Compendium:
OCC Economic Renewal & Business Competitiveness
2011-2014

(Long Version)

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

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

Economic Renewal & Business Competitiveness

Competitive Tax and Regulatory Regime

A. Modernizing Ontario's Tax Structure

a. Accelerate Reductions in the Business Education Tax

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

Issue:

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

Background:

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

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

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

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

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

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

b. Improving the Competitiveness of Ontario Industries through Fuel Tax Rebates for Off-Highway Road Transport

(Submitted by the Timmins Chamber of Commerce)

Issue:

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

Background:

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

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

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

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

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

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

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

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

c. Reforming the Taxation System on Ontario's Financial Services Industry

(Submitted by the Caledon Chamber of Commerce and OCC Task Force on Taxation of financial Services)

Issue:

The hidden taxes on financial services such as credit, insurance and payment products; fund, debt and equity securities; and deposit and savings vehicles cascade through all sectors of the economy. The current system leads to tax being paid on tax, inappropriately raising the cost of doing business. The cumulative tax is a deterrent to investment and the inter-provincial tax rules are too complex. This means reduced competitiveness of Ontario businesses, both domestically and globally.

Background:

The financial services industry is a critical engine for Toronto, Ontario and Canada's economies, driving employment growth, creation of high-value jobs and GDP. The Greater Toronto Region (GTR) is the heart of Canada's financial services industry (FSI), hosting 30% of FSI employees in the country. In 2009, the sector contributed over 13% of GTR employment and over 20% of GDP, including indirect effects. Toronto is home to:

- 2 of the largest 10 global life insurers
- 3 of the world's greatest 25 banks and Canada's largest 5 bank institutions
- The 3rd largest exchange in North America after New York and Chicago
- 3 of the top 50 global pension funds
- 7 of the top 10 investment dealers in Canada
- 4 of the largest 5 investment management firms in Canada
- 3 of the 4 largest property and casualty insurers in Canada

These numbers, and the integral role of financial services in the economy, suggest that strengthening and growing Toronto's FSI is paramount for the region's and province's economy. As financial services worldwide become increasingly competitive, it is imperative for Ontario's financial industry to remain strong. The health of the overall economy – and the financial well-being of individual Canadians – depends heavily on the soundness and competitiveness of the financial services industry due to its role in providing funding, capital, payment and insurance services that are important drivers of other sectors.

Financial services and manufacturing have historically acted as twin engines for the Ontario economy, with Ontario being one of the few jurisdictions in North America were both sectors have thrived. However, from 2003 to 2008, the manufacturing employment base in Ontario declined by 3.7% annually, driven at least partially by increased international competition. In the same period, financial sector jobs in the GTR, grew by 4.3%, contributing to an incremental $6.2 billion in GDP in the province, offsetting the 4% of GDP lost from manufacturing. To sustain growth of the financial services sector, and more importantly the industry sectors – including manufacturing – that the financial sector supports, sound taxation policies are needed.

The current tax system imposes a greater tax burden on financial service providers by exempting financial services from GST/HST. These providers are not entitled to input tax credits for the GST/HST they have paid on purchases made to provide the exempt services. The HST has increased the sales tax burden on the financial industry, adding hundreds of millions of dollars in new costs net of Ontario corporate tax reductions and the small quantity of provincial sales tax previously paid. This discourages new capital investment in Ontario relative to non-HST provinces, may encourage financial institutions to move some of their operations to these now lower-cost provinces, and will promote in-sourcing of inputs.

The policy intent in moving to a value-added tax (VAT) regime in Ontario was to eliminate the cascading of sales taxes by removing the embedded tax from the supplier's cost base. In the case of an exempt supply, there is considerably more cascading of tax through to the final price of the exempt services for business, retail, and to some extent zero rated financial services exports, making the Canadian financial sector and the many sectors that use financial services less internationally competitive.

The phasing in of general corporate tax rate reduction in Ontario from the current 14% to 10% as of July 1, 2013 was aimed at encouraging investment and productivity improvements in the province. However, the positive impact of these rate decreases will be at least partially mitigated by the impact of increased net sales taxes on the financial sector. Also, the economic benefits of corporate income tax reductions and capital tax elimination is spread across the entire economy, whereas the significant incremental costs of harmonization are concentrated on a few sectors.

The current exemption system for the taxation of financial services has negative consequences, not only for the financial services institutions and their shareholders, but also for businesses that should not be paying the sales tax embedded in their purchases. The main principle of a VAT is neutrality of tax treatment and yet the application of the GST and HST to financial services in Canada runs contrary to this in every way:

1. The same concept or value of consumption is not applied equally across all industries.
2. All goods and services do not bear the effect of the VAT once – at the point of final consumption.
3. The tax does not minimize changes in consumption decisions such as a bias toward in-house versus outsourcing or change in location of business – businesses supplying services that can be brought back in-house by the financial sector will therefore be hit harder than the broader economy that will bear cascaded tax.
4. The anticipated reduction in administrative costs under a VAT does not apply to all industries equally – the new compliance measures for financial institutions have increased their administrative costs considerably.

Canada's GST rules applying to financial services have been in place since 1990 when the GST was first implemented. Since then, business models and processes have changed, and important advances have been made in other countries on how to treat financial services under a VAT that are instructive for Canada. The GST was and is manageable because it is a national tax levied at a modest rate.

Applying a multi-rate second tier of tax at a higher rate in some provinces only, to what is essentially a national pool of saving/investments and credit, is contrary to the fundamental tax policy principles of taxpayer/investor equity, economic/geographic neutrality, and compliance/administrative simplicity. Only four of the 130+ value-added tax (VAT) countries have a dual level of sales tax and of these, only Canada will apply a variable rate at the provincial/state level.

As the issues are complex and impact financial services sectors in different ways, a multi-stakeholder review should be considered with representation from various financial industry sectors and business organizations at both the provincial and federal level. An improved sales tax regime will enhance the efficiency of all sectors and strengthen Ontario's competitiveness. By virtue of its harmonization, Ontario now has a voice in the sales tax policy issue and should take the opportunity to support and participate in such a review.

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

1. In cooperation with the federal government review and amend the taxation of the financial services industry and its services to ensure that all savings/investment, credit, insurance and payment services are taxed in a fair and consistent manner.
2. Ensure that no level of taxation results in a tax-on-tax structure.
3. Simplify tax rules to reduce administrative complexity in the application of taxes of businesses operating inter-provincially.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

d. Altering the Provincial Property Tax Structure to Encourage Growth and Development

(Submitted by the Greater Sudbury chamber of Commerce)

Issue:

The current formula in which property taxes are assessed is arbitrary and creates complexity and confusion for taxpayers – whether commercial, industrial, institutional, or residential. The tax system can be more efficient to create tax parity and encourage growth and development of communities.

Background:

Property tax is the oldest tax in Ontario. Despite its longevity, it is the most complex and criticized tax. Since its inception in the early nineteenth century, various governments of all stripes have struck committees to examine and develop recommendations to reform property tax. In every case, the proposed resolutions that were designed to change the system have been largely ignored.

The current property tax formula is based on a property's "current value" and it is the role of the Municipal Property Assessment Corporation (MPAC) to make that determination. There are seven different classes of property (established by the province) with different tax rates (set by the municipality) for each class; residential, multi-residential, commercial, industrial, pipeline, farm, and managed forests.

The current system for assessing a property's value is arguably arbitrary. In addition to analyzing property sales in a community, it is the responsibility of an MPAC representative to assess the key features of a property including location, lot dimension, living space, age, renovations, and quality of construction.

MPAC has been criticized in the past and most recently by the Auditor General regarding the variance in property assessment and actual sale value. The 2010 Auditor General's Report noted variances of 20% resulting from MPAC's failure to acquire up-to-date data from recent property inspections. It is obvious that this is not an efficient system for property tax assessment. Taking some responsibility away from MPAC and placing it in the hands of the local government would result in a fairer and more transparent tax structure.

Furthermore, with respect to the commercial and industrial classes, property tax rates are unfairly set. They do not reflect the services received by commercial and industrial classes. Businesses do not tend to reap the benefits of municipal taxes in the same way as homeowners. Most services and the education system that property taxes fund are dedicated to the residential rate payer rather than the other classes.

To address the problematic structure of the current method of property taxation, a review of other property taxation methods that have been implemented is required. We recognize and appreciate that property taxes are the primary source of operating revenue for municipalities and are used to finance local programs and services and believe that local government should have a fuller role in making property tax decisions within their municipality.

Land value taxation is an example of an alternative framework that is currently used. Land value taxation is the process of basing property tax on the value of land, not on the physical structure. All improvements made to the structure of the building would be disregarded. This leaves no room for arbitrary assessment of a structure's worth. It would be the role of the municipal government to determine the rate on different parcels of land. As it currently stands, property has a greater value than land. However, if the land value taxation model were introduced, in order to maintain the city's overall tax revenue, the tax on land must increase.

This system of taxation creates parity among property classes and eliminates inaccurate and arbitrary property assessments. It removes the many property classifications and leaves the tax to be determined solely by land value. This form of taxation has many benefits. With the current tax system, there is nothing to motivate an owner to make improvements to their property. With land value taxation, those who maintain and improve their properties will end up realizing a tax reduction. This taxation system also reduces abandoned lots, vacant structures and deters speculative land holding. Since owners will be paying the same amount of tax on a property whether they have a building or not, it obliges land owners to develop or sell to someone who will. This then stimulates construction, leads to increased jobs and will result in more growth in the community. Land value taxation moves the tax burden from those who are contributing to the economy to those who are preventing growth and development.

This taxation system requires a strict assessment and policy from the local government and makes the municipality accountable for the rates they set. It is crucial to have zoning codes in place to prevent abuse of the system. Monitoring must take place to ensure that hyper-dense projects are not built. Land Value Taxation is a system that is popular in many parts of the world, including locations in Europe, Asia, Australia, and Mexico.

Regardless of what new method of property taxation is selected, it is imperative that the government look beyond our province and country when seeking alternative models for improvements to the property assessment system. It is time that change occurs with the policy framework for assessment delivery.

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

1. Establish, within the next six months, a task force to research and develop alternative frameworks of property assessment with the goal of establishing a more efficient system.
2. Consider establishing "opt-out" clauses (as seen in the previous Ontario Property Assessment Corporation) within MPAC to allow municipalities to facilitate their own assessment functions using professional assessor.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

B. Regulatory Modernization

a. Improving the Process for Establishing Regulations That Impact Businesses

(Submitted by the Burlington Chamber of Commerce)

Issue:

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

Background:

There have been examples where poorly developed laws and regulations have meant considerable expense to the public purse, to individuals, and to businesses.

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

In this particular case the restaurant owner incurred thousands of dollars in legal fees in trying to determine what avenues were available to him in the near impossible task of meeting the conflicting requirements of the Commissions. In addition to the financial burden there was a significant distraction to the operation of the business through no fault of the business owner. The goal of the business was to prevent the smoking of a controlled substance within the immediate outdoor space of the restaurant while abiding by the alcohol serving rules. Additionally the taxpayers have to fund the Ontario Rights Commission and the Alcohol & Gaming Commission to defend their respective regulations while neither have an obligation to assist in finding a solution.

In a situation like this, business will be on the defensive. The cost will fall on the business to try to resolve such a situation. The real shortcoming is in the development of the government regulation.

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

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

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

b. Creating a True 'Open For Business' Culture in Business Regulatory and Enforcement Framework

(Submitted by the Mississauga Board of Trade)

Issue:

The Ontario Government has recently articulated a vision to better serve and support business and economic development in the province through its "Open for Business" initiative that is intended to reduce the red tape and regulatory burden on business. However, this vision is far from being reflected in the bureaucratic regulatory framework that threatens business every day with inflexible and unfriendly business policies, approval processes, and regulations that are being implemented and enforced unjustifiably to the detriment of business.

Background:

As the foundation of the Ontario government's Five Point Economic Plan, 'Open for Business" is the ambitious three-year initiative, through the Ministry of Economic Development, to create faster, smarter and streamlined government-to-business services to make Ontario more attractive for business development while protecting the public interest. It also seeks to transform the Ontario government-to-business relationship. Specific objectives are to:

- Create open and responsive collaboration between government and business
- Reduce the burden of government regulation on business
- Implement enhanced, single-access point services and products, coupled with service guarantees
- Create a modern regulatory environment that fosters competitiveness and welcomes new business

Business regulations are intended to serve Ontario citizens by ensuring fair business practices, consumer and public safety, community welfare and care of the natural environment. While Ontario's business support and demonstrate leadership in advancing these objectives, business regulations in Ontario are extensive and unduly heavy, covering every aspect of business. Included are government imposed legislation, taxation, regulations, registration, licenses, permits, approvals, restrictions, standards, guidelines, procedures, reporting, filing and certification requirements, paperwork, investigation, inspection and enforcement practices or other measures that truly are not needed to protect public health, safety, and the environment.

Businesses in Ontario are being overly taxed in applying resources to compliance, including many circumstances where the regulations itself, its application, or enforcement, is unnecessarily and unjustifiably burdensome, crude and inflexible. The result is a strong hindrance on job creation, investment opportunities and weakened competitiveness. This regulatory environment is extremely detrimental to long-term economic sustainability and growth, and is particularly threatening to business during the current economic recession.

In order for the Provincial Government to be truly serious about its vision for Ontario to be "Open for Business", the business regulatory framework, including the bureaucratic culture of working in silos, inflexibility and lack of understanding of business operations and challenges, must be shifted, to better support business and economic sustainability.

