production. Mining innovation allows for the development of new technologies, products, and business processes necessary for Ontario firms to stay competitive. With mines becoming deeper and more remote, research and innovation is increasingly essential to developing new tools and techniques to address these challenges.

Ontario is home to a number of nation-leading mining research and innovation groups and initiatives, including the Centre for Excellence in Mining Innovation (CEMI), the Mining Innovation Rehabilitation and Applied Research Corporation (MIRARCO), the Northern Centre for Advanced Technology (NORCAT), and important mining programs at postsecondary institutions including those offered at the recently established Goodman School of Mines. The Northern Ontario Mining Supply and Services Association

(SAMSSA) also represents the largest concentration of expertise in mining supply/products and services including innovation.
Despite the importance of research and innovation, Ontario mining firms have been scaling back on investments in these areas in recent years and focusing on core operating priorities due to the difficult economic environment they are facing. Direct government investment is needed to fill this gap. Although we are encouraged by the 2015 Ontario Mineral Development Strategy which includes innovation objectives, we believe specific and measurable action items are needed to bring this vision to reality. Improved funding flows and ratios as well as a broader vision of innovation will both contribute to sustaining mining innovation throughout the downturn and enhancing Ontario's mining innovation expertise on the global stage.

The success of mining innovation is impacted by the time it takes for funding to flow and the government to industry ratio of funding. In some jurisdictions proposals can take over a year to be processed and it can take another year before approved funding begins to flow. The time required impacts the momentum of the project as a whole, available talent and resources, as well as the delay in the potential economic impact and adoption. It also impacts the willingness of management within industry to commit to funds. Most managers and business heads are willing to commit to funds for projects that accrue benefits within their "lifetime" within a particular position, generally between 1-3 years. This incents shorter term thinking, unless the commitments are approved at the highest levels.

Generally, Ontario mining companies and government contribute research and innovation funds on a 1:1 ratio. Matching investments are provided regardless of the type of project. With fewer resources available from industry, this skews investments towards cheaper and lower-risk research projects, and away from the innovation and commercialization projects that are necessary to realize productivity gains in the sector. In order to attract funds and partnership from global mining companies, the Government of Ontario needs to consider adjusting its funding ratios and consider options such as increasing ratios to 4:1 or 5:1 to provide incentives to support larger-scale, longer-term, visionary provincial mining innovation projects given that the projects have a strong business case and a high return on investment. Increasing the relative-government-to-industry ratio for innovation and commercialization projects will incentivize greater industry investment in higher risk projects and boost productivity enhancing activity in Ontario during this downturn in the mining cycle. The chamber network encourages the province to work with the federal government to enhance funding ratios in mining innovation to better leverage private sector funds.

Further, for innovation to work, it must be adopted. Mining innovations need to be demonstrated and implemented as workable beyond the theoretical, but also show commercial viability. The lack of commercialization is one of the reasons why so little of the funding for mining research has impacted mine operations. The majority of funding in the province is targeted at research in academia that may not necessarily translate into industry-relevant innovation or commercialization. While university-based research is essential, research in operating mines and with suppliers is equally important. The Research, Demonstration and Implementation (RD +I) approach to focus on practical applications, distinct from academic research was developed by the Centre for Excellence in Mining Innovation (CEMI) in 2011 and is aimed at addressing this very important issue. Mining service and supply firms also make significant contributions to the commercialization process and their efforts should be supported in an integrated manner. Funding and programming in such areas will further encourage commercialization and industry adoption of important mining innovations.

In face of the current economic environment and competition from jurisdictions with lower wages, operating costs, and less stringent environmental regulations, Ontario has little choice but to innovate. Given the relative strength and coherence of the mining industry, research and innovation organizations and our mining service and supply sector in Ontario, we have a tremendous opportunity to become a global powerhouse in this field – so long as all the factors for success are in place in which mining innovators can thrive. Conventional approaches are failing to deliver new mines at greater depths and in more remote locations; innovation is essential if we are to sustain our strength in mining. With the downturn in the global mining sector fueling the development of fewer projects, there is an opportunity for the industry to focus efforts towards innovation and developing the technologies that will increase the productivity of mining operations.

Recommendations:

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

1. Increase the relative government-to-industry funding ratio for innovation and commercialization projects, and manage funding flows as appropriate based on the size and timeframe of such projects.

2. Provide funding for mining innovation projects that go beyond academic research and incorporate the mining industry, the supply and service industry, and other cross-sector industries to support implementation and commercialization requirements.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

Entail a small cost to government (less than $10M)

OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION

16. Bending the Cost Curve of Ontario's Electricity Prices - Authored by the Timmins Chamber of Commerce, Co-Sponsored by the Greater Sudbury Chamber of Commerce, the Sault Ste. Marie Chamber of Commerce, and the Thunder Bay Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

- ☐ Competitiveness

Issue:

As the province undertakes development of Ontario's new Long-Term Energy Plan, it must seek to incorporate business input, transparency measures, and other means of addressing escalating costs which currently render it a jurisdiction with one of the highest electricity rates in North America.

Background:

At a time where rising electricity prices are consistently reported as the most pressing issue impacting the competitiveness of businesses in Ontario, the provincial government is beginning to undertake development of a new Long-Term Energy Plan (LTEP) for 2017.

As the province's blueprint for "clean, reliable and affordable energy", the LTEP will guide the government's future decisions on this file. The need to include business input as part of the process is key, as a 2015 Ontario Chamber of Commerce report indicates that not only is the province's advertised electricity rate one of the highest in North America, but industrial customers' bills were forecast to increase by 13 percent over the next five years; rates for small businesses are predicted to climb by 25 percent over that same period.

Greater transparency around these costs is also required in order to render government more accountable on any related decision-making: businesses remain unclear as to the nature and full extent of costs for such items as the Global Adjustment, as well as Ontario's annual average electricity prices.

However, the provincial government has taken some positive steps to address these and other issues, including an announcement in the 2015 budget of tax measures designed to incent voluntary consolidation of local distribution companies. As consolidation will help achieve economies of scale and improve access to capital, the effectiveness of these tax measures should be measured, with an eye on maintaining those with demonstrated success.

Recommendations:

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

1. Incorporate business input into the development of the new Long-Term Energy Plan as an opportunity to ensure a reliable, modern and efficient supply at rates that enable Ontario businesses to be competitive in a global market.

2. Provide regular public reporting and greater transparency on the costs associated with business energy bills in Ontario, including annual average electricity prices, the allocation and breakdown of Global Adjustment fees, and other costs related to the current energy supply mix.

3. Evaluate existing tax exemptions and other incentives designed to encourage voluntary consolidation of local distribution companies with the goal of extending those which have achieved their intended purpose.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

Be cost-neutral to the government

OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION

FISCAL

1. Educating Ontario Business and Establishing an Offset Strategy for the ORPP - Authored by the Ajax-Pickering Board of Trade and the Greater Kingston Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

☐ Fiscal

Issue:

The Ontario Retirement Pension Plan (ORPP) is quickly becoming a source of confusion. While much has been said in the press about the coming changes, government has not yet conducted any direct outreach to Ontario's employers and employees. Government should take advantage of the one year delay the first wave of ORPP implementation in order to prepare businesses and employees for its arrival.

