ONTARIO ELECTION 2014 BUSINESS PRIORITIES

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ontario chamber of commerce

ABOUT THE ONTARIO CHAMBER OF COMMERCE

The Ontario Chamber of Commerce (OCC) is a business network of 160 local chambers of commerce and boards of trade in Ontario. Through this network we are the voice of 60,000 members that range from small businesses to major corporations and industry associations. Together, our members employ over two million people and produce nearly 17 percent of Ontario's GDP.

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ONTARIO ELECTION 2014 BUSINESS PRIORITIES

The 2014 Ontario provincial election comes at a pivotal time for the province. Government debt is soaring. Economic growth is projected to be sluggish for the foreseeable future. Unemployment remains persistently high. At the same time, the province requires strategic investment to ensure long-term success and prosperity.

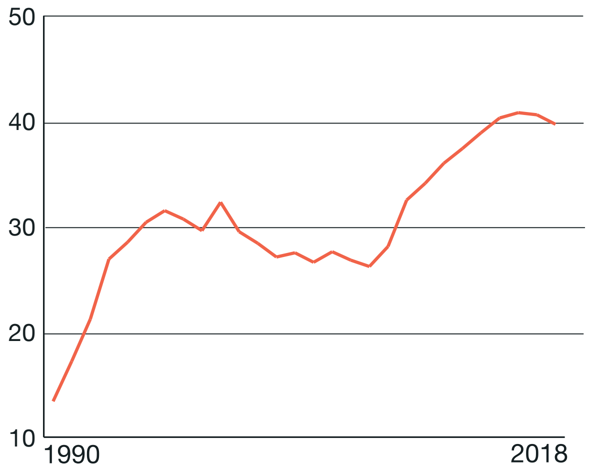
These are just some of the challenges that Ontario's next government will face. To overcome these challenges, the provincial government must focus on creating a business climate that is conducive to investment and growth.

What follows is the business platform for the 2014 Ontario provincial election. In it, we argue that bold action and leadership are required to restore Ontario's competitiveness in the global economy. We encourage all parties to consider and follow through on these priorities.

SECTION 1 | Tackle the Debt and Deficit

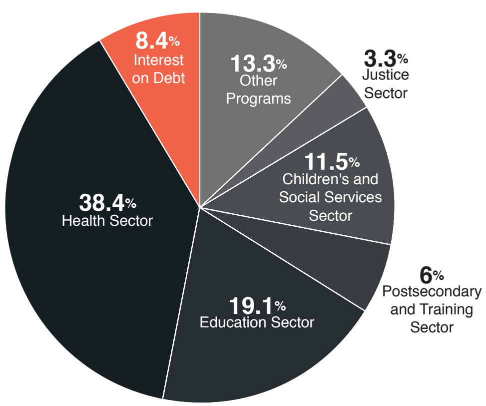
The Challenge | Ontario's deficit and debt are projected to increase to $12.5 billion and $295.8 billion, respectively, in 2014-15. Ontario is not Greece. However, our large debt is eroding Ontario's capacity to deliver services; the Province spends more on servicing its debt than on postsecondary education. Ontario needs a plan to return to fiscal sustainability.

Ontario's net debt-GDP has increased substantially since 1990



Source: Ontario Ministry of Finance, 2014

Interest on Debt is the fourth-largest component of spending in the province



Source: Ontario Ministry of Finance, 2014

Our priorities

In an environment of limited fiscal capacity, public sector salaries and benefits must be held in check. The government should expand wage restraint measures that encompass wages, benefits, and pensions across the public sector and the broader public sector.

The government also needs to take transformative measures that will bring about long-term cost-savings. Across-the-board cuts threaten vital services and rarely produce the desired savings.

The 2014 Ontario Budget contains some commitments to achieve cost-savings through program review. These targets need to be much more stringent, with greater emphasis placed on measuring and evaluating the return on taxpayer dollars. Programs that are not producing results should be reformed or discarded.

Further, government should partner with the private and not-for-profit sectors to deliver public services more efficiently in some non-core areas.