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

1. Establish comprehensive business regulatory reform as a strong "economic sustainability" priority, and within the next three years, having set ambitious annual benchmarks, make a meaningful and substantial change in government policies, regulations, and enforcement that support economic development, business opportunity, competitiveness and growth.
2. Translate the "Open for Business" vision into very specific and defined measures, consistently implemented and coordinated throughout all provincial ministries and departments, and from the highest policy development levels to the front line public servants and officials; measures that clearly demonstrates a bureaucratic "economic sustainability culture" of supporting rather than inhibiting business.
3. Educate all provincial policy makers, public servants and regulatory enforcement employees on "Open for Business" objectives and the related "economic sustainability culture" so that it is formally internalized in the provincial government, including setting appropriate performance and behavioural expectations and sustainability targets into a performance assessment.
4. Consult and work closely with business (including business and industry associations), and through study, comprehensively identify the large volume of burdensome regulations hindering business, with a view to rectifying, reducing and eliminating, as well as pursue opportunities for better cross-provincial harmonizing.
5. Attach a five-year mandatory review of all new regulations.
6. Impose a statutory requirement for broad based consultation with business stakeholders on any proposed new regulations at least 60 days prior to adoption, demonstrating that it was well researched, and includes a cost-benefit analysis (including cost of implementing, enforcing and maintaining the regulation and economic impact vs. the benefit to be gained by the regulation).

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

c. Removing Inter-Provincial Trade Barriers for Ontario VQA Wine Delivery

(Submitted by the St. Catharine's – Thorold Chamber of Commerce)

Issue:

In an increasingly competitive global marketplace, inter-provincial regulations restrict the expansion and growth of business within the Canadian marketplace. In recent years, provincial and territorial governments have commenced macro-discussions related to inter-provincial trade barriers. While this approach is a good first step towards creating a more competitive national business environment, attention should also be directed towards targeted regulations as a means to demonstrate the positive impacts that removing trade barriers can have on industry and economies.

For example, the Ontario wine industry, producers of world-class 100% VQA Ontario wines, is prohibited from shipping its wines across provincial and territorial boundaries to wine consumers based on regulations enacted in 1928. The removal of prohibitive wine-related regulations should be used as an example of the need to further reduce inter-provincial barriers to strengthen domestic industries.

Background:

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

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

Interprovincial trade barriers cost the Canadian economy $6.5 billion per year. Approximately 17.5% of this is as a result of provincial liquor and agricultural policies. With the LCBO being the largest purchaser of liquor in Canada, Ontario has a unique position to demonstrate leadership when it comes to eliminating inter-provincial trade barriers related to the wine industry.

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

The Ontario wine industry has become an economic generator for the province. Not only does the Ontario wine industry provide gainful employment, preserve valuable agricultural land and create vibrant tourism destinations, it also adds value to the economy in many other ways. A 2002 study conducted by KPMG and commissioned by the Wine Council of Ontario found that the sale of a litre of

Ontario wine added $4.29 in value to the Ontario economy compared to $0.56 in added value from the sale of an imported wine.

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

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

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

1. Demonstrate Ontario’s commitment to reducing inter-provincial trade barriers by working with all provinces and territories to remove prohibitive regulations related to the direct sale and delivery of 100% Ontario made VQA wines.
2. Demonstrate leadership at the Council of the Federation by developing the framework for a permit and reporting system that would allow specified quantities of 100% Ontario made VQA wines to be direct delivered to Canadian consumers.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

d. Ensuring Competitiveness and Accountability with OntarioBuys

(Submitted by St. Catharine's – Thorold Chamber of Commerce and Greater Sudbury Chamber of Commerce)

Issue:

Since the piloting of the OntarioBuys program three years ago, the Chamber has raised concerns regarding the procurement procedures developed by OntarioBuys.

Under OntarioBuys, shared service organizations (SSOs) were created. One such SSO is the Ontario Education Collaborative Marketplace (OECM). Under this SSO there are number of stipulations that are unrealistic for small and medium sized firms to meet.

With the permanent entrenchment of OntarioBuys in the 2009 Ontario Budget, it is clear that the government is committed to the program. However, there are significant process changes that must be made for OntarioBuys to be a fair and open process that does not negatively impact businesses across the province.

Background:

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

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

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

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

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

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

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

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

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

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

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

e. Ontario's Residential Tenancies Act

(Submitted by the Tillsonburg District Chamber of Commerce)

Issue:

Ontario's provincial government regulations within the Residential Tenancies Act (RTA) enable tenants to take unfair advantage of the system. Residential or landlord tenant acts in other provinces are more equitable; thereby making it more attractive for investment in those jurisdictions.

Background:

Ontario's Residential Tenancies Act (RTA) should be changed to make it more equitable for landlords and property managers. The existing Act does not hold tenants accountable to their rental responsibilities; instead it places unnecessary financial burdens and excessive delays on landlords and property managers, and on our municipal court system.

Ontario's RTA processes must be changed in the areas of: 1) Non Payment of Rent; 2) Dispute Resolution Officers at Residential Tenant Board offices; and 3) amending last month's rent to a security deposit system.

Non Payment of Rent

Currently in Ontario, if a tenant has not paid their rent, it is the landlord's responsibility to pay a $170 filing fee and schedule a hearing. In British Columbia, if the rent is not paid, the onus is on the tenant to pay a $50 filing fee to dispute an eviction. British Columbia's Act places the responsibility in the right place by making the tenant accountable for the expenses incurred to schedule a hearing when it is their rent that has not been paid. Ontario's current process places unnecessary financial burdens on landlords and wastes valuable administrative time and associated costs. A tenant often does not attend a hearing nor are they likely to have a receipt proving their rent was paid when it was not.

Dispute Resolution Officers at Residential Tenant Board Offices

In Ontario, the Dispute Resolution Officers are at the courthouse the day of a scheduled hearing to assist with settling an issue before it is heard by a judge. However, in British Columbia, evidence can be presented by both the tenant and landlord to a Dispute Resolution Officer, and a binding ruling can be made by the Officer. This presentation can be done at a government office or by telephone conference call. This BC process avoids scheduling a hearing and using up unnecessary, valuable court time and tax dollars.

Amending Last Month's Rent to a Security Deposit System

Under Ontario's current system, a tenant pays last month's rent, which covers the last month they occupy the unit. The issue with this process is that the tenant does not pay any monies on the first day of their actual last month. Therefore, at the end of the tenancy there is no money held by the landlord to give back to the tenant leaving no motivation for the tenants to leave on time, leave the unit in reasonable repair and cleanliness, take all their possessions, or return the keys.

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

1. Amend Ontario's process for Non Payment of Rent within The Residential Tenancies Act to mirror that of British Columbia's. This places the onus and payment of fees on the nonpaying tenant not the landlord.
2. Shorten the dispute process by more effectively using the role of a Dispute Resolution Officer at the Residential Tenant Board office. This will avoid unnecessary court hearings. An order of possession can be obtained from a Dispute Resolution Officer at the Residential Tenant Board office thereby avoiding going to hearing to obtain such.
3. Amend the current process of collecting last month's rent by landlords to a security deposit system similar to the process in the Province of Alberta. This process will include the following:
    a. An inspection report to be completed by the tenant and the landlord which will note any deficiencies before the tenant takes possession of the unit;
    b. A security deposit to be returned in full once the tenant vacates the unit and has met the following conditions:
        - The tenant removes their personal possessions from the unit
        - The tenant returns the keys upon vacating the unit
        - The tenant reasonably cleans the unit before vacating
    c. The tenant recognizes that any repairs required outside of normal wear and tear will be deducted from the security deposit; and
    d. The tenant does not have full rights to the rental property until the first month's rent and security deposit are paid in full.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

C. Environmental Coordination

a. Air Quality

(Submitted by the Oakville Chamber of Commerce)

Issue:

We reference the Ontario Chamber of Commerce Principle: Each order of government must maintain legislative, regulatory, and enforcement powers within its jurisdiction.

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 of inconsistent regulations. Eventually, the Provincial Government intervened and produced province-wide regulations, noting that airborne substances do not recognize borders.

An Ontario municipality has recently 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:

Responsibility for regulating Air Quality, including Fine Particulate Matter places an onerous burden on municipal governments' limited resources. Municipal governments do not have the resources or expertise to undertake the complex process required to produce effective and enforceable air quality regulations.

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. To develop province-wide standards for the regulation of fine particulate matter, in consultation with business, scientific experts, and other stakeholders.
2. To enact legislation to regulate and enforce these standards. The legislation must be operational and effect a reduction in fine particulate matter where it is shown to have a detrimental effect on human health.

Effective Date: June 24, 2010
Sunset Date: June 24, 2013

b. Ontario’s Competitive Clean Air and Climate Change

(Submitted by the OCC GHG Emission Task Force)

Issue:

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

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

Background:

On January 29, 2010, the federal government announced its 2020 target of a 17% reduction in greenhouse gases from 2005 levels. This target is completely aligned with the U.S. target. However, Ontario’s Climate Change Action Plan calls for reducing greenhouse gases by 6% from 1990 levels by 2014, and 15% by 2020. In December 2009, the provincial government passed legislation (the Environmental Protection Amendment Act -Greenhouse Gas Emissions Trading), which has set the foundation for Ontario's cap-and-trade program. The Cap and Trade “implementation” date is set for 2012.

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

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

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

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

1. Technological limitations: There are genuine limits to the scope of available and affordable technologies, which could be deployed effectively and particularly to meet the likely mandated timetables. In large measure, businesses already employ best available technologies that are commercially viable, making significant reductions unattainable in the short term.

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

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

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

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

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

c. Environmental Harmonization: Towards a ONE Project – ONE Assessment Approach

(Submitted by the Timmins Chamber of Commerce)

Issue:

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

Background:

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

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

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

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

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

1. Work with the federal government to implement a framework supporting a "one project – one assessment" approach to environmental assessments, which does not lengthen project timelines.
2. Establish a mechanism or process for better communication and co-operation between Federal and Provincial government agencies to eliminate duplication of EA requirements and create greater efficiency in dealing with issues that arise in the EA process.
3. Amend legislation and regulation in provincial jurisdictions to permit a unified process, led by the province, with technical participation by federal regulators in areas of federal jurisdiction and interest by 2010.
4. Ensure that 80% of all harmonized reviews meet the timelines as set out by the province.

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

D. Fiscal Governance

a. Debt Reduction Targets for province of Ontario

(Submitted by the Thunder Bay Chamber of Commerce)

Issue:
The growing debt of the Province of Ontario is of great concern to the business community, especially when it does not appear that there are specific targets and a timetable to reduce our debt, estimated to have grown to $236.5 billion by March 31, 2011.

Background:
While much of the government statements recently have concentrated on the issue of the deficit, which has also grown substantially and must be addressed, there must be specific targets for debt reduction and a clear plan to meet those targets. It is understood that there are always fiscal issues that must be reasonably dealt with during times of economic downturns. However, there must be real debt reduction during times of expansion, and this has appeared a much more difficult undertaking for the province.

Ontario's Finances 1990-1991 to 2008-2009*			
Fiscal Year	Revenue ($ Millions)	Expenditure ($ Millions)	Provincial Total Debt ($ Millions)
2008-2009	90,472	96,881	176,915
2007-2008	97,122	96,522	162,217
2006-2007	90,397	88,128	157,311
2005- 2006(4)	84,225	83,927	155,332
2004-2005	77,841	79,396	156,801
2003-2004	68,400	73,883	148,733
2002-2003 (3)	68,891	68,774	138,696
2001-2002	66,534	66,159	136,708
2000-2001	66,294	64,392	134,694
1999-2000(2)	65,042	64,374	134,809
1998-1999	56,050	58,052	105,133
1997-1998	52,782	56,748	101,982
1996-1997	49,714	56,619	98,392
1995-1996	49,473	58,273	98,407
1994-1995	46,039	56,168	85,711
1993-1994(1)	43,674	54,876	76,714

1992-1993	41,807	54,235	66,101
1991-1992	40,753	51,683	50,618
1990-1991	42,892	45,921	40,002

The Chamber requests that a Debt Reduction Timetable be presented with the next budget, outlining what specific steps will be made above the plans for deficit reduction. A lack of commitment to addressing the debt issue impairs our province's ability to prosper.

Without properly addressing this growing debt issue, future governments will have less ability to address critical growth and infrastructure challenges of the province.

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

1. Adopt specific targets for debt reduction over the next 10 years and a clear plan to meet those targets.
2. Outline the plan and timetable in the next Provincial budget.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

b. Ontario's Deficit Management Strategy

(Submitted by the London Chamber of Commerce)

Issue:

Ontario's rising debt not only exposes the budget to the risk of higher interest rates, as was the case in the early 1990s, but it also creates an intergenerational shift of the tax burden.

Without a realistic plan to reduce the current deficit and ultimately the current level of debt, we will then be leaving that cumulative debt for future generations to resolve.

The Ontario Chamber of Commerce does not believe this is the prudent or responsible approach to managing Ontario's debt.