Background:

The first wave of ORPP contributors will begin making contributions on January 1, 2018.As yet, workers in Ontario have not received any direct communication from the government in relation to their obligations under the ORPP nor have their employers. The information currently available to the public is not sufficient for employers to understand what impact the ORPP may have on their business and on employee compensation.

As it stands, many employers are unable to determine whether they will have to participate in the ORPP or whether they will have to update their current compensation and retirement savings plans. In addition, there has been no indication from government as to when Ontario's employers and employees would receive this much-needed education.

Until employers are subject to a clear comparability verification process, are aware of where they fall in the government's implementation timeline, fully understand how their contributions will be invested and managed, and have sufficient information to evaluate how the ORPP may impact their business, they are unable to plan for future expenses and compensation plans.

Also unclear to employers are the near-term impacts that the new plan will have. While the government's cost-benefit analysis concluded that in the long-term, the ORPP will have a moderately positive impact on Ontario's economy, it also predicts a negative effect on the economy over the first twenty years of the plan's lifespan. At its height, real household spending is projected to decline to $2.9 billion below the base scenario, resulting in an annual GDP loss of $2.3 billion by 2023.

When the Harmonized Sales Tax was introduced in Ontario, businesses were provided with offsets in the form of a corporate tax rate reduction, the elimination of the capital tax, a reduction in the personal income tax, and transition supports for small businesses. While the government has made repeated claims that Employment Insurance and WSIB premium reductions will offset the impact of the ORPP, OCC analysis shows that the net cost to business of these combined initiatives will be a negative one.

Recommendations:

The Ontario Chamber of Commerce urges the Ontario Government to:

1. Immediately establish a clear communications timeline that outlines how and when employers will receive information relating to the ORPP and any obligations they or their employees may have.

2. Work with employers to develop a strategy for educating employees about the plan and their responsibilities rather than passing that on to employers and roll out a clear communication and education plan including a place for employers and employees to direct any relevant questions.

3. Mitigate the negative economic consequences of the ORPP by introducing measures that will offset the incoming costs of the new pension plan, such as targeted SME transition supports or tax relief.

Estimated Financial Impact to the Province (For discussion-purposes only – will not appear in final compendium)

Cost neutral.

THE OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION. The OCC Policy Committee suggested minor changes to the resolution which were accepted by the submitting chambers.

2. Getting Ontario Back to Fiscal Balance - Authored by the London Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

☐ Fiscal

Issue:

The Ontario Government is projecting deficits of $5.7 billion in 2015-2016, $4.3 billion in 2016-2017, and achieving balance by 2017-2018.[36] Ontario's total debt, which represents all borrowing without offsetting financial assets, is projected to exceed $300 billion in 2015-2016. According to the Fiscal Accountability Office of Ontario (FAO) economic growth in 2015-2016 is expected to be significantly slower than projected – this coupled with increasing Ontario's program spending to the 4-year average has the FAO predicting in their October 2015 report that the 2017-2018 Ontario deficit could be as high as $7.4 billion. Without a realistic plan to reduce the current deficit and ultimately the current level of debt, we jeopardize Ontario's economic recovery.

Background:

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

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

In late 2014 Fitch downgraded Ontario's long-term debt rating and this was followed by Standard and Poor in the summer of 2015 – both have indicated they are concerned about debt burden in Ontario. When a province's debt rating is lowered it becomes more expensive for governments, and taxpayers, to borrow money.
Rising debt not only exposes the budget to the risk of higher interest rates, as was the case in the early 1990's, but it also shifts the tax burden to future generations.

[36] Ontario's Fiscal Outlook, 2016

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

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

Second, the ability to borrow at reasonable rates of interest depends on the confidence of lenders. The Ontario debt-to-GDP ratio has deteriorated significantly over the past 7 years. The government must commit to a plan that will reverse this trend, ensuring that current credit ratings are improved thus preventing risk premiums from being added to Ontario's interest rate.

It is also worth noting that projected demographic changes are beginning to put increased pressure on provincial budgets. Growth rates of those greater than 65 are projected to increase from 14 percent in 2011 to 24 percent by 2036, placing increased pressure on future health care costs.

Ontario needs a comprehensive and practical plan to eliminate the provincial deficit without sacrificing economic growth. We believe that this is the most appropriate time to implement a defined formula for Ontario's provincial deficit strategy, now that federal/provincial stimulus initiatives are well underway and a time table established.

Recommendations:

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

1. Provide an accurate accounting and recovery plan that will clearly communicate the government's intention to be in surplus by 2017-2018. The government should update this plan in all future budgets and economic statements.
2. Enhance the efficiency of health care spending, by ensuring that international best practices are adopted at the strategic and operational levels. Alternative service delivery models should be pursued where a cost-savings can be achieved without compromising service quality.
3. The government should look to spending restraints but not:
    a. Reduce its deficit through cuts to existing municipal transfer payments, nor reducing investments in education and training and needed infrastructure which will promote our competitiveness and economic growth in the future.
    b. Reverse tax-cut reforms or investment decisions which are creating an internationally competitive business environment.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

Create a cost-savings for the government

NOTE: This is a sunsetting resolution.

OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION

3. Strengthening and Modernizing Workplace Defined Benefit Pension Plans
Sault Ste. Marie Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

- ☐ Fiscal

Issue:

The current solvency funding model in Ontario is out of date and highly uncompetitive for private sector employers that sponsor traditional Defined Benefit Pension Plans. Due to the use of historically low interest rates, it is causing financial difficulties and putting retirement plan security at risk as the plan sponsors compete with neighbouring jurisdictions that have much lower pension costs as a result of pension funding reform such as Quebec and the US.

Background:

Global businesses see Ontario as one of many geographies where they can conduct business, however, they will not invest where pension regulations impose such a heavy burden on a company's cost structure. In addition to this competitive disadvantage, funds allocated by Ontario businesses to pension funding cannot be used to invest in operations, improve productivity or create jobs. It has been their experience that lenders charge more, or simply refuse to lend to businesses whose cash flows are committed to pension solvency funding. This drives up the cost of capital for businesses due to reductions in free cash flow available to the company's creditors, investors, including shareholders and bondholders, after the company has made all investments necessary to sustain its ongoing operations.

Ontario's strict solvency funding requirements, introduced in the late 1980's in a high interest rate environment, have paradoxically decreased retirement income security in Ontario today. A 2015 Statistics Canada Report indicated the proportion of private sector pension plan members in Defined Benefit Pension Plans has decreased from 72% in 2003 to 47% in 2013. Statistics were not readily available, but almost all private sector plans were defined benefit in the 1980's.