Finally, the Province must press the federal government to close the estimated $11 billion gap between what Ontarians pay in federal taxes and what they receive in the form of federal spending and transfers.

Related Policy Papers

Unlocking the Public Service Economy in Ontario: A New Approach to Public-Private Partnership in Services

occ.ca/advocacy/publications

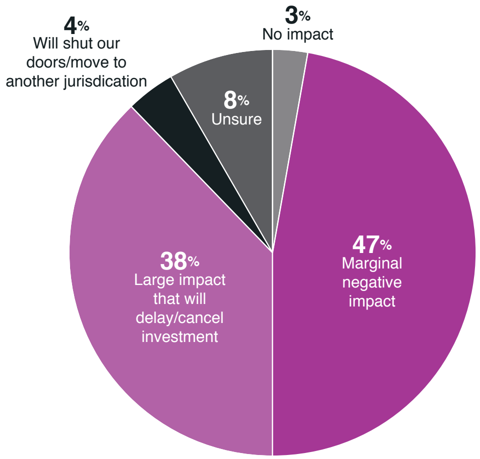
Question to the party leaders

What specific steps will you take to eliminate the deficit and pay down the debt, while protecting core services that Ontarians value?

SECTION 2 | **Create a Better Business Climate**

The Challenge | Due to many forces beyond government control, Ontario's value proposition in the global economy has shifted. A rising dollar, for example, has eroded Ontario's wage advantage vis-à-vis the United States. To encourage investment in the province, government must focus on those things that it can control, including the business climate.

How will increasing energy prices impact your business?



Source: OCC Quarterly Policy Survey, February 2014 | n=987

Our priorities

Ontario's energy prices are among the highest in North America and one of the biggest barriers to business expansion in the province. Reducing the cost of electricity, without compromising the reliability of the system, must be a priority. So too is applying an economic development lens to electricity policy and helping energy intensive industries.

In addition, a competitive corporate tax rate encourages investment in the province; conversely, every one point increase in the corporate tax rate reduces investment by 1.82 percent. Ontario's marginal effective tax rate has been significantly reduced over the past decade, however there is still room for improvement.

Finally, an uncertain regulatory environment and red tape deter job creation. Ontario needs a balanced approach to regulatory decisions that incorporates opportunities for economic development in the decision-making process.

? Question to the party leaders

What will you do to create a more favourable climate for businesses and investment in the province?

SECTION 3 | **Invest in Critical Infrastructure**

The Challenge | Decades of underinvestment have left Ontario with a transit and transportation infrastructure deficit. This deficit is inhibiting the province's economic growth and reducing our ability to capitalize on strategic assets that will be critical to the province's future success.

Ring of Fire: the facts

GDP Impact (25 years)	up to **$25 billion**
New Jobs Created	**5,500**
Government Revenue	**$7 billion**

Source: Beneath the Surface

The value of infrastructure investment

$6 billion

in lost productivity resulting from congestion in the GTHA

Source: Toronto Region Board of Trade

Our priorities

The Ring of Fire is a multi-generational economic opportunity for the province which will generate $25 billion in economic activity over the first 32 years of development and sustain 5,500 jobs per year. To unlock the potential of the development of this resource, all parties need to commit to funding all-season transportation infrastructure in the Ring of Fire and pressure the federal government to do the same.

In addition, according to the Toronto Region Board of Trade, congestion in the Greater Toronto and Hamilton Area costs $6 billion in lost productivity annually. Ontario needs dedicated revenue for a transportation infrastructure plan that is transparent, accountable, fair, and promotes competitiveness and job creation. All parties must propose a serious plan that demonstrates how they will pay for new infrastructure.

Finally, in this difficult economic and fiscal period, Ontario needs to think strategically and creatively about infrastructure projects and how they will be funded. By leveraging public-private partnerships, providing dedicated revenue streams, and searching for savings, the government can help spur economic growth by investing in key projects.