Background:

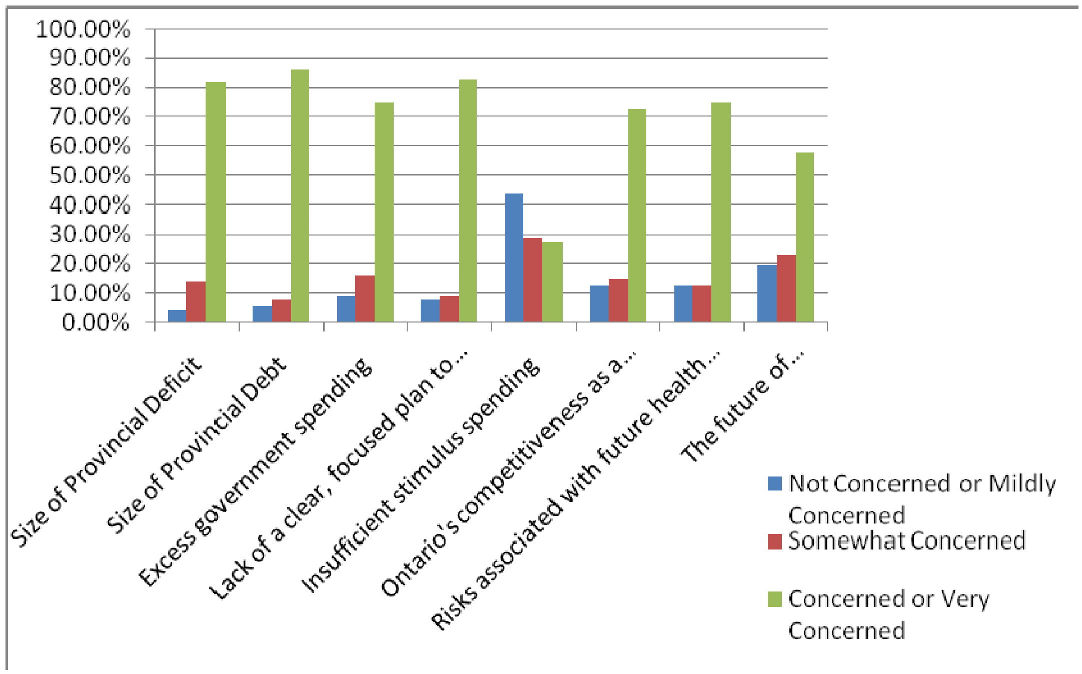
The Ontario Government is projecting deficits of $19.7 billion in 2010-2011 and $17.3 billion in 2011-2012. These projections reflect a reduction in anticipated revenue due to the recent weakening of economic conditions and the simultaneous increase in spending to offset some of the (temporary) effects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

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

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

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

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



The need for a credible and responsible plan is based on two principles. First, the business cycle is not dead. In order for the provincial government to maintain the option to respond to future downturns in the business cycle, it must move to, at the very least, balance its budget over the business cycle. (Over the good years, you need to run a surplus to finance the deficit you expect to run over the bad years… thus "balance the books over the entire length of the business cycle.") Given that post-war business cycles have averaged five to seven years, this suggests that a minimal objective is a plan to bring the budget into balance within 5 years.

The second principle is that the ability to borrow at reasonable rates of interest depends critically upon the confidence of lenders. While it should be emphasized that the current Ontario debt load is manageable, it is important that the government credibly commit to a medium run fiscal plan that will maintain the Ontario debt-GPP ratio in a reasonable range over the next 5 years. This will ensure that current credit ratings are maintained and prevent risk premiums from being added to the rate of interest attached to Ontario's debt.

An additional reason for fiscal prudence in the coming years is projected demographic changes. The most recent Ontario Population Projections[1] highlight two trends that will put increased pressure on provincial budgets. First, the growth rate of adults aged 15-64 is projected to grow more slowly than over the past two decades. This will be a downward force on future nominal GDP growth rates, relative to the past 20 years.

The second key factor is the growth rate of those greater than 65 will be above historical averages, due to the aging of the baby-boomers and increased life expectancy. This will put increased pressure on future health care costs.

[1] Ontario Ministry of Finance (2009). Ontario Population Projections: 2008-2036 Ontario and its 49 Census Divisions, Fall 2009. http://www.fin.gov.on.ca/en/economy/demographics/projections/demog09.pdf

There is no avoiding the fact that any credible fiscal plan will involve tough choices. Some simple calculations clearly illustrate these challenges. The 2009 Ontario Economic Outlook and Fiscal Review provide revenue and expense projections out to the 2011-2012 fiscal year.[2]

As a recent TD-Bank Financial Group report discusses, a reasonably optimistic growth rate of government revenues is on the order of 6% per annum.[3] Combining this with the previous fiscal projection for 2011-12, to balance the budget by 2015-16 the Ontario government would have to hold expenditure growth to less than 1.7% per year over 2012-2016.

This rough calculation highlights the urgent need for the government to outline realistic options to hold down expenditure growth. In particular, the government has no alternative but to seriously explore ways of reducing the growth rate in health care expenditures – either by promoting efficiency "measures" or by allowing for more direct billing for some services. However, the government should not accomplish this goal by simply rationing health care. According to the 2010 Budget, however, expenditures will grow by an annual average rate of 5.1% to 2013 and by 1.9% from 2013 to 2018.

These calculations also highlight the important role played by revenue growth. This further emphasizes that policies which help to increase the growth rate of GDP will increase the sustainable level of future government expenditures. This implies that the government should stay the course on recent tax reforms which will help to increase investment and growth.[4] In addition, the government should avoid slashing expenditures on high return investments, such as key infrastructure, education, and training given their direct link to levels of productivity and economic growth.

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

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[2] Ontario Ministry of Finance (2009). 2009 Ontario Economic Outlook and Fiscal Review, http://www.fin.gov.on.ca/en/budget/fallstatement/2009/paper_all.pdf
[3] TD Bank Financial Group (2009). "The Coming Era of Fiscal Restraint", http://www.td.com/economics/special/db1009_fiscal.pdf
[4] Mintz, Jack (2007). "2007 Tax Competiveness Report", CD-Howe Institute Commentary 254, September 2007.

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

1. Establish a plan to eliminate the deficit by 2015-16.
2. Provide an accurate accounting and recovery plan that will clearly communicate the government's intention to be in surplus by 2015-16, and will update this plan in all future budgets and economic statements.
3. Maintain and improve Ontario's Net Debt to GPP (gross provincial product) ratios at better than the provincial average of the five provinces with the lowest ratios.
4. Address the deficit through spending restraints but not reduce its deficit through cuts to existing municipal transfer payments, nor reducing investments in education and training and needed infrastructure that will promote our competitiveness and economic growth in the future.
5. Enhance the efficiency of health care spending and provide detailed measures on how government will lower the growth rate of health care costs to 3% a year. Government should also adopt international best practices at the strategic and operational levels of health care.

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

c. Promoting Greater Local Accountability of Provincial Funds

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

Issue:

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

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

Background:

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

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

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

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

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

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

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

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

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

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

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

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

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

d. The Need for Provincially Mandated Municipal Auditor Generals

(Submitted by the London Chamber of Commerce)

Issue:

With the recent economic upheaval there is an ever increasing pressure on the part of municipalities in the Province of Ontario to deliver added value for stretched taxpayer dollars.

This pressure is of course felt at all three levels of government, but none more so than on the taxpayers of Ontario who have seen their taxes rise exponentially while their investments and job security continue to erode.

More oversight and more accountability demonstrate not only good leadership – they ensure a higher degree of competitiveness, cost effectiveness, and an appropriate return on investment.

Background:

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

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

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

What others are doing?

Ottawa, Oshawa, Markham, and Sudbury each have demonstrated great leadership by appointing an Auditor General in their communities (Windsor has approved appointment of AG). Toronto has also appointed an Auditor General; although in Toronto's case, the appointment of an Auditor General is mandated by legislation. Ontario is not alone in this movement towards more open and transparent accountability.

Municipalities in the Province of Alberta including the City of Edmonton & City of Calgary have an AG. Municipalities in the Province of Nova Scotia including the City of Halifax have appointed an AG while one AG is appointed for smaller municipalities. In Quebec, municipalities must appoint an Auditor General for municipalities whose population is 100,000 or greater.

Audit Models

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

The External Audit Model is mandatory for auditing of financial statements where the focus of the audit is to determine if the operations and financial position of the Municipality, (as reflected in its financial statements), has been fairly presented in compliance with Canadian GAAP. Funding for External Audits is generally set through a competitive bidding process.

The Internal Audit Model is comprised of employees. The Internal Audit Focus is on financial controls, compliance, auditing, and providing internal consulting services to departments. Audits are generally limited to the municipality, unless local boards, corporations etc. request such an audit. In this case, there is no requirement for audit findings to be made public except if the Municipality makes this a requirement. Funding for this model is generally set annually by Council.

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

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

Why an Auditor General?

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

Immunity

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

Return on Investment (ROI)

There are both intangible and tangible returns on the investment that would be required to run an Auditor General Office. The intangible returns include enhanced public confidence and engagement.

The tangible return on investment includes costs savings, revenue increase, cost avoidance and protection of assets. In 2008, for every dollar invested by Toronto in its Auditor General Office the municipality obtained a return of $5.60 or 560%. In the City of Oshawa the average ROI for 2007, 2008, and 2009 (est.) is 331%. From a Provincial perspective, the government can move with much greater confidence to invest in those cities that have an Auditor General as opposed to those who do not.

Issues with current Municipal Act

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

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

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

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

e. Provincial Labour Arbitration System

(Submitted by the Greater Kitchener Waterloo Chamber of Commerce)

Issue:

The provincial labour arbitration system, particularly in relation to municipal services, is dysfunctional and requires significant reform.

Background:

The 2010 Ontario Budget indicated that in order to manage spending pressures and help redirect up to $750 million by 2011-12 to sustain public services like schools and hospitals, the compensation structures for all non-bargained employees in the Broader Public Sector and Ontario Public Service would be frozen for two years. All existing collective agreements will be honoured.

Municipalities are excluded; however, the province recommended they exercise restraint in order to address the provincial deficit.

The failure of the provincial government to impose wage freezes on unionized public sector workers is placing significant financial pressure on municipalities. Many large urban centers will be negotiating this year with transit workers, police, and firefighters. Numerous contracts are expected to be settled through arbitration, a process that provides municipal governments with limited control over the outcomes.

Windsor Mayor Eddie Francis noted in a February 9, 2011 Globe and Mail article that he refuses to increase taxes to pay for decisions that are made by provincial arbitrators. Labour costs, including salaries and benefits, generally account for 60-80% of a city's operating budget.

Alok Mukherjee, chairman of the Toronto Police Services Board, also noted that the push by large forces to be the province's best paid is subsequently driving up wages. He observed a pattern of "leapfrogging" in this respect.

Mayors have called on the Ontario government to change arbitration rules which are unbalanced towards workers. Decisions by arbitrators do not incorporate an employer's capacity to absorb higher wages.

Windsor Regional Hospital CEO David Musyj directed correspondence to the provincial government last fall which indicated the arbitration system in Ontario to resolve collective agreements is totally broken. Musyj also noted that arbitrators ignore the province's economic situation and expensive contracts can create serious financial problems at public institutions.

The arbitration system also fails to recognize relative costs of living and other factors for the provision of services across Ontario. More importantly, the system erodes the capacity of elected officials to formulate local decisions for local issues.

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

1. Immediately revise the provincial labour arbitration system to correct current inequities and establish methodologies that incorporate a community's ability to pay for arbitrators and arbitrated settlements.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

f. Managing Increasing Provincial/Municipal Labour Costs

(Submitted by the Mississauga Board of Trade)

Issue:

With the province striving to bounce back from the impacts of the economic downtown, the provincial government and municipalities are increasingly facing challenges in reducing operational budget costs due to increasing and uncontrollable labour costs. Ontario risks negative economic impacts if the provincial government does not develop a comprehensive public sector wage restraint strategy.

Background:

On March 25, 2010 Finance Minister Dwight Duncan first announced the Ontario Government's plan to introduce provincial legislation that would bring into effect public sector wage freezes. Bill 16- Public Sector Compensation Restraint to Protect Public Service Act passed May 18, 2010 outlined a two year wage freeze on non-unionized workers and a cap on compensation for unionized workers after contracts expire.[1]

While the Act, which would save an estimated $2 billion per year, set strict guidelines on freezes to wage rates, salary ranges, benefits, pensions and vacation time for provincial public sector employees, municipalities were left untouched as the government opted to urge municipalities to implement similar restrictions.[2]

With 55% of Ontario's operational budget allocated to salaries and wages, the provincial rate is comparable to municipalities' labour costs. Mississauga's 2011 operational budget outlined that 69% of its budget will be dedicated to wages and salaries.[3] Other examples include: Brampton with 59.3%,[4] Toronto 57%,[5] Oakville 51.23%,[6] and Hamilton with 47%.[7]

With the 2009 and 2010 increases in minimum wage, salary and wage increases driven by increases in costs of living and progression pay, municipalities too are struggling to control labour costs and are increasingly feeling the pressure of skyrocketing operational budgets.

In the summer of 2009, the City of Mississauga called on the Ontario government to intervene on municipal labour costs urging the province to enable legislation that would freeze all public sector wages and benefits for a one year period. With no assistance from the provincial government, the City of Mississauga was left with no option than to cordially ask unionized employees to consider a roll back from the 3% annual wage increase to 1.5%.[8]

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[1] Bill 16, *Public Sector Compensation Restraint to Protect Public Services Act*, c.26. s. 16, Ontario, 2011, cl6.
[2] Bill 16, *Public Sector Compensation Restraint to Protect Public Services Act*, c.26. s. 16, Ontario, 2011, cl7-8.
[3] City of Mississauga, *2011-2014 Business Plan & Budget*, PowerPoint presentation for Public Open House, January 12, 2011, pg.10
[4] City of Brampton, *Current Budget Overview,* Brampton, 2010, pg. 11
[5] City of Toronto, *Arena Boards of Management Operating Budget Analyst Notes*, Toronto, 2011, pg 19.
[6] Town of Oakville, *2011 Budget Discussion: Executive Summary*, Oakville, 2011, pg. 12
[7] City of Hamilton, *2011 Budget: Process, schedule, pressures,* PowerPoint Presentation for Committee of the whole, June 21, 2010 pg. 5
[8] Contenta,S. "Mississauga seeks wage rollback" *Toronto Star,* July 4, 2009, http://www.thestar.com/news/gta/article/660841 (accessed on February 4, 2011)

Other municipalities such as Toronto also face limited options. Toronto's city councilors tabled discussions of wage freezes on mayor and city councilor salaries in hopes of setting an example for unionized workers to consider the same action. Hindered by long standing contracts with unionized staff signed in earlier days and the inability to reopen signed contracts, many municipalities are left with minimal and ineffective measures to reduce labour costs.[9]

A provincial public sector wage freeze that includes municipalities would not be the first of its kind and is within the purview of the provincial government to regulate (as per the Municipal Affairs Act). In 1993, the provincial government introduced the Social Contract Act, which placed wage freezes on provincial and municipal employees alongside mandatory unpaid days of leave; the Act enforced a three year wage freeze for any public sector employee with a salary of $30,000 or higher and allowed for the reopening of collective bargaining agreements of public unions.[10]

While the Social Contract Act imposed stricter restrictions than the current wage freeze, it allowed both the provincial and municipal governments to reduce operational costs without laying off employees. Other provinces such as British Columbia and Manitoba are also actively negotiating and implementing wage freezes with public sector unions. As well, the federal government enacted the Expenditure Restraints Act in 2009; the legislation includes legislated rates of pay for employees of the federal government and its boards and agencies.[11]

The impact of increasing municipal labour costs has negative implications for business that bear a higher property tax rate relative to residential. With businesses still very much challenged by the impacts of the economic downturn and an increasingly competitive environment, tax relief is needed not tax increases. Furthermore, increases to municipalities' operational costs puts pressure on reducing or eliminating services or services related to infrastructure upon which businesses rely. The Ontario government must provide the necessary measures to assist municipalities in managing rising labour costs now.