The burden of pension funding has caused a dramatic decline in defined benefit pension plan coverage as companies have closed their plans, replacing them largely with defined contribution plans. They have also reduced the competiveness of the remaining defined benefit plan sponsors, contributing to a decrease in Ontario business investment and employment opportunities, as profoundly evidenced in the large scale manufacturing, industrial, automotive and service sectors. For example, the following table compares the estimated, projected Ontario, U.S. and Quebec funding requirements for a Defined Benefit Pension Plan as at April 1, 2017:

FULLY FUNDED DEFINED BENEFIT PENSION PLAN COMPARATIVE			
	ONTARIO	**QUEBEC**	**UNITED STATES**
Assumed Interest Rate	3.5%	4.5%	5.5%
Assets ($M)	1,124	1,124	1,124
Liabilities ($M)	1,409	1,255	1,154
Deficit ($M)	285	131	30
Amortization Period (YRS)	5	7	10
Amortization Contribution ($M/YR)	**61**	**22**	**21**

Many long standing organization now face significant global competitive pressures from jurisdictions that have no or significantly lower pension solvency burdens, environmental and overall cumulative cost associated with the regulatory environment in Ontario. Further reform of the legislation will allow for a freer movement of international capital to sponsors that are faced with potential negative operational viability as a going concern. Acquisition of those sponsors is made less attractive by significant pension liabilities attached to DB pension solvency rules and makes share valuations difficult in mergers and acquisitions, and especially difficult when contemplating mergers and acquisitions that can remedy sponsor insolvency.

A viable pension plan requires a viable plan sponsor and that is the best security for pension benefits. When unaffordable pension costs threaten that viability, those funding requirements no longer serve their purpose. Through improving sponsor viability and profitability the Ontario Government will benefit from increased tax revenue directly, indirectly from the supply chain and from the reinvestment of available cash flows into innovation and productivity improvements.

In May of 2014 the Association of Canadian Pension Management produced the document “DB Pension Plan Funding: Sustainability Requires a New Model”. In this publication there are 5 recommendations that would lead to the economic benefits that Ontario needs, they call for the following reforms in:

I. The Discount Rate
II. Provisions for Adverse Deviations (PfADs)
III. Amortization Periods
IV. Benefit Improvements
V. Portability

As announced in the Ontario Budget 2016 the government indicated that it is putting together a stakeholder reference group to review the current solvency rules and make recommendations to the Ministry of Finance regarding proposed funding reforms. While a step in the right direction it is critical that the Ministry of Finance realize the importance of the need for immediate reform and for Ontario to reap the economic benefits thereof by moving forward with constructive draft reform regulations in the Fall.

Recommendations:

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

1. To move quickly in consultation with DB Pension Plan Sponsors, employers, industry associations and the Ontario Chamber of Commerce, giving consideration to the recommendations made by Association of Canadian Pension Management as defined in the document “DB Pension Plan Funding: Sustainability Requires a New Model” along with others, for example the Canadian Institute of Actuaries and the Canadian Manufactures and Exporters.

2. Move quickly from review to reform by expediting the consultation process with the goal of submitting draft regulations by the Fall of 2016.

The Sault Ste. Marie Chamber of Commerce urges the Ontario Chamber of Commerce to:

Strike a Task Force to actively participate in the solvency funding review consultation process that will be launched in Spring 2016.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

No cost to government (in fact it is revenue positive due to the lower corporate tax deductions)

OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION
The OCC Policy Committee suggested minor content revisions. The authoring chamber has accepted these suggestions and incorporated them into the resolution.

SKILLS

1. Establish a Provincial Adult Literacy and Essential Skills Workplace Strategy - Authored by the Hamilton Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

- ☐ Skills

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:

According to research initiatives by organizations like ABC Life Literacy Canada, enhanced literacy skills demonstrably prepare employees for changes and evolution of their work environment, directly affecting the global competitiveness of their organization. The 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 Life Literacy Canada 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.

Specifically, estimates in Dr. Rick Miner's "The Great Canadian Skills Mismatch" project[37] estimated that by 2031, about 77% of the Ontario workforce will need post-secondary education or training. While rising post-secondary attainment and skilled immigration rates (amongst other factors) have improved estimated outcomes, the revised estimates still predict that by 2031, there will be close to 360,000 surplus workers who won't qualify for skilled vacancies in Ontario. Similarly, there is predicted to be a skills shortage of $2.3 million and overall labour force shortage of 1.96 million.

With Canada's ongoing productivity challenges, and with more people retiring, Ontario faces an upward curve to fully transition its labour force into the new economy. As a result, a skilled and highly literate workforce is an important public policy tool.

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[37] Miner, Rick. "The Great Canadian Skills Mismatch". http://www.minerandminer.ca/data/Miner_March_2014_final(2).pdf

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. The Programme for the International Assessment of Adult Competencies (PIAAC) via the Organization for Economic Co-Operation and Development is recognized as a global metric. The latest results show that 49% of 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. As well, over 55% of Canadians were below level 3 in Numeracy, with 23% at or below level 1. More importantly, several categories showed a significant decline in results between 2003 to 2012.

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 Life Literacy Canada, 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 on-going Express Entry and Provincial Nominee Programs, Youth Employment Strategy, the Literacy and Basic Skills Program, apprentice tax credit changes and the development of an Adult Literacy Curriculum, however, there is still more to be done.

For instance, improvements and solutions include the development of a formal, broader "adult literacy policy" on which to build a strategy to tackle and improve the literacy and essential skills deficit. In the recent past, Ontario has worked towards creating a Literacy and Basic Skills (LBS) program. The Literacy and Basic Skills Program assisted a limited number of learners with a majority 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 similar to the one established for school age children[38].

[38] http://www.edu.gov.on.ca/eng/literacynumeracy/

The policy framework will ideally identify current gaps and needs for employers, employees, and government in establishing workplace adult literacy training initiatives by:

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

Recommendations:

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

1. 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.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

Entail a small cost to government (less than $10M)

NOTE: This is a sunsetting resolution.

OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION

2. Address the Growing Labour Force Disconnect by Creating a Stronger Business/Commerce Curriculum - Authored by the Greater Kingston Chamber of Commerce and the Sarnia Lambton Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

- ☐ Skills

Issue:

The long-term competitiveness and productivity of the Ontario economy will largely depend on the skill level of our workforce. Financial literacy is in high demand by employers, however, the Government of Ontario has yet to introduce and mandate an essential financial literacy course in the secondary school curriculum to prepare students to make informed business decisions in the workforce.

Background:

The new Ontario economy requires businesses to embrace innovation and accept globalization to remain competitive. Innovation involves investing in technology or modifying the work process to do things more efficiently, requiring less labour for the same output. Globalization makes it difficult for local manufacturing companies to compete with the labour rates of emerging economies. While the core business may remain in Ontario, much of the lower level work will be done abroad.

These trends will cause the new Ontario economy to require relatively fewer employees and more business owners. Many citizens, including people with non-traditional business backgrounds such as the trades, will need to run their own business.

Ontario's future economy will also require residents to be better money managers. Currently, middle- and high-income households are not saving enough for retirement, although most have the tools to do so, as noted by the government's 2014 Budget and Long-Term Report on the Economy. Canadian household debt hit record levels in 2015 with roughly 80% of the population in debt. Half of all consumer spending (retail and housing) occurs in Ontario and BC alone[1].

Including a mandatory introduction to business and commerce course with financial literacy components as a compulsory credit to obtain the Ontario Secondary School Diploma will provide all high school students with a basic understanding of how to run a business and manage household finances. Key concepts could include how the different forms of debt and investments work and how to construct a business plan and how to create a budget.

Recommendations:

The Ontario Chamber of Commerce urges the Ontario Government to:

1. Create a mandatory grade eleven Introduction to Business and Commerce course from existing business and family economics curriculum and designate it as a compulsory credit to obtain the Ontario Secondary School Diploma.

2. Dedicate a specific section of the course to financial literacy. This would include but not be limited to personal and family budgeting, the value of credit, mortgages, insurance, debt management, and accountability to pay.