Related Policy Papers

Beneath the Surface: Uncovering the Economic Potential of Ontario's Ring of Fire

The $2 Billion Question: Business Opinion on Funding the Big Move

occ.ca/advocacy/publications

Questions to the party leaders

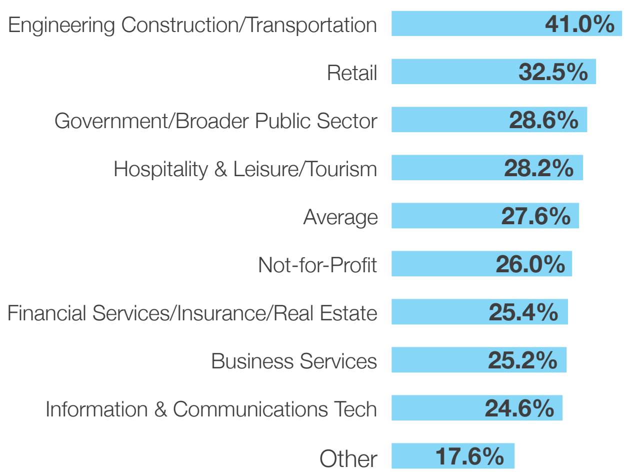
What specific steps will you take to address Ontario's infrastructure deficit?

How will you pay for them?

SECTION 4 | Build a 21st Century Workforce

The Challenge | Ontario is suffering from a skills gap: on average, roughly 28 percent of Ontario businesses are unable to fill a job because they cannot find someone with the right qualifications. The skills gap is more acute in certain regions and sectors, reflecting a province undergoing uneven economic transformation. A persistent skills gap is a significant barrier to Ontario's economic success.

Percentage of businesses that have had difficulty hiring someone with the right qualifications (by sector, 2013)



Source: OCC Quarterly Policy Survey, February 2014 | n=987

Our priorities

The government should reform training programs so that they are driven by demand and responsive to the needs of employers. Government has recently taken some good steps in this direction.

OCC survey data reveals that the skills gap is particularly acute in the skilled trades. In its current form, the Ontario College of Trades is poorly positioned to help address skills shortages.

The College must be reformed to promote careers in the skilled trades, while reducing the unnecessary bureaucratic and financial burden it imposes on employers. Otherwise, it should be scrapped.

Related Policy Papers

Caution: Work Ahead, A Report on the Ontario College of Trades

Stay tuned for the upcoming OCC report on the Employer Role in Training

occ.ca/advocacy/publications

Question to the party leaders

What are your specific plans to address skills shortages in the province?

SECTION 5 | **Address the Pension Problem**

The Challenge | Ontario has a pension problem. Close to 1.3 million workers in Ontario do not have access to an employer-sponsored workplace pension plan. In addition, too many Ontarians are not adequately saving for retirement. In the context of an aging population, inadequate retirement income for seniors could produce a substantial drain on government and taxpayer resources.

Canadians and Ontarians are saving less for retirement

Source: Statistics Canada; CIBC, 2013.

23%

The percentage of businesses who say they can afford the costs associated with increased employer pension contributions

Source: OCC Quarterly Policy Survey, February 2014 | n=987

Our priorities

There are several existing proposals for reforming the pension system. A stand-alone Ontario pension plan risks creating administrative duplication with the CPP, further fragmenting Canada's pension landscape, and deterring job creation.

Businesses in Ontario resoundingly favour Pooled Registered Pension Plans (PRPPs) over a new Ontario pension plan. The PRPP will target the segment of the population that is most in need of retirement savings assistance and it offers the greatest flexibility for employers and employees.

Further, too many Ontarians are ill-equipped with the necessary knowledge and skills to make informed financial decisions in today's complex society. Government must build more financial literacy programming into the curriculums at all levels of the education system to ensure healthy retirement incomes.

Related Policy Papers

An Employer Perspective on Fixing Ontario's Pension Problem.

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Question to the party leaders

How will you ensure that Ontarians are equipped with the resources they need to support themselves during retirement, without placing too great a burden on Ontario businesses?

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