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

1. Develop a comprehensive long-term public sector compensation restraint strategy that includes municipalities.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

[9] *ibid*
[10] Bill 48, *Social Contract Act,* c.33. s. 32, 1993, cl.23-25.
[11] OPSEU "Response to Ontario Budget: Question and Answers about the Ontario government's wage freeze plan for public sector workers" *OPSEU*, 2010, http://www.opseu.org/campaign/ontariobudget2010/wage-freeze-q-and-a.htm (accessed on February 4, 2011)

g. Employment Insurance Benefits Fairness for Ontario (Northern Ontario as a Model)
(Submitted by the Thunder Bay Chamber of Commerce)

Issue:
The province's relative position has deteriorated steadily over the past half decade. In 2002, Ontario had the second highest nominal GDP per capita, behind Alberta, and a 7% advantage over the national-average level. By 2007, per-capita GDP in Ontario had fallen to 2% below the Canadian average, or the equivalent of fourth place in the provincial rankings and yet the unemployed in Ontario are short by $1.7 billion.

Background:
Workers in Canada, no matter which Province they live in, pay Employment Insurance (EI) premiums, however, they are not treated equally when it comes to collecting EI benefits. While nearly 80% of workers in Newfoundland qualify for benefits when they lose a job, the figure in Ontario is closer to 25%. In 2007, only 30% of unemployed persons in Ontario received regular EI benefits, compared with an average of 58% in other provinces. If an unemployed worker in Ontario received the average EI benefit that an unemployed worker in another province receives, that worker would get $4,630 more each year. Last year the average unemployed worker in Ontario received $5,110 in regular EI benefits, while the average unemployed person in the rest of Canada received $9,070. That difference cost Ontario's unemployed $1.7 billion. The unemployed of Ontario are being short-changed $1.7B and wants Ottawa to address discrepancy.

Ontario has seen some progress in the fairness campaign that Premier McGuinty has lead for more than three years. While the government addressed three of the four cornerstone grievances in the 2009 Federal Budget, employment insurance recipients in Ontario will continue to receive approximately $4,000 less annually than those in other provinces. This is a fundamental inequality that remains for Ontarians.

These Ontarians have paid into EI and yet it is much tougher for Ontarians to collect EI when they lose their jobs, and their benefits run out sooner than in other parts of Canada. It makes absolutely no sense for Ontario workers to pay into a fund that provides generous support to the unemployed in other parts of the country when so many of those workers in Ontarian can expect to get much less if they lose their jobs.

The Ontario Chamber of Commerce took a leadership role in 2005 on the issue of equalization and other federal transfers to Ontario. It has published two reports on the issue of the fiscal imbalance: Fairness in Confederation Fiscal Imbalance: A Roadmap to Recovery, and Fairness in Confederation Fiscal Imbalance: Driving Ontario to "Have-Not" Status.

A website was launched by the OCC prior to the October 14, 2008 election to encourage voters to press candidates on the fairness issue (www.ActNowforOntario.com). ActNowForOntario.com provides compelling testimony to the unfair level of federal funding and federal representation for Ontario and how that directly affects every Ontarian. Facts are provided in videos on five issues: healthcare, unemployment insurance, immigration, representation, and infrastructure.

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

1. Work with Ottawa to ensure that Ontario employees can get the same Employment Insurance benefits and job training as workers in other regions of Canada.

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

TRANSITIONING TO THE NEW ECONOMY

a. Funding Support for Commercialization of New Technology

(Submitted by the Sarnia Lambton Chamber of Commerce)

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

Background:
There is some government funding available for pure research and applied research. This funding can be applied for bench and pilot scale facilities/testing.

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

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

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

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

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

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

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

1. Work with the federal government, financial institutions and innovation clusters to develop loan guarantees that fund:
   a. The detailed engineering and cost estimating required to approach funding bodies; and
   b. The assistance needed to assemble funding to actually build the demo or commercial plant
2. Expand the awareness of the Ontario Innovation Demonstration fund through area economic development offices.

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

b. Leveraging Ontario's R&D Infrastructure

(Submitted by the Mississauga Board of Trade)

Issue:

The federal and provincial governments have invested considerable resources in research and development (R&D) programs and incentives in order to boost private sector productivity and contribution to innovation.

The federal and provincial governments have similarly invested considerable resources in acquiring cutting edge machinery and equipment to provide resources for research and innovation within academic and other research institutions. However, these resources are not integrated and have not yet translated into higher performance in the private sector on this critical determinant of competitiveness.

A more integrated and collaborative approach is needed to ensure that government R&D dollars promote innovation and restore Ontario's productivity to an internationally competitive level.

Background:

Ontario businesses are strongly in favour of greater collaboration between industry and academia in order to facilitate greater involvement in research and development (R&D). Colleges and universities, along with other publicly-funded institutions such as hospitals and research labs, are important seedbeds of creativity, knowledge, and cutting edge machinery and equipment, all of which are of vital importance to business in bringing innovative products and services to market.

One of the perennial challenges for small and medium-sized enterprises that want to test-drive innovative ideas is the inability to access the critical mass of facilities, equipment, machinery, technicians, and researchers necessary to perform the rigorous testing, interpretation, and verification required to bring a product to a competitive commercial stage.

Although the Ontario Center of Excellence co-ordinate and fund projects to facilitate greater industry-academic partnerships, Ontario has no standardized, province-wide procedures to facilitate commercial interactions between broader public sector (BPS) institutions and the private sector. Companies have very short time frames in which to get a product out of the lab and into the market place, and greater consistency and predictability in industry-academia transactions are key to making those partnerships profitable and sustainable for businesses and to realize the full potential of Ontario's research infrastructure.

Due to its top tier education system, Ontario has a natural competitive advantage in knowledge services. In order to entice more global firms to commercialize new technologies within Ontario borders, there is a need to take stock of our existing research capacity and build on our strengths as a province.

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

1. Enhance industry access to physical R&D infrastructure through enacting standardized guidelines for federally and provincially funded academic and other research institutions, to provide private parties with access to their R&D resources for commercial purposes on a fee-for-service basis when such resources are not required for their own educational or research purposes and will otherwise remain idle.
2. Adjust eligibility policies for applications for funding for major equipment infrastructure from academic and research institution to include industry access, to stimulate partnerships and industry – academia consortia (more than one industry partner), and with the full disclosure of operational issues associated with ownership, access, IP and sustainability be addressed.
3. Establish a multi-user facility operation fund (from within existing funding envelope) that is only available to joint industry-academic proposals, allowing improved access and management of a facility to allow for all partners to derive benefit, further encouraging partnerships.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

c. Ontario Innovation Tax Credit

(Submitted by the Thunder Bay Chamber of Commerce)

Issue:

At a time when many companies in Ontario are facing challenges, the province should encourage Scientific Research and Experiment Development so companies will pursue research and development. Companies' currently declare the OITC as revenue in the next year.

As the Federal Government already does the review at no cost to the Province, the net effect would be approximately $250 to $300 million. Without any additional administrations costs, these funds go directly to the businesses. The benefit for the province is improved balance sheets for the businesses, stronger, healthier business that are more attractive for financing and growth potentially subject to paying more corporate taxes and employing more Ontarians.

Background:

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

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

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

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

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

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

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

SKILLED WORKFORCE

a. Workplace Literacy

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

Issue:

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

Background:

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

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

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

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

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

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

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

Improved literacy in the workplace boosts productivity. According to The International Survey of Reading Skills (ISRS) and ABC Canada Literacy Foundation, it is estimated that employers will receive a 251% rate of return on workplace learning programs. Improved literacy skills among employees bring about numerous benefits, both to the individual worker and to the organization.

On a global level, studies indicate that a 1% rise in a country's literacy level, relative to the international average, is associated with an eventual 2.5% rise in labour productivity and a 1.5% rise in the per capita GDP. This 1% increase in literacy rates would boost the national income by as much as $32 billion.

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

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

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

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

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

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

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

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

1. Identify current gaps, need requirements and improvement to infrastructure for employers, employees and government in establishing workplace adult literacy training initiatives by:
    a. Setting out a required plan for long-term provincial funding to incent employers and employees to engage in continuous learning, including adult literacy and essential skills;
    b. Aligning and coordinating with other workplace strategy initiatives developing across Canada;
    c. Developing timelines for its objectives, and establishing systems of measurement to determine outcomes and quantify success; and
    d. Consulting with business, labour, government, post-secondary institutions, and provincial literacy representatives.

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

b. Accessible Adult Post-Secondary Education – An important step to restoring sustainable economic prosperity in Ontario

(Submitted by the London Chamber of Commerce)

Issue:

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

Background:

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

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

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

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

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

Scheduling, awareness and other barriers may account in part for a less than 30% participation rate of adult workers in Canada in job-related education and training. By way of comparison, the rate of participation in the U.K. is almost 35% and nearly 45% in the US (Goldenberg, 2006).

Although there are some post secondary courses and programs available online or at night, programs focused on analytical and social intelligence skills, such as programs in the sciences and engineering, are generally only available during the day and/or require full-time enrolment. Furthermore, some of the courses are ill suited to provide some of the core critical skills that SMEs need and will need in the future.

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

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

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

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

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

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

c. Skills Training

(Submitted by the Certified General Accountants of Ontario)

Issue:

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

Background:

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

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

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

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

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

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

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

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

d. Maximizing Post-Secondary Education Contributions to Provincial Economy

(Submitted by the Mississauga Board of Trade and the London Chamber of Commerce)

Issue:

Post-secondary education makes a significant contribution to developing Ontario's pool of talented, skilled, leading-edge human capital, and to the research that drives innovation and commercialization.

To help Ontario weather the current economic turbulence, and to advance Ontario's transition to a competitive, highly innovative, knowledge-based economy, supports for Ontario's post-secondary education system and infrastructure must be enhanced.

Background:

Human Capital for Ontario's Knowledge and Emerging Economy

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

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

Preparing for Additional Growth and Ensuring Access to Post-Secondary Education

Aside from investments made under the Reaching Higher plan over five years (2005-2010), colleges and universities received $310 million to enroll an additional 20,000 students in the 2010 Budget. However, over the past several years, demand for post-secondary education spaces has increased significantly, translating into less funding per student. Ontario universities, between 2004-2005 and 2008-2009, added over 25,000 undergraduate spaces and over 10,000 graduate spaces. This has translated into the addition of approximately 100,000 students since 2002-03. Projections indicate that demand will continue to grow.

In spite of rising enrolment, Ontario is falling behind when it comes to operating revenue. Despite the significant and welcome increases the province has made in the last few years, Ontario is dead last in Canada in terms of operating grants per capita, trailing the Canadian average by 24%. In real dollars, Ontario spends less on post-secondary education per student than two decades ago. Provincial grants for postsecondary institutions as a percentage of the Ontario Budget have fallen from 6% in 1989 to 4.7% in 2008. Therefore, although the province has provided more, there is more left to be done.

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

The Canadian Federation of Students-Ontario estimates the costs of deferred maintenance – the costs associated with postponing ongoing infrastructure maintenance – at Ontario's colleges and universities is a staggering $2 billion. The Council of Ontario Universities estimates that long-term new construction needs to keep pace with current and expected growth will be $9.4 billion by 2021. Educational Consulting Services Corporation assessed college facility needs in 2007 and its report concluded that $80 million annually would be needed once the backlog of renewal projects had been addressed.

Early in 2008, the Ontario government commissioned the Courtyard Group to look at capital requirements at colleges and universities. In March 2009, the Group submitted a final report complete with recommendations regarding the development of a strategic long-term plan for capital investments. This work will provide the government with a very strong argument for the need to invest in the infrastructure of our post-secondary institutions.

In order to increase numbers of degree, advanced degree, and diploma holders, Ontarians who historically don't participate in post-secondary education will need to be attracted to universities and colleges to pursue studies. Ontario's five-year investment in the "Reaching Higher Plan", aimed to assist with student aid and in accommodating some growth in enrolment. It will be critically important that student aid levels keep pace with economic realities, particularly with cost of living, cost of studies, and increasing demand.

Fueling an Innovative Economy through Research

The Conference Board of Canada has observed that "innovation is an essential component of a high-performing economy, and it is also critical to environmental protection, to a high-performing educational system, to a well-functioning system of health promotion and health care, and to an inclusive society."

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

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

Ontario's universities also contribute to innovation through investing in commercially valuable research and bringing it to market. Ontario's universities are actively collaborating with the private sector through research partnerships, convergence centers such as MaRS, and research internships for students. According to the Task Force on Competitiveness, Productivity, and Economic Progress, higher education expenditure on R&D in Ontario is amongst the highest in our peer jurisdictions, both as a percentage of GDP and per capita. In 2007, Ontario came in second out of 15 peer jurisdictions.

University-based discoveries have the potential to transform Ontario, Canada, and the world. Made-in-Ontario research is already leading to incredible innovative developments. Between 2002 and 2005, Ontario's research intensive universities produced 65 spin-off companies, and these innovative additions to the provincial economy are employing Ontarians and generating significant revenues.