3. Promote in all school districts in the province, the Specialist High Skills Majors (SHSM) program, a ministry-approved specialized program that allows students to focus their learning on a specific economic sector while meeting the requirements to graduate from secondary school.

Estimated Financial Impact to the Province (For discussion-purposes only – will not appear in final compendium)

☐ Entail a small cost to government (less than $10M)

OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION
On recommendation from the policy committee, this resolution represents a merger between two separate policy resolutions submitted by the Greater Kingston Chamber of Commerce and the Sarnia Lambton Chamber of Commerce.

3. Improve Workforce Competitiveness for Rural Communities and Small Urban Centres by Creating a Flexible Apprenticeship Program - Authored by the Greater Peterborough Chamber of Commerce; Co-sponsored by the Guelph Chamber of Commerce, Greater Sudbury Chamber of Commerce, and Thunder Bay Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

- ❑ Skills

Issue:

The economic growth, competitiveness and prosperity of rural communities and small urban centers is being hindered by the current inflexible apprenticeship system. Rural communities and small urban centers are under greater pressure to attract and retain workforce talent and the current apprenticeship system further exacerbates this scenario, negatively impacting Ontario's economic output.

Background:

Expanding Ontario's skilled trades labour pool is critical to the continued transformation of Ontario's economy. Skilled trades are fundamental to creating value as a base for economic activity in all businesses in the province. However, some businesses in the skilled trades sector are at a disadvantage as the journeyperson to apprentice ratios do not reflect the reality of limited opportunities in the geographic region in which they operate. Discussion around rural and smaller urban centre opportunities vs. larger urban centre opportunities on this issue has lead to a general consensus that the need is simply different in the smaller urban centers and rural communities and the opportunity to take on more apprentices is reflective of a different workload and pace between smaller and larger communities.

In 2016, the Ontario College of Trades will be conducting another round of ratio reviews for the 33 trades that are bound by journeyman to apprentice ratios. In the past, the Ontario Chamber of Commerce and other organizations successfully lobbied to have the ratios start at 1:1. This is now true for all but one of the 33 trades subject to apprenticeship ratios.

With this next round of ratio reviews, there is the opportunity to consider different options to meeting the needs of Ontario employers. Employers, particularly those in smaller urban and rural centers in Ontario are allowed to participate in the reviews, but ultimately are looking for flexibility to help grow their businesses and to help the next generation of skilled workers. The 1:1 ratio that currently exists now hinders that process. The main trades impacted are carpentry and electrical. However, to limit the recommended pilot project to these two areas would be short-sighted as there may be a need in a rural or smaller urban centre that has not presented itself as of yet.

In Nova Scotia, where they have a 1:1 ratio, employers can apply for a ratio increase for the number of apprentices per journeyperson on a per project basis.   A form is submitted online and reviewed by the Nova Scotia Apprenticeship Agency (NSAA) based on the following criteria:

- Geographic location of the employer to determine if there is a limited capability to locate and employ journeypersons;
- Steps undertaken by the employer to hire more journeypersons;
- Whether the employer has previously requested ratio adjustments and has been denied such requests;
- Whether previous ratio adjustments were cancelled because of a violation in the terms and/or conditions;
- The availability of senior level apprentices; (note: senior level refers to final level apprentices);
- The attendance of registered apprentices in technical training.

This program has been in place for over a decade and the NSSA says it receives 40-50 requests per year. While the NSAA was unable to provide statistics on the program, they did say that ratio variances are generally approved. [39]
Flexibility in the apprenticeship system is also evident in Alberta, Saskatchewan and Newfoundland where there is a one journeyperson to two apprentices ratio to reflect demand; and as highlighted in the Tony Dean Review, British Columbia has never had mandatory ratios.
Nearly one in three employers are looking for skilled tradespeople and are unable to fill a job because they cannot find someone with the right qualifications.”[40]

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

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

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

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

Recommendations:

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

1. Implement a three year pilot project that would allow small and medium-sized employers in rural communities and small urban centers across Ontario to apply for an apprenticeship ratio increase.

2. Compile and assess the data from the pilot project to inform future ratio review discussions.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

Entail a small cost to government (less than $10M)

OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION

4. Moving the Ontario Colleges of Trades from Regulator to Promoter - Authored by the Greater Sudbury Chamber of Commerce, Co-Sponsored by the Greater Peterborough Chamber of Commerce, the Sault Ste. Marie Chamber of Commerce, the Thunder Bay Chamber of Commerce, and the Timmins Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

- ❑ Skills

Issue:

The Ontario College of Trades (OCoT) is overly focused on enforcement and regulation, limiting its ability to serve the public interest in attracting and training new tradespeople.

Background:

The Ontario government passed the *Ontario College of Trades and Apprenticeship Act (OCTAA), 2009* to establish the College of Trades to modernize the province's apprenticeship and skilled trades system. OCoT began accepting members in April 2013. Although one of the objectives of the College as set out in the OCTAA is to promote the practice of the trades, concern exists among industry that OCoT is overly regulatory to the detriment of its other functions such as trades promotion and training.

Employers have raised concerns about overlapping regulation and enforcement practices between OCoT and other provincial ministries. The trades is an interconnected system where a large number of other parties are involved in aspects of regulating skilled trades and apprenticeship training, alongside the College. This includes various government ministries, departments and agencies, other Ontario regulatory bodies, Ontario Colleges and apprentice training institutions. College enforcement activities should avoid overlap with existing regulatory agencies. OCOT is just one component of many. Greater co-ordination and communication between the College and these other bodies is required to avoid duplication and increasing the restrictiveness of trades regulation in Ontario. Many employers remain confused as to what ministry or body regulates what function. An integrated and coordinated regulation framework for the trades will allow employers and tradespeople to more easily navigate through the system.

Although the College is a self-regulating body, it also has the ability to regulate non-members through enforcement of compulsory trade provisions under the OCTAA. By focusing on non-members already working in the trades rather than the public at large, the College runs the risk of falling short in addressing one of its core responsibilities- skills shortages in the trades across the province. The OCC found that 30% of businesses have difficulty finding qualified candidates for job openings; this number rises in rural and northern regions of the province. Skills mismatches are predicted to cost the Ontario economy more than $4.1 billion in GDP. Over 40% of employers are seeking employees with training in the trades. Enforcement of non-members is often better dealt with by existing regimes with particular expertise in different regulatory schemes. OCoT should move away from duplicative enforcement to enhancing Ontarians ability to access training and promoting the trades especially among underrepresented groups.

Although the College has done some positive outreach over social media and has created a new website that aims to champion careers in the trades, additional resources, focus and time should be dedicated to OCoT's promotion and training function. In addition to the promotion of the trades, OCoT should bolster its research function in order to address current and predicted skills shortages though timely and thorough advanced planning. This research can include an examination of obstacles small businesses face in hiring apprentices.

In December 2015, Tony Dean, appointed by the government to review certain aspects of OCoT's mandate, published a report with recommendations for the College. Although the College's role in the promotion of the trades fell outside the scope of the review, Tony Dean highlighted that the important role the College should have in promoting and elevating the trades, including streamlining access and providing guidance and support for those interested in apprenticeship came up in every single consultation that was held.

The value proposition of the College to employers will be improved when industry sees benefit in the form of new tradespeople, easier access to skills and economic growth.

Recommendations:

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

1. Enhance co-ordination and communication between the College and other bodies to create an integrated regulatory framework that avoids duplication and over-regulation.

2. Work with colleges, industry and other stakeholders to create, execute, and make public a plan to promote the skilled trades to youth and underrepresented groups such as women, persons with disabilities and Aboriginal peoples.

3. Ensure the Ontario College of Trades' website acts as an online portal and leading source of up-to-date information on current and projected labour market needs in the trades, as well as research on addressing skilled labour shortages across the province. The website should also contain clear information to help apprentices better navigate the trades system.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

Be cost-neutral to the government

OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION

5. Addressing Local Labour Market Needs through the Ontario Provincial Nominee Program - Authored by the Thunder Bay Chamber of Commerce, Co-Sponsored by the Greater Peterborough Chamber of Commerce, the Greater Sudbury Chamber of Commerce, the Timmins Chamber of Commerce and the Windsor-Essex Regional Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

- ☐ Skills

Issue:

Employers across Ontario, but particularly in rural Ontario, are experiencing a shortage of qualified employees and a shrinking labour market.

Background:

Many employers are already facing a shortage of qualified employees and communities are struggling with a shrinking labour market. The Ontario Chamber of Commerce indicates that nearly a third of Ontario employers are unable to fill a job because they cannot find someone with the right qualifications. A 2013 Conference Board of Canada report says that Ontario is losing out on over 24 billion dollars a year due to a shortage of skilled workers.[41]

One part of the solution to the skills shortage challenge is through progressive immigration policies and processes. Ontario currently receives approximately 100,000 immigrants annually, representing 40% of all immigrants to Canada each year.[42] The Provincial Nominee Program (PNP) is one area where Ontario's policies put us at a disadvantage in attracting migrants to meet our labour market needs. The list of eligible professions is narrow and does not include many of the trade professions that are experiencing shortages such as plumbers, chefs and truck drivers.

To add further challenges, the Ontario PNP requires employers to obtain a labour market impact assessment prior to offering a job to a recent migrant. This labour market impact assessment (LMIA) uses provincial information in determining whether a job can be offered to an immigrant. Employers in rural communities who are unable to attract Canadian citizens from major urban centres are often denied the opportunity to hire an immigrant because the LMIA data shows that sufficient Canadian citizens are available to fill the role but does not consider the willingness or not of Canadian citizens to relocate to that area. The elimination of the need for an LMIA and the development

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

of a local nominee program would provide an opportunity for local needs to be identified and addressed through the Ontario PNP.

The Manitoba Provincial Nominee Program is quite different. It includes a much broader list of eligible professions, does not require a labour market impact assessment, and provides local communities the opportunity to nominate a certain number of migrants to address local labour shortages. This approach has seen positive results. Each year, some 15,000 immigrants arrive in Manitoba. According to a recent survey, 85 per cent of Manitoba nominees were working three months after arrival, 76 per cent were homeowners within five years and 95 percent of families settled permanently in the community.

Recommendation:

That the Government of Ontario work with the Federal Government to implement changes to the Ontario Provincial Nominee Program by:

1. creating a local nominee program that would allow municipalities to nominate a certain number of migrants for migration to Canada to address local labour shortages;

2. eliminating the requirement for a labour market impact assessment for communities under 200,000 population, for PNP participants to be hired in Ontario; and,

3. expanding the list of eligible professions to include trades professionals.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

Be cost-neutral to the government

OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION

SPECIAL ISSUES

1. Creating a Healthy Workplace Nutrition Environment - Authored by the Burlington Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

☐ Special Issues

Issue:

The Ontario government has acknowledged that a healthy diet, nutritional well-being, and a safe nutritious food supply are essential for contributing to a healthy, productive population. Poor nutrition in Ontario has been linked to serious chronic diseases that attribute to morbidity and disability. The lacking quality of dietary intake has been linked to food environments that increase availability and promote less healthy food choices. Educational institutions have already been identified as a key food environment requiring change in regards to the types of food promoted and made available however, the Ontario government has yet to address the workplace with the same urgency.

Background:

According to the Ontario Agency for Health Protection and Promotion, which is now Public Health Ontario, chronic disease is the leading cause of disability in Ontario and has largely been related to unhealthy eating. Less than 1% of Canadians are following the dietary recommendations of Canada's Food Guide. Further, conditions such as cardiovascular disease, type 2 diabetes, certain types of cancer, obesity and osteoporosis have all been shown to be linked to poor food choices.

The annual economic burden in Canada related to poor nutrition was estimated to be $6.3 billion in 2000 and speculated to be worse today. The costs related to disability fall on many sectors including Ontario businesses.

The current state of Ontario's nutritional health is likely due to changes to the food environment. This includes increasing portion sizes, abundant availability and promotion of less healthy food choices. Further, it is estimated that Canadian adults spend at least 60% of their waking hours at work and consume at least one meal during that time, making the workplace an ideal setting to promote healthy eating. Currently, there are food and beverages provided through vending machines, cafeterias and tuck shops or snacks made available in common work areas, that offer employees regular access and exposure to food and beverages of minimal nutritional value. These items are generally highly accessible and prominently displayed which promotes consumption.

Previous initiatives to improve healthy eating in the workplace have focused on changing individual behaviour. This has not proved successful as eating behaviours do not occur in isolation and many physiological, psychological, social and environmental factors also play a part. Therefore, encouraging healthy eating in the workplace is only part of the solution and improvements to the quality of the foods offered, sold and promoted must accompany the strategy.

A Harvard University study showed that workplace health support programs reduced absenteeism by 1.7 days per employee per year and a return of $274 per employee.

Additional evidence suggests financial performance is linked to wellness programs. Companies with these programs achieved 11% higher revenue per employee than industry peers. Companies such as Canada Life, Dupont, Prudential Insurance and Citibank report a savings of $2 to $6.85 for each $1 invested into the wellness of their employees (Benefits Canada, March 2013).

In addition to the benefits that will be realized by business, the provincial government will see reduced costs to health care. Experts such as the Public Health Agency of Canada estimate that "Chronic diseases cost Canadians at least $190 billion annually" in direct and indirect costs (Public Health Agency of Canada, 2011). The 2007 Ontario Chronic Disease Prevention and Management study estimated that every 10 per cent reduction in expenditures for chronic illness would result in $1.2 billion annual savings for Ontario alone (The Ontario Association of Community Care Access Centres, The Ontario Federation of Community Mental Health and Addiction Programs, The Ontario Hospital Association, 2010). In the report, *Taking Action to Prevent Chronic Diseases: Recommendations for a Healthier Ontario* (Cancer Care Ontario & Public Health Ontario), based on a study from the UK suggesting that unhealthy eating cost the National Health Service $217 per capita annually in 2011, it is estimated that unhealthy eating may have resulted in direct health care expenditures of about $2.9 billion in the province of Ontario in 2011.

Recommendations:

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

1. Broaden the focus of government funded municipal workplace wellness programs to include access to municipal appointed dieticians as a first point of contact for counsel on nutrition.

2. Direct the Ministry of Labour to produce an awareness campaign educating Ontario businesses on how to create a positive healthy eating culture, and supportive social and physical eating environments.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

Entail a small cost to government (less than $10M)
Potential savings for the government is estimated to be more than $2.9 billion in direct health care expenditures annually.