Despite Ontario's achievements, the province's standing in discovery-oriented scholarship and research is far from secure. Since the mid 1990s, Ontario's average performance in overall R&D investment as a percentage of GDP has steadily declined, illustrating the need for renewed strategies by government and stakeholders.

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

1. Assess current Post-Secondary Education participation and future growth projections, and operating costs funding gaps, and develop an aggressive funding strategy to be implemented within three years that addresses the annual operational funding shortfall, by:
    a. Bringing postsecondary education funding up to the national average, incrementally by the budget year 2012/2013; and
    b. Allowing colleges and universities the flexibility to determine fees, on a program-by-program basis, in accordance with value and market conditions.
2. Keep up with the monumental levels of growth in Post-Secondary Education participation and prepare the system to accept even greater growth, by providing needed large scale investments in campus renewal, modernization, and new infrastructure as recommended in the Courtyard Group study, to be implemented immediately.
3. Provide dedicated and internationally competitive levels of funding for research and applied research, and additional supports for graduate students such as scholarships to help Ontario universities attract and retain the best minds.
4. Target post-secondary education infrastructure investments in knowledge-based and emerging sectors, as well as more effectively integrating foreign-trained professionals into the Ontario economy.
5. Link student aid through OSAP to the cost of living and associated student costs, and ensure overall OSAP funding is adequate to meet demand.
6. Make funding available to post-secondary institutions wishing to create or enhance high technology and innovation parks through intensified industry-post-secondary institution partnerships.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

e. Provincial Funding for Post-Secondary Infrastructure

(Submitted by the Greater Kitchener Waterloo Chamber of Commerce)

Issue:

In order to meet the current and future workforce development requirements of Ontario businesses, the post-secondary sector requires long-term, stable and committed funding for institutional infrastructure.

Background:

From 2009 to 2011, the governments of Canada and Ontario committed to investing $1.5 billion in 49 projects at Ontario's colleges and universities through the Knowledge Infrastructure Program (KIP) and 2009 Ontario Budget.

The KIP is a two-year, $2 billion economic stimulus measure to support facility enhancement at post-secondary institutions across Canada, and is a major component of the total $12 billion in new infrastructure investment under Canada's Economic Action Plan. The 2009 Ontario budget allocated $780 million in capital funding to colleges and universities.

In late December 2010, the deadline for the completion of projects under the program was extended from March 2011 to October 2011. The extension will allow institutions that are facing costly winter construction requirements or unexpected delays to finish before the new funding deadline.

In its 2011 Provincial Pre-Budget Submission, the Council of Ontario Universities notes that investing in academic infrastructure has significant benefits for the 29 communities around the province in which universities are located.

It is estimated that the joint federal-provincial infrastructure program of the past two years created over 11,000 jobs, increased local revenue and generated spinoff benefits for supplier companies that provide material and services to construction projects. The Association of Canadian Community Colleges noted that along with creating jobs, the KIP has assisted post-secondary institutions in upgrading their facilities for education in the advanced skills needed for Canada's future economic prosperity.

Academic infrastructure investments also advance the learning and research environments for students and faculty, enhance Ontario's capacity to attract the best students, and provide venues for diverse community, cultural, and social activities.

The 2010 Ontario Budget notes that education is the government's highest priority. The Open Ontario Plan, unveiled in the 2010 Speech from the Throne, committed the provincial government to working with all partners in education, training and business to develop a new five-year strategy for improving the quality of Ontario's post-secondary education system. A goal of raising Ontario's attainment rate from the current 60% to 70% has also been advanced, ensuring there will be a place for every qualified resident seeking a college or university education.

Meeting the aforementioned objectives will require significant institutional infrastructure investments in all regions of Ontario.

Based on the relative success of the KIP and importance of the skills development portfolio for the provincial business sector, the Ontario government, preferably in partnership with the Government of Canada, should ensure long-term infrastructure funding for provincial post-secondary institutions.

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

1. Ensure that post-secondary institutions have sufficient infrastructure, both new and renovated, to address the changing workforce requirements of Ontario employers. Therefore a new initiative, following the success of the Knowledge Infrastructure Program (KIP), should be implemented in partnership with the Government of Canada for maintaining stable funding over the next five years.
2. Ensure that the infrastructure review include bandwidth.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

f. Driving Innovation through Experiential Learning
(Submitted by the Greater Sudbury Chamber of Commerce)

Issue:
Performance in strategic sectors of the economy requires individuals equipped with the specialized skills to leverage new technologies and develop new applications that respond to emerging opportunities in the marketplace. Research shows that these specialized skills can best be conferred through experiential, hands-on learning that provides students with exposure to – and an opportunity to learn in – the business environment. The provincial government has an opportunity to propel Ontario to the forefront of innovation by adopting policies that specifically address the demand for experiential learning in Ontario society.

Background:
An innovation economy constantly produces new, highly skilled, knowledge-based jobs to support advancements in emerging sectors such as green energy, telecommunications, and digital media. These jobs require individuals with advanced education and specialized skills to leverage new technologies and develop new applications that respond to emerging opportunities in the marketplace. A labour force equipped with the skills and competencies to fill in-demand roles is a key pillar of innovation.

For several years, the OCC has advocated for renewed investment in post-secondary education (PSE) in order to bring per capita funding in line with the Canadian average and guarantee all Ontario students a top quality education. While achieving a more internationally competitive level of annual operating funding will continue to be a key measure of Ontario's success in driving innovation and human capital formation, it is not simply the level of skills but the types of skills our society possesses that will be responsible for our future success.

Employers from both urban and rural parts of the province identify a deficit of technical, entrepreneurial, and management skills among recent graduates as a significant barrier to seizing new business opportunities.

Evidence suggests that the skills required to capitalize on new opportunities in the marketplace can best be acquired through applied learning opportunities which supplement classroom instruction with firsthand experience of the business environment and business culture. The Ontario Business Education Partnership has found that experiential learning programs deliver positive impacts for students, businesses and local economies, helping to address the ever-increasing demand for workers with higher levels of education, skills, and experience. Ontario businesses view work-integrated learning as an important route to improved productivity and enhanced career choices in the 21st century

There is a need for greater opportunities for experiential learning within the provincial education system. In recent years, the Government of Ontario has taken steps to expand experiential learning opportunities across Ontario. The Ministry of Education now requires all school boards to offer school-work programs to interested high-school students, and high school students can now include up to two cooperative credits in their mandatory credits for their Ontario Secondary School Diploma. The Ministry of Finance offers financial support to businesses that want to take part in co-operative education and apprenticeship programs in the form of tax credits. However, there is much more the government can do to increase participation in experiential learning by students and employers.

New paradigms and models are needed that emphasize the importance and relay the benefits of experiential learning to all stakeholders. A policy-framework that supports experiential learning recognizes that experiential learning begins with kindergarten and continues all the way through to post-secondary education. A full typology of experiential learning programs includes:

- Corporate Mentorship
- Apprenticeships
- Field experience
- Mandatory professional practice
- Co-op
- Internships
- Applied research projects
- Service learning

The Ontario government has an important role to play in integrating experiential learning into the fabric of the provincial education system. The government can support the growth of an experiential learning culture through:

- Raising awareness of the benefits of experiential learning for students and employers
- Enhancing the role of business education and employer mentorship at the elementary and high school levels
- More flexible financial incentives for experiential learning at the post-secondary level
- Creating more opportunities for students to participate in experiential learning within the Ontario public service

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

1. Through the Ministry of Education and the Ministry of Training, Colleges, and Universities, launch province-wide education initiative to foster greater awareness of and participation in "experiential learning" at all levels, in order to equip students with the practical, business-related skills required to make a seamless transition from the classroom to the workplace.
2. Through the Ministry of Education, work with education professionals and the employer community to identify opportunities and develop funding programs for further integrating business education and employer mentorship into curricula and extracurricular activities at the elementary and secondary school levels.
3. Through the Ministry of Finance, encourage innovative industry-academia partnerships to promote experiential learning at the post-secondary level through more flexible financial incentives which recognize the full typology of experiential learning programs.
4. Lead by example through the creation of inter-disciplinary experiential learning opportunities within the Ontario Public Service (MRI, MEDT, MOE, MOH, MOF, MCSS, etc.).

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

g. Small Business Access to Student Loan

(Submitted by the Sarnia Lambton Chamber of Commerce)

Issue:

A small business, which re-invests its net income into the business to create Ontario jobs and improve productivity, is penalized when it comes to the Canada-Ontario integrated student loan application. The offspring students of such owners are at a disadvantage with respect to regular employees of other Ontario companies.

Background:

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

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

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

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

While there has been significant improvement to communicate the criteria upon which the loans are assessed, there remains an imbalance between students whose parents are employed and students whose parents own and operate a sole proprietorship or partnership. Small business owner families are being held to a different standard and expectation than families of regular wage earners.

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

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

1. Identify the owner's draw from the business as his personal net income and remove the requirement to include business assets in the student loan application process.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

h. Increasing Skilled Trades

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

Issue:

A high number of journeypersons have or will retire and there are not enough apprentices to take their place, creating skilled trade shortages. The Ontario government actively encourages young people to enter skilled trades and has significantly increased funding for training programs, even as it obstructs employment opportunities through unfair apprenticeship ratios. The same policy harms thousands of small businesses that provide contracting services because they are barred from hiring the skilled employees they need to replace retiring workers or meet growing workloads.

Background:

The Case for Revised Apprenticeship Ratios

Many independent contractors across the province report a constant stream of inquiries from young Ontarians wanting to become electricians. However, in certain skilled trades, journeyperson ratios required by regulation control the number of journeypersons that are required to supervise and train each apprentice, placing an artificial restriction on the number of apprentices that can be taken on by businesses. In a requirement almost unique to Ontario, contractors must have three certified journeypersons for every apprentice. Many skilled construction trades face this challenge. By comparison, almost all the other provinces and territories have revised their ratios in restricted trades to encourage more apprentices to enter the workforce and train directly with skilled journeypersons.

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

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

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

Apprenticeship ratios in Ontario exacerbate the province's current and increasing skilled trades-shortage and directly contradict Ontario government policy to encourage Ontarians to enter the skilled trades. As a result, thousands of young Ontarians are turned away from apprenticeship jobs even though contractors have numerous unfilled vacancies amid a fast-growing shortage of skilled construction trade workers.

The Conference Board of Canada predicts that Canada could experience a shortage of one million workers within the next decade. Placing an artificial quota on the number of people entering the skilled labour force can have disastrous consequences. Ontario's current physician shortage was caused by restrictions on medical school placements in the 1990s. Apprentices, like physicians, become experts in their fields over several business cycles: therefore, it is short-sighted to artificially restrict entry into the workforce, even when there is currently no critical demand for them. Without the ability to hire new apprentices due to the ratio requirements, the overall effect on our future economic health could be serious.

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

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

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

A simple and cost-free provincial government remedy was outlined by the news conference participants: reduce the ratio of certified electrical trades persons required for each apprentice from 3:1 to 1:1, in line with ratios in other provinces. "Electrical contractors alone could hire hundreds if not thousands of apprentices right now if given the chance," said Mary Ingram-Haigh, President, Ontario Electrical League. "Instead of pink slips, Premier McGuinty should offer apprenticeship candidates new rules that will let them work."

A one-to-one ratio between apprentice and journeyperson provides direct training and supervision for the apprentice. Lowering the ratio in no way decreases the safety conditions for apprentices on job sites, or reduces the employers' responsibilities for employee safety, which are dictated by the Occupational Health and Safety Act. The Occupational Health and Safety Act further binds employers to assign duties to employees according to skills and level experience. As far as safety concerns, we have uncovered no supporting evidence one way or another that would say a proposed 1 to1 ratio is less or more safe than a 3:1 ratio. According to the WSIB, the electrical trade is the lowest skilled trade with claim ratios across the board.

How to Get There – Ensuring Good Governance at the College of Trades
Apprenticeship ratios are currently determined by the Trades Qualification and Apprenticeship Act and the Apprenticeship and Certification Act. Once the newly enacted College of Trades becomes fully operational, it will be responsible for reviewing apprenticeship ratios and compulsory certification on an ongoing basis under the Ontario College of Trades and Apprenticeship Act, 2009.

The creation of an industry-led body to determine apprenticeship ratios and compulsory certification has the potential to make Ontario's apprenticeship system more responsive to the competitive imperatives of the marketplace. It is employers' first-hand knowledge of the rapidly changing features of the marketplace that will allow decisions to be made on the basis of objective evidence and a clear economic rationale.

However, the College of Trades' success in modernizing apprenticeship training will depend on having an open and democratic decision making process in place which allows standards to be set with the consent and consensus of all stakeholders in Ontario's economy. To this end, the Ontario College of Trades and Apprenticeship Act specifies that the College's interim Appointments Council must consider a range of factors in creating the College's governance structure, including the Geography of the province and representation from unionized and non-unionized and large, medium and small businesses.

The overarching intent to create a fair, balanced and inclusive governance structure which creates a level economic playing field across the province must be maintained as far as possible in the design of specific processes for reviewing ratios and applications for compulsory certification. Meeting this threshold would require review panels to be comprised of a representative sub-sample for each trade, to invite and make publically available input from all interested stakeholders, and to base all decisions on a quantitative and qualitative analysis of economic impact.