OCC Policy Committee Comments: Members of policy committee were wary about asking the government to intervene throughout the development of workplace wellness programs on the grounds that businesses themselves are best positioned to introduce such programs. In addition, the policy committee suggested that this resolution be merged with the *Occupational Sitting and Health Strategy* and the *Promoting Healthy Workplaces in Ontario* resolutions.

2. Occupational Sitting and Health Strategy - Authored by the Burlington Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

☐ Special Issues

Issue:

Research has shown that sedentary behaviour in the workplace such as prolonged sitting can pose a serious risk for disease and disability. Historically, workplace safety policies have been directed towards jobs of a physical nature where health risks may be more immediate however, sedentary environments pose comparable risks to employee health and have yet to receive similar attention.

Background:

Canadian adults reported spending an average of 9.5 hours per day being sedentary or approximately 69% of their waking hours. In Ontario, 80% of the labour force (aged 15 and over) is working full time. Of these workers, 45% work in office settings where sitting is the primary activity (i.e. management, business, finance, administrative, etc) (Statistics Canada, 2011).

Occupational sitting has many known consequences to employee health which lead to disease and disability. For example, a recent systematic review reports that, essentially those who sit all day, had a 147% increased risk of heart attack or stroke, 112% increase in the risk of developing diabetes, 90% greater risk of dying from a cardiac event, and a 49% greater risk of premature mortality (Wilmot et al, 2012).

Mechanical loading from acute, repeated or gradual process injuries like sitting or obesity alters the normal curvature of the spine and puts improper pressure on the spinal discs. This pressure can cause herniated discs, premature deterioration of discs and overall spinal degeneration. The resulting chronic back pain and possible nerve damage can have an impact on a worker’s ability to perform normal everyday functions and may lead to permanent disability (Wigley, 2011).

Desk or computer workstation postures have been shown to increase forward head tilting. Prolonged or repetitious forward head tilting may cause added pressure to the intervertebral discs and lead to arthritis and nerve damage (Wilson, 2012). Increased curvatures of the mid back have been associated with increased mortality, with higher mortality rates associated with the severity of the curve (Kado, et al, 2004).

Back pain is one of the most debilitating conditions to the workforce. Over 11% of Canadian adults experienced one of the three most prevalent disability types: pain (9.7%), flexibility (7.6%), and mobility (7.2%). Of those who reported at least one of these disability types in 2012, more than 40% experienced all three at the same time. The next most commonly reported disability was mental/psychological (3.9%). The costs of compensation for musculoskeletal disorders accounts for more than one half of all workers' compensation costs (Institute for Work & Health, Toronto). According to Health & Safety Ontario, employers pay an extra $488/year for every sedentary employee and there is a linear relationship between obesity and number of workers' compensation claims, lost workdays, medical claims costs and indemnity claims costs.

A Harvard University study showed that workplace health support programs reduced absenteeism by 1.7 days per employee per year and a return of $274 per employee.

Additional evidence suggests financial performance is linked to wellness programs. Companies with these programs achieved 11% higher revenue per employee than industry peers. Companies such as Canada Life, Dupont, Prudential Insurance and Citibank report a savings of $2 to $6.85 for each $1 invested into the wellness of their employees (Benefits Canada, March 2013).

According to a report from October 2014 published by the Conference Board of Canada, a move to address physical inactivity and sedentary behaviours would boost GDP considerably. Compared to the status quo, GDP was projected to be $230 million higher in 2020, $931 million higher in 2030, and nearly $1.6 billion higher by 2040 with a cumulative total of a $7.5 billion boost to GDP.

This same report states that getting just 10% of Canadian adults to sit less and move more would save $45 million, annually, in health costs by 2020, $126 million by 2030, and $167 million by 2040, a total of $2.6 billion saved over a 20 year period.

A new perspective is needed towards the deleterious health consequences and the costs to the economy of too much sitting in the workplace.

Recommendations:

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

1. Direct the Ministry of Labour to produce an awareness campaign educating Ontario business on the costs and health risks associated with occupational sitting.
2. Establish a list of qualified designations suitable to deliver ergonomic education to key decision makers or appointed workplace wellness leaders of Ontario businesses and provide funding to the appropriate government agencies to help facilitate.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

Entail a small cost to government (less than $10M)
- Potential return to the government would be an increase in GDP ($230M annually for all of Canada, estimated to be $84M for Ontario).

- Potential savings for the government in health care expenditures ($45M annually for all of Canada, estimated to be $10.3M for Ontario).

The OCC Policy Committee suggested that greater consideration be given to the estimated financial impact of the recommendations. The submitting chamber accepted that proposed change. However, the Policy Committee also recommended that the chamber seek to merge this resolution with the *Creating a Healthy Workplace Nutrition Environment* and the *Promoting Healthy Workplaces in Ontario* resolutions.

3. Banning Weekend Union Drives - Authored by the Greater Kitchener Waterloo Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

☐ Special Issues

Issue:

Provincial legislation governing union organization requires immediate reform for restoring a balance between employers and employees.

Background:

In June of 2005, the provincial Legislature passed Bill 144, the Labour Relations Statute Law Amendment Act. This Bill re-established the card-based certification system for the construction sector in addition to the existing vote system. The card-based system means that certification of a union may be ordered by the Ontario Labour Relations Board without a certification vote, where more than 55 percent of the employees have signed cards to join a union.

The new system is open to abuse as the beliefs of only a few employees can dictate the unionized status of others. Two employees can certify an entire workforce. Card-based applications may be brought by unions on a Saturday for strategic reasons where few employees are working.

In 2012, two Region of Waterloo employees were assigned the construction of small shed in the community of Baden on a Saturday afternoon. These individuals had previously signed cards requesting membership in the United Brotherhood of Carpenters and Joiners of America and since they were the entire crew on the project, the union eventually was certified with the Region of Waterloo.

An amendment to the Ontario Labour Relations Act (OLRA) prohibiting weekend organizing would, particularly for public sector employers such as municipalities, restore fiscal stability and allow open tendering on infrastructure projects.

Recommendations:

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

1. Prohibit the practice of weekend union recruitment drives through an amendment to the Ontario Labour Relations Act.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

Be cost-neutral to government.

OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION

4. Establishing a Cost- Effective Drug Distribution System - Authored by the Greater Kitchener Waterloo Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

☐ Special Issues

Issue:

The federal Minister of Health and her provincial counterparts have recently initiated significant discussions on pharmacare reform in Canada.

Concerns are rising related to the future participation of the private sector in drug coverage, the cost of reform to taxpayers, and the ability to control rising pharmaceutical costs.

Background:

According to the Canadian Life and Health Insurance Association (CLHIA), the responsibility for prescription drug coverage in Canada is shared between the public and private sectors and generally works well. However, like many stakeholders, the health insurance industry believes that reform is required. The current system is complex, resulting in relatively high costs and inequities across Canada.

In July of 2015, a group of health care professionals released the report Pharmacare 20/20 – The Future of Drug Coverage in Canada. The authors concluded that a universal and accessible plan should be fully implemented and operational by the year 2020.

The document contends that a national universal pharmacare system would save Canadians between $4 and $11 billion annually. However the authors also included a recommendation that the federal government should provide 25 percent of the program costs using a number of instruments including corporate taxes, GST and health premiums.

In September 2015 correspondence to former federal Minister of Health Rona Ambrose, the CLHIA indicated that if prescription drugs were included in medicare on the same basis as physician and hospital costs an immediate $14.1 billion deficit could be created which Ottawa and the provinces would be forced to address.

The CLHIA has also indicated that the current drug system can be reformed by leveraging the market to negotiate lower prices. Their industry is committed to working with governments to obtain available savings while preserving the benefits from innovation and competition that the private sector delivers to the marketplace.

Furthermore, the current system of approving drugs for re-imbursement results in unequal access for Canadians and adds administrative costs to the system. The CLHIA supports the creation of a minimum drug formulary that all residents of Canada can access and provides an appropriate level of coverage for both basic and high-cost speciality products.

The Ministerial Letter from Prime Minister Trudeau to Dr. Jane Philpott, Minister of Health, indicated that he expects her to deliver on her top priority of improving access to necessary prescription medications, including joining with the provincial and territorial governments to buy drugs in bulk, reducing the cost Canadians pay for these drugs, making them more affordable for Canadians, and exploring the need for a national formulary.

At a federal-provincial meeting of Health Ministers in Vancouver during January of 2016, a working group was formally announced to discuss a national pharmaceutical strategy. The group will address accessibility, affordability and the appropriate use of pharmaceutical medications.

The federal government had previously indicated they were joining a bulk purchasing program with the provinces. Minister Philpott also noted that her government would pursue additional measures to drive down the cost of pharmaceuticals.

Following this announcement on bulk-buying, the CLHIA indicated the system continues to entrench two levels of drug pricing for the Canadian market, one for the provinces and a second, higher price for anyone paying through a private insurance plan. The association supports a bulk purchasing strategy that includes private insurers to negotiate a national and equitable price.

A March 26, 2015 article from on-line publication Life Health Professional quoted CLHIA President & CEO Frank Swedlove that a single government monopoly is not needed. Bulk purchasing of drugs will lead to major savings achieved through improved public and private sector cooperation.

In 2013, the Ontario Chamber of Commerce and the Certified General Accountants of Ontario issued the report *Public Sector Problems, Private Sector Solutions – Transforming Government in Ontario.* This document was followed in 2014 by *Unlocking the Public Service Economy in Ontario: A New Approach to Public – Private Partnership in Services.* Both papers provided recommendations for Queen’s Park on government – business alliances in the efficient and cost-effective provision of public services. A universal pharmacare program which removes the private sector is highly inconsistent with OCC commitments to innovative approaches on government service delivery.

A resolution supporting universal pharmacare was submitted for discussion at the 2015 Canadian Chamber of Commerce Annual General Meeting in Ottawa. It was defeated by close to ninety percent of delegates in attendance.

The Ontario government should also examine the economic impact of universal pharmacare on private sector employment in provincial life and health insurance companies. A January 2016 report commissioned by the Canadian Pharmacists Association[43] notes that "job losses can be anticipated if existing private drug plans cease to operate in Canada. Not only will this result in foregone tax revenues from these employees, it may also draw upon public social insurance funds in the short term. Moreover some of the extended health care benefits that are usually bundled with drug coverage may become more expensive to offer. Further research is required to estimate the economic impact as well as the impact on extended health benefits generally."

This report concludes that "the recent proposal for a national, universal, publicly-funded, single payer prescription drug reimbursement plan falls short of providing a practical, affordable option to address universality, equity and sustainability in prescription drug coverage in Canada."

Recommendations:

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

1. Support a bulk purchasing plan for pharmaceuticals that includes the provinces, Ottawa and private insurers;

2. Support the creation of a minimum formulary of drugs for all Canadians regardless of province of residence which will provide adequate coverage for both basic and high-cost speciality products;

3. Assess the economic impact of a universal pharmacare program on the life and health insurance sector in Ontario, particularly with respect to private sector job losses in designated categories.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

As noted in background above the costs associated with pharmacare reform are generally unknown and require significant analysis.

[43] Pharmacare Costing in Canada –Preliminary Report: Assessment of a National Pharmacare Model Cost Estimate Study. Prepared by PDCI Market Access Inc. Commissioned by the Canadian Pharmacists Association

OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION
The OCC Policy Committee suggested minor content revisions. The authoring chamber has accepted these suggestions and incorporated them into the resolution.

5. Fixing the Arbitration System for Fire and Police Services in Ontario - Authored by the Greater Kitchener Waterloo Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

- ☐ Special Issues

Issue:

The Ontario government has continually, for the past decade, failed to address the deficiencies in the provincial interest arbitration system.

Background:

Interest arbitration is the only legal mechanism available to Ontario municipalities for settling disputes from contract negotiations with essential services such as police, fire, and designated paramedics.

The 2016 Pre-Budget submission from the Association of Municipalities of Ontario (AMO) on January 19 notes that emergency service costs have been increasing at three times the rate of inflation annually since 2002. Annual policing costs are projected to exceed $5 billion this year while fire service is growing at a comparable level. Salaries are a major driver of these cost increases.

In a March 10, 2014 letter from the Ontario Chamber of Commerce to former Labour Minister Yasir Naqvi, four reforms were proposed for changing the interest arbitration system:

- The process should be streamlined by adopting the single arbitrator model for all hearings, imposing limits on pre-hearing processes and post-hearing submissions and mandating a maximum period of one year for arbitrators to complete their work;
- Arbitrators must be provided with clear, measurable criteria upon which to base their decisions, particularly with respect to the fiscal health of the community;
- Arbitrators should be required to provide a written explanation of their decisions, with clear assessments of the mandated criteria for arbitration, and must give priority to how the fiscal heath of a community was considered when making a decision; and
- The ability to pay criteria used in interest arbitration decisions should be broadened to include the wider economic and fiscal environment.

With respect to mandating time limits for decisions, municipalities are often dealing with retroactive settlements that require immediate correction and can only be addressed through tax increases. This predicament is not sustainable.

AMO also claimed in their pre-budget submission that new research has revealed that had police force and fire personnel received the same economic adjustment as other municipal employees from 2010 to 2014, the cumulative savings would have been $485 million. This includes $72 million in fire service savings and $111.6 million in police savings for 2014 alone. These extraordinary sums are, according to AMO, the true cost of the failure of Queen’s Park to address interest arbitration reform.

The costs incurred from these settlements are adversely impacting municipal fiscal stability and ultimately the competitivess of the provincial economy.

Recommendations:

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

1. Before the end of the 2016 calendar year reform the provincial interest arbitration system to reflect the capacity of Ontario municipalities to pay increased service costs;

2. Ensure that pay increases for essential services are relatively consistent with non-essential public services.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

The costs of an ineffective arbitration system are incurred on Ontario municipalities and not the provincial government.

NOTE: This is a sunsetting resolution.

OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION

6. Maximize the Economic Benefit of Recreational Marijuana in Ontario - Authored by the Greater Niagara Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

- ❑ Special Issues

Issue:

The legalization of recreational marijuana, which has been promised by the current government as part of its 2015 election platform, would create a market worth up to $5 billion.[44] In the event that the Government of Canada passes legislation to legalize recreational marijuana use, the Ontario Chamber of Commerce recommends that the government implement a regulatory framework that will allow competition and consumer choice while also protecting consumers, the public, and youth.