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

1. Ensure that the College of Trades is equipped with a participatory and inclusive governance structure that will enable the review of apprenticeship ratios to be based on an objective analysis of the impacts on all participants in the apprenticeship system, including current and future apprentices and employers. At minimum, the regulations governing the college must stipulate that:
   a. Review panels be representative of the broader make-up of the trade, including employee and employer representatives of both union and non-union affiliation, and, where possible, regional diversity and business size;
   b. The review process include input by all interested parties (applicant, other trade boards, members, non-members, unions, associations, the general public etc.) through a transparent public consultation, which tracks and registers the degree of support for each position; and
   c. Each decision be based on an objective quantitative and qualitative analysis of key economic impacts, including the effects on labour supply and small and medium businesses.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

i. Integrating Skilled Immigrants into the Ontario Labour Workforce

(Submitted by the Greater Sudbury Chamber of Commerce and the Mississauga Board of Trade)

Issue:

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

Background:

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

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

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

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

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

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

Eliminating barriers for internationally trained professionals and trades people is essential to enhancing Ontario's workforce. Recognizing the skills shortages in Ontario and the availability of new Canadians with skills and experience that are in demand, there is an opportunity to focus on projects that will bridge this significant productivity gap. It is important that the Government of Ontario continue to support and expand programs that allow foreign trained professionals and skilled trade persons to be re-certified and integrated quickly into streams of labour that are identified as being a priority area first.

The needs in the post-secondary education infrastructure sector include:

1. Developing and deploying innovative programming and services for Internationally Trained Individuals and other New Canadian students.
2. Language training, academic upgrade programming, preparatory and alternative school programs that have a flexible intake process.
3. Enhancing language training and fast-track postsecondary credential opportunities with work placements for newcomers to Canada.

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

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

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

j. Achieving Funding Parity for First Nations Education

(Submitted by the Timmins Chamber of Commerce)

Issue:

The lack of a coordinated, long-term approach for funding aboriginal education has led to a two-tier education system in Ontario. Without government intervention to address the funding inequality, the discrepancy in educational attainment between Ontario's aboriginal and non-aboriginal populations will only increase. The government must take concerted steps to address this issue in order to ensure that our First Nations population can contribute in a meaningful way to the future of Ontario's economy.

Background:

The skills shortage is one of the most immediate and pressing challenges facing Ontario. The rapid turnover of technology and ever expanding network of data and information which underpin the knowledge economy have led to a reevaluation of the importance of knowledge to the economic process. There is a growing awareness that success in global value chains requires both more advanced knowledge to enable a higher degree of economic specialization, and more elastic knowledge to facilitate continual technological upgrading and organizational innovation. For Ontario, this means that by 2031, 77% of workers will be required to have a post-secondary degree – a significant increase from the current attainment rate of 60%.

Due to an aging population and a hyper-competitive global market for skilled immigrants, Ontario will be required to significantly increase education and labour force participation by its domestic population in order to meet the growing demand for skilled labour.

There is a particularly strong rationale for focusing efforts on First Nations communities. As it stands, there is a significant gap in educational achievement between Ontario's Aboriginal and non-aboriginal populations. According to the 2006 Canadian Census, 38% of the Aboriginal population has some type of post-secondary education, compared to 51% of the non-Aboriginal population. The contrast is greatest in terms of university education. While 26% of the mainstream population has a university degree, only 9% of aboriginal people have achieved this level of education. At the same time, Canada's First Nations population is growing by 29% per year, making it the fastest growing population in the country. Given these realities, Aboriginal education must be at the center of Ontario's strategy for addressing the skills shortage.

Under the existing federal division of power, responsibility for First Nations education is shared by the provincial and federal governments. Responsibility for aboriginals living on reserve formally rests with the federal government, while the provincial government is responsible for the population living off reserve. Across Canada, approximately two-thirds of the aboriginal population lives off-reserve, and two-fifths of Grades K to 12-aged children living on reserve attend a nearby provincial school. With roughly four out of five aboriginal children enrolled in a provincial school, the provincial government has a crucial role to play in providing First Nations students with the education and life skills to successfully graduate on to post-secondary and ultimately transition to the workforce.

At the federal level, Indian and Northern Affairs Canada (INAC) use the Band Operated Funding Formula to determine funding levels for First Nations communities. This formula, which is based on multiplying the number of students by a tuition rate, has not been updated since 1996. In practice, it results in a glaring discrepancy between community-operated and provincial schools, with students living on reserve receiving on average $2,000 less than students enrolled in the provincial system. This discrepancy directly impacts First Nations' ability to acquire and maintain the level of resources and teachers' salaries provided by the provincial system. As a result, First Nations students are at a major disadvantage to their provincial counterparts when it comes to preparedness for post-secondary education.

Provincially, an unwritten policy of assimilation has slowly given way to recognition on the part of policy-makers that aboriginal students face a unique set of circumstances in relation to educational attainment that demand targeted resources and programs to equip them with the skills required for success.

In 2007, the provincial government took a major step towards acknowledging the importance of First Nations culture and values to the performance of the mainstream education system through the adoption of the Ontario First Nation, Métis, and Inuit Education Policy Framework. This policy created the strategic framework for enhanced investment in and collaboration between the various components of the provincial education system serving First Nations students, placing a much-needed emphasis on the particular learning styles and cultural perspectives of aboriginal students in provincial curricula, assessment practices, and professional teacher development.

In order to achieve the goals of the Framework, the Ministry of Education's Aboriginal Education Office has introduced a number of funding envelopes for school boards to support their capacity to enhance the learning experience of aboriginal students. These programs are one time funding agreements which are not part of the core funding framework. Individual schools may get a portion of the funds – if they are lucky – but the existing funding model stops far short of the terms and conditions required to facilitate a sustainable flow of resources and long-term planning on the part of system partners. In addition, aboriginal leaders have expressed concern that because implementation ultimately falls to school boards, programs will not achieve their intended objectives. In the experience of many stakeholders, school boards will take proactive measures when they have access to specific "First Nations programming dollars", but curtail programming when specific envelopes run out.

Similar concerns have been expressed in the case of aboriginal Post Secondary Education (PSE). Ontario's aboriginal institutes form an integral part of the provincial PSE system, integrating accredited university and college programs with the social and cultural traditions of First Nations communities. Aboriginal institutes receive funding from both the federal and provincial governments. However, the institutes do not have access to the other funding envelopes that are available to mainstream colleges and universities for expenditures such as operations, program development and delivery, research, and capital investments. Due to the lack of secure and adequate funding, over the past five years, the number of aboriginal post secondary education students fell to 23,000 from 27,000, which is the reverse scenario of what needs to happen if Ontario is to effectively counteract the skills shortage.

In November, 2010, Canada approved the United Nations Declaration on the Rights of Indigenous Peoples. Article 14 of the Declaration states:

1. Indigenous peoples have the right to establish and control their education systems and institutions providing education in their own languages, in a manner appropriate to their cultural methods of teaching and learning.

2. Indigenous individuals, particularly children, have the right to all levels and forms of education of the State without discrimination.
3. States shall, in conjunction with indigenous peoples, take effective measures, in order for indigenous individuals, particularly children, including those living outside their communities, to have access, when possible, to an education in their own culture and provided in their own language.

In light of Canada's international obligations and the pressing need for skilled labour across the economy, it is imperative that the Ontario government take immediate action to begin closing the education gap between First Nations communities and the general population.

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

1. Heed the recommendation of the Canadian Auditor General to embark on comprehensive, long-term planning in co-operation with the Federal Government and First Nations political leadership and education organizations to achieve an integrated, stable, and adequately resourced framework for funding appropriate programs, services, and resources to close the education attainment gap between the First Nations and mainstream populations.
2. Strengthen implementation of the Aboriginal Education Policy Framework by identifying and earmarking additional financial resources at the provincial level to ensure a steady and sufficient supply of funding for Framework priorities.
3. Build the capacity of Ontario Aboriginal Institutes to become sustainable and responsive education institutions through ensuring equality between Aboriginal Institutes and mainstream colleges and universities in per-capita funding from all sources.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

REGIONAL ECONOMIC DEVELOPMENT

a. Fair Government Grant Funding

(Submitted by the Chatham-Kent Chamber of Commerce)

Issue:

Municipalities and organizations of a range of size, agenda, population, land mass, and infrastructure requirements are offered provincial funding through grants. Improved timelines and qualification criteria are required to better meet the needs of all applicants.

Background:

Many provincial government grant applications are awarded through a competitive process. Some criteria limit the number and types of projects applied for while others are allocated on the basis of measures, such as population base or 'ready to proceed'. Such guidelines can create challenges for applicants that may have quality projects in infancy or draft stage, which do not meet the necessary measures.

At times, provincial grants are announced on short notice prompting a reactionary and time constrained procedure for local governments and organizations to submit applications with no reassurance of monetary outcome. This process can cause lost time and wages due to the administration burden on local governments and organizations.

In most cases, key projects, such as infrastructure, are still completed whether or not they receive grant funding. In such instances, the cost of projects is borne by local citizens and businesses, both of which are taxpayers.

An ad-hoc approach to grant applications does not promote long-term strategic planning, sustainability or best use of taxpayer dollars. The nature of applications does not always allow for a balanced and methodical business process or plan.

Recommendations:

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

1. Revisit timelines and the criteria qualifications required for local governments and organizations to submit grant applications.
    a. Attention should be paid to implementing a funding model based on long range asset management plans; and
    b. In reviewing criteria, consideration should be given, but not limited, to measures, such as population served and the amount of infrastructure in terms of bridges, kilometers of roads, water mains and sewers, etc. and also be based on proven asset management plans.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

b. Land Use Planning and Development

(Submitted by the Hamilton Chamber of Commerce)

Issue:

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

Background:

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

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

This approach fails to recognize the specific needs and characteristics of each municipality. For example, it is assumed that each hectare of land has the same characteristics and the same potential to accommodate future growth. This neither takes into account land ownership patterns in some municipalities that hinder the land assembly required to accommodate new communities, nor does it take into account the presence of natural features, the ability to create new communities as opposed to extensions of existing subdivisions, and the extent to which natural physical boundaries already exist. The Provincial approach does not even take into account the developability of land (i.e., pipelines and hydro corridors are included in net developable land calculations). This truly represents an unrealistic approach to community planning.

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

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

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

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

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

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

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

c. Accountability of School Boards to Property Taxpayers

(Submitted by the Greater Oshawa Chamber of Commerce)

Issue:

Currently there is a lack of transparency and accountability to the taxpayers between school boards and municipalities. This can have a negative impact on business and good municipal planning through property taxes and residential and non-residential development charges. School boards and municipal councils need to ensure they work together on decisions regarding education infrastructure, so as not to undermine local economies.

Background:

The Ontario Chamber of Commerce, in May 2009, urged the Government of Ontario to accelerate its planned cuts to the Business Education Tax. Stating these cuts must result in real tax relief for Ontario businesses and go beyond revenue neutral adjustments to the Business Education Tax rates as a result of a Current Value Assessment and to implement a uniform Business Education Tax rate across the province. Alternatively, uniform Business Education Tax rates must be assessed on a regional basis, so as not to place neighbouring municipalities at a competitive disadvantage.

In May 2008 the Ontario Chamber of Commerce urged the Government of Ontario to mandate municipalities to lower the tax ratios for municipal business tax classes in relation to the tax rate of the residential property class to the prescribed range of fairness of 1 to 1.1 within the next seven years and to eliminate optional classes and limit properties classification to the list of property classes and sub-classes, as defined in Ontario Regulation 282/98.

These resolutions support a business case for economic and business competitiveness. However, one area of the property tax base that has flown under the radar screen and is currently lacking accountability and transparency to the taxpayers is the education portion of the property taxes which can be 20% to 25%, and the education development charges. DC's assist municipalities achieve good planning. In light of the provincial legislation, these areas can be negatively impacted long term by the Ministry of Education Accommodation Review process used by the school boards across Ontario.

Education Property Taxes

The province of Ontario dictates the education tax rate to the municipalities who collect the taxes and remit it to the school boards. The province gives a set base rate per student and the Ministry tops up the amount where necessary. In most cases, the amount on the property tax bill ranges from 20% to 25% of the taxes.

Community Schools Alliance

In the summer of 2009, frustrated with the process used by Ontario's school boards to make decisions about student accommodation, including decisions to close schools, the Community Schools Alliance (CSA) was formed by municipal leaders from across Ontario. By January 2010, over 150 of Ontario's municipalities have joined the CSA and the number continues to grow. Many of the municipalities from across Ontario have written to the province (Premier McGuinty and the Minister of Education) calling for a "smart moratorium".

The CSA united municipalities across the province behind the common cause of obtaining a 'smart moratorium' on disputed school closures citing the negative impact that school closures were having on their community's property tax base, development charges, and the socio-economic fabric, as there is a lack of meaningful consultation for these between School Boards and the municipalities.

The goal of the 'smart moratorium' is to provide time for the Ministry, school boards, and municipalities to work together to develop policies addressing issues, such as planning for declining enrolments, a mutually agreed upon Accommodation Review Committee (ARC) process, a review of funding to rural and small community schools, and establishing a working relationship between municipalities and school boards that provides transparency and accountability to the taxpayers where currently there is none.

The members of the CSA know that the current system for determining which schools stay open and which schools are closed is a flawed process and school boards are closing schools, amalgamating schools, and in some cases transporting students out of their community, and building new schools without reviewing the impact of these decisions on our communities and taxpayers, be it education development charges or property tax. Municipalities across Ontario are frustrated by the ARC process and the negative impact such decisions are having on sustainable municipal growth and municipal planning.

Ministry of Education Pupil Accommodation Guidelines outlines that the purpose of a review is to provide direction to school boards regarding public accommodation reviews undertaken to determine the future of a school or group of schools. The document outlines four factors and states the ARC's are encouraged to introduce other factors that could be used to reflect local circumstances and priorities that may help. Two particular bullets from the Ministry document are key areas municipalities and businesses need to be a part of during the process.

Value to the community:

- School grounds as green space and/or available for recreation
- School as a partner in other government initiatives in the community
- Value to the Local Economy
- Availability of training opportunities or partnerships with business
- Attracts or retains families in the community

As is the finding of the over 150 municipalities across Ontario, too often the ARC process required by the Education Act is treated merely as a formality by school boards who implement the predetermined outcomes recommended by their administrations without dialogue with the municipally planning departments and with little or no regard for process. There is no opportunity for communities to appeal these decisions to an outside authority. The process gives the school boards absolute power.

The CSA feels that a better system is needed and should:

- Ensure that school boards and municipal councils work together on decisions regarding education infrastructure
- Provide greater accountability for school board decisions
- Be developed through a review of the governance model for educational decisions, which must include an appeal process for accommodation decisions

- Respect and value the input of students, parents, the community, and the municipality in the ARC process

School Board decisions that fly in face of municipal planning can undermine the local economy.

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

1. Implement a process on disputed school closings to provide the opportunity for municipalities to work together with the Ministry of Education, school boards and to develop policies addressing:
    a. Transparency and accountability to the taxpayers between municipalities and school boards;
    b. A mutually agreed upon Accommodation Review committee process;
    c. Planning for declining enrolments; and
    d. An appeals process for municipalities.
2. Put in place a standing committee of the legislature to review and report its observations, opinions, and recommendations on the report of the Auditor General that relates to the disbursement of public money on the education system collected and disbursed from the property tax base.

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

d. Provincial Support for Municipal Transit

(Submitted by the Greater Sudbury Chamber of Commerce)

Issue:

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

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

Background:

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

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

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

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

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

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

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

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

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

MODERNIZING ENERGY & INFRASTRUCTURE

A. Border Efficiency and Security

a. Modernizing the Detroit River Rail Tunnel

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

Issue:

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

Background:

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

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

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

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

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

The proposal by the DRRT states the following benefits to the region from construction of the new rail tunnel:

- Generates 1,700 construction jobs over the course of the 4-year project
- Stabilizes and help secure future rail service in the Windsor-Detroit region for years to come
- Expands opportunities to grow and attract new business in the Windsor-Essex region
- Provides the region with the first new international infrastructure crossing built in the Windsor-Detroit corridor in over 78 years

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

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

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

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

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

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

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

b. Investing in Infrastructure to Support the Peace Bridge Expansion

(Submitted by the St. Catharine's – Thorold Chamber of Commerce)

Issue:

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

Background:

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

Over 70% of the value of Canada's international trade travelling by road flows into the United States across Ontario borders. Between 1994 and 2004, the value of trade by truck between the United States and Ontario increased by over 52%. Niagara is a key corridor for movement between Canada and the U.S., accounting for nearly 30% of all Canada-U.S. trade.

As the OCC highlighted in its report, Niagara is the second largest trade crossing in Ontario and largest in terms of tourism crossing. Specifically, the Peace Bridge between Buffalo and Fort Erie is the second busiest bridge following closely behind the Ambassador Bridge in Windsor.

Although current U.S. tourism travel to Canada has yet to rebound to pre-2001 levels due to heightened security measures, the higher Canadian dollar and the recession, the upcoming 1812-2012 Bicentennial Celebrations is projected to attract millions of visitors over a two-year period to the Niagara area to participate in the celebration of 200 years of peace between Canada and the United States.

The Buffalo and Fort Erie Public Bridge Authority is moving forward with its plans to twin the bridge after years of delays. The Chief of the U.S. General Services Administration (USGSA) said in a speech in December 2007 that the Peace Bridge expansion is part of the USGSA's plans to ignite a building boom at its nation's ports of entry by building more inspection booths, more roads, bridges, and other infrastructure that is needed to open trade corridors.

In 2010, the Departments of Homeland Security and State had re-opened negotiations on Shared Border Management with the Canadian government. Negotiations regarding pre-clearance at the Fort Erie/Buffalo Peace Bridge are crucial to strengthening the U.S. and Canadian economies. In 2010, the Canadian government, in conjunction with the Buffalo and Fort Erie Public Bridge Authority, initiated and completed the expansion of a fifth primary inspection lane for commercial vehicles. The additional lane will increase capacity to handle truck traffic by 25%. The federal government contributed half the cost of this expansion.

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

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

1. Identify the Peace Bridge crossing as an area of economic significance, and review the current transportation infrastructure approaching the bridge as a means to identify areas of improvement and expansion to meet the impending increased demands.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

B. Infrastructure Planning and Funding

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

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

Issue:

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

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

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

Background:

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

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

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

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

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

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

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

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

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

Not until a goods movement study is complete, will the province be able to plan for an infrastructure system that benefits the north, south, east, west, central, and Golden Horseshoe regions. That is why the province is encouraged to ensure goods movement and people studies see completion by the end of 2011.

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

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

1. Continue working on and expeditiously complete a goods movement and people study by the end of 2011, which will provide information on policy, infrastructure, and regulation – focusing on Ontario as well as the vital U.S. trade regions of Detroit-Windsor, Port Huron OCC Sarnia, Buffalo-Fort Erie and Niagara, including Eastern and Northern Ontario border crossings.
2. Develop a 30-year, long range transportation plan based on the results of the goods and people movement study, to be completed by the fall of 2012. The long range transportation plan must:
    a. Include short, medium and long-term planning and investment objectives spanning 30 years;
    b. Be integrated with regional growth plans (e.g. Growth Plan for the Greater Golden Horseshoe area and the proposed Growth Plan for Northern Ontario) developed through the *Places to Grow Act*;
    c. Be used to promote coordination and consistency among land-use and transportation planning and investment by all levels of government and other transportation stakeholders; and
    d. Include a measure which will ensure that allocated funding for transportation infrastructure projects is implemented within a given timeframe.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

b. Alternative Financing for Transportation/Transit Infrastructure and Services
(Submitted by the Mississauga Board of Trade & the Toronto Board of Trade)

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

Background:
Ontario's infrastructure, in particular, its transportation and transit infrastructure, has neither kept pace with the past few decades of population growth, nor with its distribution.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

c. Metrolinx - Addressing Outstanding Issues

(Submitted by the Toronto Board of Trade)

Issue:

To be able to successfully and effectively implement a regional transportation plan for the Greater Toronto and Hamilton Area (GTHA), Metrolinx must address the following issues:

1. Immediately deal with how to bridge the gap between existing funding commitments and the overall cost of fully implementing the regional transportation plan for the GTHA.
2. Create and implement a goods movement strategy that effectively balances cost-efficiency, convenience, safety, and environmental stewardship.

Background:

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

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

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

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

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

d. Developing a Single Transportation Authority in the GTHA

(Submitted by the OCC Transportation Task Force)

Issue:

Economic development and renewal are dependent on high quality, multimodal transportation services. There is room to improve the delivery and management of public transportation to better meet provincial needs and stimulate economic growth across Ontario.

Background:

At present, the provincial agency known as Metrolinx acts as the transportation authority designated to undertake a variety of public transit and transportation projects in the Greater Toronto and Hamilton Area (GTHA). Metrolinx's mandate is to improve the coordination and integration of all modes of transportation in the region.

However, Metrolinx does not act as the single transportation authority in the GTHA. Each municipality has its own network authority, whereas in Vancouver, British Columbia one body – TransLink – has the sole designation to expand and maintain South Coast British Columbia's transportation network.

Established in 1999, TransLink has since evolved to become the single South Coast British Columbia Transportation Authority. Together with its partners, stakeholders, and corporate subsidiaries, TransLink plans and manages the region's transportation system, including public transit, as a strategic whole. Once created by the Government of British Columbia, TransLink replaced B.C. Transit in the Greater Vancouver Regional District and took on many transportation responsibilities held by the Province.

TransLink is responsible for regional transit, cycling, and commuting options, as well as Intelligent Transportation System programs. It shares responsibility for the major road network and regional cycling with municipalities in metro Vancouver. It is the first North American transportation authority to be responsible for the planning, financing, and managing of all public transit in addition to major regional roads and bridges.

The Government of Ontario needs to examine such possibilities in the GTHA, and must begin evaluating the benefits and positive impacts of consolidating the GTHA's transportation and transit networks into one GTHA transportation authority.

In addition, the provincial government should seek to analyze the positive economic impacts of coordinated public transportation efforts.

A consolidated network, operating under one authority, could provide the provincial government and respective GTHA municipalities with the opportunity to be cost effective and reduce tax costs, leading to potential savings for municipalities.

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

1. Consult with regional and municipal transportation authority's located within the Greater Toronto and Hamilton Area (GTHA) and undertake an independent review of the benefits and impacts of consolidating the GTHA's municipal public transportation networks under one regional transportation authority.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

C. Transportation Modal Issues

a. Eastward Extension – Highway 407

(Submitted by the Greater Oshawa Chamber of Commerce)

Issue:

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

Background:

Since 2004, the Ontario Chamber of Commerce has endorsed the call for completion of Hwy 407 to Highway 35/115 stressing that the negative economic, safety, and capital investment impact to Ontario of not proceeding to complete the Eastward Extension is real. This position was re-affirmed in May 2010 at the Ontario Chamber of Commerce AGM in Windsor.

The announcement in June 2010 that the first end of the link for the extension would be at Simcoe Street in Oshawa came as a surprise. At no time was phasing in the Durham section of Highway 407 to 35/115 discussed. Local area politicians at all levels have been lobbying the province to keep its promise under the FLOW agreement signed with the Federal Government.

At the provincial level, the Ontario business community has some basic and common sense concerns, as to the economic and public safety impact to Ontario of not proceeding with the completing of this project. The Greater Oshawa Chamber of Commerce, in discussions with business leaders, all agreed it is imperative that Hwy 407 comes to Oshawa and recommended to the provincial government putting in place an acceptable alternative that gets Hwy 407 to Oshawa and through Durham Region to the 35/115 in a timely manner. This is vital for the movement of goods and service and tourism across the GTA.

Transportation is a key factor in unleashing the GTA and Durham Regions' economic potential. The lack of an alternative freeway across the GTA is not only a safety issue but, results in delays to auto and commercial traffic when Highway 401 is closed or capacity is limited as a result of an accident or construction/rehabilitation. Such events are becoming more and more commonplace.

This gridlock results in lost trade opportunities in manufacturing and tourism, jeopardizes employee recruitment and retention, and reduces economic competitiveness in the GTA. Reducing gridlock, congestion and integrating the transportation network are policy priorities for the Ontario Chamber of Commerce. It is important for the provincial government to plan for the construction and completion of such projects as the extension of Highways 407, 410, 427, 69 and the Niagara-to-GTA corridor to alleviate congestion and ensure public safety. An adequate and updated highway system is an important link to the economic success of all of Ontario.

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

In recent months, this issue has become extremely politicized by all elected officials at all levels of government. In 2007, when the FLOW agreement was signed, Canada was not in a deep recession. The tide turned quickly and in late 2008 the recession hit. The Chamber feels we need to ratchet down the political rhetoric.

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

1. Work with all stakeholders and put in place an acceptable alternative that gets Hwy 407 to Oshawa and through Durham Region to Hwy 35/115 as expeditiously as possible.
2. Set out firm timelines and commitments for the extension past Oshawa to 35/115.
3. Immediately commence construction as announced in March 2011 for the extension of Highway 407 beyond Brock Road in Pickering through to Simcoe Street and prior to opening the Simcoe Street interchange commence work on the completion of Hwy 407 to 35/115.
4. Postpone those north-south linkages that could cause delays to construction completion.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

b. Niagara-to-GTA Corridor

(Submitted by the Hamilton Chamber of Commerce, the Burlington Chamber of Commerce, and the OCC Transportation Task Force)

Issue:

The need to move ahead with the Niagara-to-GTA Corridor (also known as the Mid Penn Corridor), which includes an essential highway component, is critical and urgent in order to meet the evolving needs of residents, industry, tourism, transportation, and governments in the Greater Golden Horseshoe and surrounding communities.

The government's actions in Niagara-to-GTA corridor should go beyond the current plan to increase existing infrastructure capacity along the QEW, 400 series highways, and Highway 6. A new mid-peninsula corridor with connections to neighbouring communities would facilitate the creation of a transportation multi modal hub between Canada and the U.S. and foster economic opportunities across the entire province.

Background:

The stated principal goal of the government's transportation strategy for the Niagara to GTA (NGTA) Corridor is to provide an efficient trade and transportation link that connects the "Continental One" Highway in the U.S., the Niagara Frontier, South-Western Ontario, and the Greater Toronto Area into one seamless transportation corridor. Meeting the needs of all communities that rely on for their prosperity on the NGTA corridor requires an economic development approach that factors in regional economic development priorities and ensures coordination with regional planning and investment activities over a long-term time horizon. A highway that links the Niagara Frontier to Hamilton and the GTA and has connections to neighbouring business communities such as Brantford, Cambridge, Guelph, Kitchener Waterloo, and Milton, is vital to meeting the overall transportation needs of the affected regions and the Ontario economy.

The Niagara Peninsula area is strategically located within South Central Ontario and acts as an international trade and tourism gateway between the Greater Toronto Area and southwestern Ontario and the United States. Some 120 million people and major industrial markets in Ontario and neighbouring states in the U.S. lie within 500 kilometers of the NGTA Corridor. With the Niagara frontier accounting for 16% of total Canada-U.S. trade, efficient international trade and goods movement through the Niagara Peninsula into Canada's economic heartland is fundamental to trade, tourism and economic growth in Central Ontario, the province, and the country.

As population and employment grow in the Niagara/GTA area and surrounding municipalities, levels of traffic congestion on existing highways will continue to increase. Studies show that in 30 years, the demand for travel will exceed the capacity of the existing regional transportation system. The results would be increased congestion, higher fuel consumption and air pollution, a decline in productivity, and a lower quality of life.