Background:

The legalization of recreational marijuana was a part of the Government of Canada's 2015 election platform, and as such, the passage of legislation on that subject seems imminent. As Member of Parliament Bill Blair, who is leading the federal government's marijuana legalization project, recently recognized, there is an opportunity for the federal and provincial governments to model the regulation of marijuana after that of other intoxicants, including alcohol and tobacco.[45] Strict regulations must particularly be passed and enforced to protect youth, and these existing industries can form a useful model.

There are several options for distribution, and the government should investigate all with a view, firstly, to protecting youth and ensuring that regulations are effectively enforced, and secondly, to ensuring that competition and consumer choice are maintained.

Apart from the distribution model of tobacco, in which independent retailers may sell the product and are expected to comply with the law, there are some alternatives. Pharmacies such as Shoppers Drug Mart and Rexall, in particular, are interested in retailing recreational marijuana.[46] Lastly, existing producers of medical marijuana are already distributing their product to users, and could simply ramp up the scale of their

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[44] Financial Post, *Canada's budding marijuana industry could blossom into a $5-billion market if Liberals make recreational pot legal* (http://business.financialpost.com/news/agriculture/canadian-marijuana-stocks-jump-as-liberal-wins-signals-legalization-on-the-table)
[45] Toronto Star, *MP Bill Blair says legal pot could be sold in liquor stores* (http://www.thestar.com/news/canada/2016/01/08/justin-trudeau-picks-bill-blair-to-lead-marijuana-legalization-reform.html)
[46] Globe and Mail, *For Canadian pharmacies, pot is a gateway drug with high upside* (http://www.theglobeandmail.com/report-on-business/rob-commentary/for-canadian-pharmacies-pot-is-a-gateway-drug-with-high-upside/article28866161/)

online distribution, with the potential addition of dedicated stores or sub-let/out-sourced retail operations, as with the sale of wine in 292 non-LCBO locations in Ontario.

The legalization of recreational marijuana in other jurisdictions, such as Colorado and Washington, has realized significant economic benefits. In 2014, Colorado retailers sold $386 million USD of medical marijuana and $313 million USD of recreational marijuana totalling nearly $700 million USD in sales.[47] These sales generated $63 million USD in tax revenue and an additional $13 million USD collected in licenses and fees.[48] The state's Department of Revenue projects that marijuana sales in the state will exceed $1 billion USD in 2016.[49]

It is anticipated that the Governments of Canada and Ontario would similarly benefit from the legalization of marijuana. There are nearly 30 licensed producers of marijuana in Canada that are well positioned to capitalize on this market opportunity. It is in this context that now Prime Minister Justin Trudeau committed to legalizing marijuana for recreational consumption during the 2015 federal election.

In order to safely maximize the economic benefits of the recreational use of marijuana in Ontario, the federal and provincial governments should coordinate to legalize the sale and distribution of marijuana for recreational use. In addition, the governments should coordinate to develop effective health and safety recommendations to promote the safety of recreational marijuana consumers.

Recommendations:

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

1. Work with the federal government to introduce a modern, legal framework for recreational marijuana production and distribution.

2. Coordinate with the federal government to develop effective health and safety regulations that will ensure consumer safety and protect Canadian youth throughout the production and distribution of marijuana for recreational use.

3. Investigate and implement a retail and distribution policy that preserves consumer choice, ensures a level playing field and adherence to regulations and restrictions, and does not offer special treatment to any person or organization.

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[47] Washington Post, *Colorado's legal weed market: $700 million in sales last year, $1 billion by 2016* (https://www.washingtonpost.com/news/wonk/wp/2015/02/12/colorados-legal-weed-market-700-million-in-sales-last-year-1-billion-by-2016/)
[48] ibid.
[49] Colorado Legislative Council Staff, *Focus Colorado: Economic and Revenue Forecast* ([49] http://www.leg.state.co.us/clics/clics2014A/cslFrontPages.nsf/FileAttachVw/Forecast/$File/forecast.pdf#page=32)

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

The policy will generate revenue for the government. In 2014-2015, Federal and Provincial governments took $8.16 billion in tax revenue from tobacco sales.[50] This was from sales of just over $30 billion.[51] If recreational marijuana were regulated and taxed at a similar level, based on a projected market size of $5 billion, expected revenues would be in the order of $1.35 billion.

OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION

[50] Physicians for a Smoke-Free Canada, *Tax Revenues from Tobacco Sales* (http://www.smoke-free.ca/pdf_1/totaltax.pdf)

[51] Government of Canada, *Cigarette and Fine-Cut Sales in Canada 1980-2014* (http://healthycanadians.gc.ca/publications/healthy-living-vie-saine/wholesale-sales-2013-cigarettes-ventes-en-gros/index-eng.php)

7. Support Provincial Jurisdiction in Air Quality Management - Authored by the Oakville Chamber of Commerce

Please select which category from the OCC economic vision best represents your issue:

- ☐ Special issues

Issue:

Currently, the Ontario Municipal Act permits Municipal governments to enact bylaws to protect the public interest if there is believed to be risks to the overall health, both physical and economic, of their communities, in areas that are clearly defined as a Provincial jurisdiction.

In the past, individual municipal governments enacted bylaws to control the use of pesticides within their own borders, creating a patchwork or inconsistent regulations. Eventually, the Provincial Government intervened and produced province-wide regulations, noting that airborne substances do not recognize borders.

An Ontario municipality enacted a bylaw to regulate at a local level, fine particulate matter emissions from business and industry. With the stated willingness of other municipalities to enact similar air quality regulations, we can predict events to unfold as they did with pesticide regulations.

Background:

Implementation of an enforcement plan would require massive, duplicative investments by the 444 municipalities in Ontario, including, but not limited to, new departments and staff in an area not currently within the scope of municipal responsibilities. When resources are allocated to new programs such as this, other priorities may be sidelined.

The additional costs to business to comply with a regulatory environment with 444 disparate municipal regulators (plus federal and provincial regulations) will establish a balkanized business climate that will detract from efforts to enhance business productivity, reduce competitiveness of Ontario businesses and will drive businesses looking to locate in Ontario to jurisdictions with greater regulatory certainty and clarity.

It must be stated that FPM cannot be contained within their source community and that they cross international boundaries, irrelevant of the source: industrial, commercial, residential, institutional, or from transportation. This makes attempts by individual municipalities to regulate air quality at a local level ineffective.

Current provincial regulations allow a municipality to define a public interest that may be contrary to the overall health, both physical and economic of an area that is clearly identified as a Provincial interest. It is important that the Province amend the statute and regulations to reserve exclusively for itself the ability to define the public interest in the area of air quality.

Recommendations:

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

1) Develop province-wide standards for the regulation of fine particulate matter, in consultation with business, scientific experts, and other stakeholders.

2) Enact legislation to regulate and enforce these standards. The legislation must be operational and effect a reduction in fine particulate matter where it is show to have a detrimental effect on human health.

Estimated Financial Impact to the Province (For AGM discussion-purposes only – will not appear in final compendium)

Cost-neutral to the government

NOTE: This is a sunsetting resolution.

OCC POLICY COMMITTEE SUPPORTS THIS RESOLUTION