In 2007, Wilbur Smith Associates conducted an independent study commissioned by the Niagara Economic Development Corporation, Niagara Region, and the City of Hamilton.[1]

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[1] Wilbur Smith Associates. (June 2007). Niagara to GTA Corridor: Openeing New Economic Opportunities. http://www.niagaracanada.com/documents/egs/pauladowell.pdf

The study looked exclusively at the economic opportunities of a new highway in the NGTA Corridor, and concluded that:

- Global and domestic trends include a shifting focus in freight transportation needs
- There will be an increase in demand for package, airfreight, and customer direct truck services
- There will be an emphasis on reliability and predictability of transportation services
- All industries require a multi-modal transportation system
- The NGTA corridor would not only address capacity deficiencies, but would complete a multi-modal system for port, airport, and U.S. border crossings, including connections from east to west as well as the North

The addition of a new highway to the NGTA corridor would not only benefit the residents in the Greater Golden Horseshoe (GGH), but would also play a pivotal role in ensuring an efficient, multi-modal goods movement network that connects the GGH to the rest of Ontario, including connections from East to West as well as to the North.

In order to address the capacity deficiencies of the region, the Ministry of Transportation commissioned a feasibility study which looked at several alternative options, including the construction of a new highway from the Niagara frontier to the GTA. The results of Phase 1 of the study were released in 2010. MTO has since indicated that it will be moving ahead with a hybrid alternative that includes some strategic widening of provincial highways as well as the development of some new transportation corridors. The government's plan is to widen and improve highways along sections of the QEW Niagara, the 403, 401, 407, and Highway 6, and develop new transportation corridors from Highway 403 in Ancaster to Highway 407 at Walkers Line in Burlington, and from the QEW (Fort Erie) to Highway 406 in Welland.

The OCC supports the Ministry's work in these areas. As part of its small-scale infrastructure improvements, the Ministry should also address the ongoing need for a redundant roadway between the 406 and 403, to ensure that the rise in use of the QEW does not impact local municipal roadways. However, the OCC believes that simply widening existing infrastructure and building new corridors at the boundaries of the NGTA corridor does not fully address the needs of the region or the intent of the NGTA corridor strategy. As illustrated, the construction of a new highway between the Niagara frontier and GTA with westward, eastward, and northward linkages would not only address capacity and structural deficiency in the region, but would allow the region to act as a multi-modal system for port, airport and U.S. border crossings. Through allowing more goods and people to pass through the two boarders, the corridor would foster economic development opportunities for the entire province.

In order to achieve the necessary improvements, the government should immediately move ahead with implementation of a new mid-peninsula corridor while pursuing its infrastructure plans in the Niagara Region. A legacy project of this extent requires the government to take an economic development approach that incorporates planning and investment activities in surrounding communities over a long-term time horizon. The current 20-year assessment is too limited. A more complete and detailed long term plan should look at a 30-year target, which emphasizes the importance of goods movement, transportation and logistics, economic development, and trade forecasts beyond 2031. Such a plan would also extend the geographic boundaries of the study to incorporate all areas that have direct links to the region, such as Brantford, Cambridge, Guelph, Kitchener-Waterloo, and Milton.

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

1. Acknowledge the strategic importance of the NGTA Corridor to the creation of a multi modal transportation hub through immediately commencing with a long-term (30-year) plan for the region. The plan should be based on an economic development vision achieved through coordination and consultation with civic leadership, policy-makers, and planners from all surrounding communities.
2. Expand the geographic boundaries of the study to include surrounding areas such as Brantford, Cambridge, Guelph, Kitchener-Waterloo, and Milton.
3. Construct the NGTA corridor project in two stages:
    a. Include the Niagara Frontier-Hamilton portion of the proposed mid-peninsula highway in the Environmental Assessment phase of the existing infrastructure improvement projects, and commence with construction of stage one as quickly as possible; and
    b. Concurrently with the construction of stage one, begin a feasibility study using a 30-year time line for the Hamilton to 401 portion and connections to all surrounding communities.
4. Engage business leaders and other representative groups including civic leadership, other levels of government, and planners to ensure that the broader community supports the long-term regional transportation strategy. In consulting the business community, consideration must be given to rail, truck, air, and marine transportation representatives, to create an overall multi-modal transportation strategy.
5. Encourage all regional leadership structures, including all levels of government, business leaders, and economic and social institutions to become champions for the corridor project.
6. Take into account the sensitive biosphere and heritage of the Niagara Escarpment, designated Greenbelt areas, and public health issues.
7. To address early designations and protection of future transportation corridors to ensure availability for acquisitions.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

c. Twinning of the Trans-Canada Highway 11-17

(Submitted by the Thunder Bay Chamber of Commerce)

Issue:

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

When Highway 17 north of Lake Superior is closed, commercial travelers can access the Northern Highway 11 with a minimum loss of time. The same is not the case between Nipigon and Thunder Bay. When the section between Sistonens Corners and Shabaqua, west of Thunder Bay is shutdown, nothing can move between Manitoba and Southern Ontario, unless it goes through the United States. However, some Canadian commercial traffic is prohibited from traversing U.S. highways due to local State restrictions

The province must safeguard east-west commerce through creating a four-lane divided highway through Northern Ontario. The starting point should be where both Highways 11 and 17 share the same roadbed and there is no alternative to use.

Background:

It is estimated that upwards of 70% of all truck traffic travelling through Thunder Bay is passing through – providing goods, including perishables and manufacturing goods moving from Southern Ontario to the West and vice versa. These goods are primarily handled by truck through the Northwest and every time there is a significant closure of the single lane section of the Trans-Canada Highway, the economic well being of the province, as well as the region suffers.

This route is Ontario's only trans-Canada trade corridor. A closure of this section of the Trans-Canada Highway, which is vulnerable to debilitating accidents and intentional destruction, is not in anyone's best interest. Fuel tax dollars should be used to create a divided highway in all of those sections where Highways 11 and 17 are together. In the long-term it makes economic sense. As a country and as a province, we cannot afford to have our east-west commerce held hostage.

The twinning of this section of the highway is an expensive proposition. The estimated price tag is well over $500 million. Setting aside the construction jobs this would create, the majority of the benefits of twinning this section of the highway would accrue to businesses and consumers throughout the province. A significant amount of planning needs to be done before the project can begin. The government must accelerate the planning process and establish construction targets for the commencement of the twinning. In 2009, the province announced plans to twin much of the Thunder Bay to Nipigon section, which has long been requested.

The province, along with the federal government, should also develop a 10-year plan that would see the project completed in a way that would provide stability in the highway construction industry in the area for a significant period of time.

Ontario should not be solely responsible for this major undertaking. The initial construction of the Trans-Canada Highway – which was deemed a matter of national importance – was only possible through a major financial contribution from the Government of Canada. A federal contribution to the section West of Thunder Bay would be consistent with previous efforts by the federal government to assist the Prairie Provinces in their twinning effort – the construction and ongoing upgrading of the Yellowhead Route, which parallels the Trans-Canada Highway.

The federal government will accept applications for partial funding for this project. The Province has every right to expect the federal government to contribute funding.

Northern Ontario does not have the transportation alternatives readily available in other parts of the province, and therefore must rely more heavily on personal transportation vehicles for the economic and personal well being of the area. It needs roads that are not only safe but accessible at all times.

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

There has been some improvement to the Northwestern Ontario Highway system in the past few years with some additional passing lanes; however, safety and commerce continue to be issues. Once the province commits its own funding to this project, it will be in a strong position to bargain with the federal government to provide support for the Trans-Canada Highway in Ontario.

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

1. Develop and implement a long-range plan including the commitment of specific sums of money over the long term to create a four-lane divided highway through Northern Ontario to enhance and grow the economies of the North.
2. Partner with the federal government to plan to twin all sections of the Trans-Canada Highway, starting where there is no alternate Canadian highway route. This plan is to be completed within two years so that construction can start in 2013.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

d. Ontario-Quebec Continental Gateway and Trade Corridor

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

Issue:

The Ontario-Quebec Continental Gateway and Trade Corridor process is a long-term strategic planning exercise involving Ontario, Quebec, and the federal governments that is essential to ensuring that Eastern Canada, including Ontario, maximizes its access to the increased cargo volumes that are expected to develop with the expansion of the Panama Canal in 2014, and the increased emphasis on trade with transatlantic partners.

Background:

Southern Ontario stands to benefit from increased logistics activity, as well as ancillary manufacturing and value-adding activities brought about by enhanced shipping volumes.

As a result of the recession of 2008, the Ontario-Quebec process has become stalled, somewhat owing to the diversion of potential infrastructure investment funding to short-term economic stimulus projects.

It is important that despite short-term restrictions of transportation infrastructure funding that the results of the Ontario-Quebec process be unveiled to the transportation community for detailed examination and discussion. Infrastructure funding can be part of a separate discussion that takes into account the potential for alternative funding models, including user fees and public-private partnerships.

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

1. Urge its federal partners to publically release the results of the Ontario-Quebec Continental Gateway and Trade Corridor strategy without delay and to re-convene the private-sector advisory group for input into implementation strategies and funding implications.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

e. Support for Ontario's Inter-city Bus Network
(Submitted by the OCC Transportation Taskforce)

Issue:
In response to low ridership and declining revenues for inter-city bus services, bus companies have indicated their intentions to reduce service in all parts of the province, with significant impact on rural Ontario and the provincial economy.

Background:
In Canada, some 19% of the national population lives in rural areas. Between 1981 and 2006, car ownership doubled across the country, leading to low ridership and declining revenues for inter-city bus services. As a result, bus companies have recently indicated their intentions to reduce service in all parts of the province. While the business community appreciates the rationale for "getting costs in line", in this case the outcome is not in Ontario's economic interests.

The inter-city bus network is highly integrated, allowing customers to travel throughout the province and throughout North America. This system transports customers to larger centers for work, shopping/leisure and medical services. The effects of reduced service will be felt by rural and urban communities alike.

Bus parcel express is the conduit by which urban businesses service their rural customers in a timely fashion; it is also the means used by rural businesses to serve customers in larger centers. Loss of this valuable service could lead to increased costs to both the supplier and the customer and a decline in the economic health of our communities.

Similar cost pressures are being felt across Canada. Inter-city bus carriers have applied to reduce service and/or increase fares in Atlantic Canada and in Newfoundland/Labrador. British Columbia, Manitoba, Saskatchewan and Quebec have seen similar challenges.

Faced with dwindling options for customers, several provincial governments have enacted supports to keep services going. Proposed service cuts in Manitoba and Saskatchewan have been postponed with assistance from the provincial treasuries. The Province of Quebec has provided tax breaks on fuel and small grants to its operators. The Ontario Chamber of Commerce urges the Ontario government to follow suit.

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

1. Explore various options to enhance the viability of inter-city bus and rail service to Ontario's rural communities.
2. Implement measures to maintain inter-city bus and rail service in Ontario.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

f. Transportation Surcharges and Fees Reducing Competitiveness

(Submitted by the OCC Transportation Task Force)

Issue:

Transportation security fees, taxes, increased inspections and other surcharges are making Ontario and also Canada less competitive compared to other jurisdictions, particularly the United States. These added charges increase the cost of doing business, which can lead to lost production, investment, and ultimately, lead to job loss across the province.

Background:

U.S. Customs Fees

In 1985, US President Ronald Reagan signed into law the Consolidate Omnibus Budget Reconciliation Act (COBRA). This act authorized the U.S. Customs Service to collect user fees for inbound air and sea passengers, commercial trucks, rail cars, private vessels, dutiable mail packages, and customs broker permits. The 2007 COBRA CBP user fees are as follows:

- Private Aircraft Decal: $27.50 (USD) per calendar year
- Private Vessel Decal (30 feet or more in length): $27.50 (USD) per calendar year
- Commercial Vehicle User Fee – $100 – US CBP, $105 – U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS)
- Canadian Border – $205 (USD) per calendar year
- Mexican Border – $205 (USD) per calendar year

In 2007, the Animal and Plant Health Inspection Service (APHIS) removed the inspection exemption for Canadian-grown fruits and vegetables, and the user fee exemption for commercial vessels, trucks, railroad cars, and aircrafts, as well as international passengers entering the U.S. from Canada.

The inspection user-fee amounts are as follows (the amount changes on October 1 of each year):

- Commercial Trucks: $5.25 per entry; $105 annually with a purchased transponder
- Commercial Vessels (100 net tonnes or more): $490 per entry; after the 15th entry, there is no charge
- Loaded Commercial Railroad Cars: $7.75 per entry
- Commercial Aircraft: $70.50 per arrival
- International Airline Passengers: $5 per arrival

While APHIS seeks to preserve border security and prevent agricultural diseases and animal pests from entering the U.S., the rule adds to the growing list of red tape. Canadian carriers are already heavily invested in programs and procedures to secure the supply chain. These include Customs-Trade Partnership Against Terrorism (C-TPAT), Free and Secure Trade (FAST) and the one-hour advanced notification to the U.S. Customs and Border Patrol Agency (CBP) requirement for all U.S. inbound truck shipments. CBP and the Food and Drug Administration (FDA) also screen abnormalities through their targeting systems and warn border officials of any potential threats.

The Canadian Chamber of Commerce reported that certification for trade facilitation programs such as FAST, C-TPAT, Partners in Protection (PIP), Customs Self Assessment (CSA), and NEXUS can cost a company more than $100,000 USD. By imposing additional inspections and fees on all Canadian shipments and inbound airline passengers, APHIS increases the cost to shippers and manufactures, as well as exacerbates existing challenges already impeding the legitimate movement of goods across the border.

In 2004, Ontario exported to the U.S. $11.8 billion in agricultural products, $430 million of which were vegetables. However, added costs and inspections increase uncertainty of the availability of needed goods. Agricultural products also face the possibility of spoiling due to unanticipated delays at the border. All this is a major disadvantage considering just-in-time logistics has become the way of doing business for many companies. By reducing the amount of onsite inventory, costs are reduced and companies gain a competitive advantage. Instead of using Canadian producers, U.S. companies have chosen to use inputs from their domestic producers.

Airport Fees

Since 1996, Toronto Pearson International Airport, managed by the Greater Toronto Airports Authority (GTAA) has been a key piece of economic infrastructure to the Province of Ontario. Toronto Pearson is a massive economic enabler that drives prosperity and supports jobs including revenues generated totaling $26.4 billion and employment income totaling $6.8 billion. Toronto Pearson is the anchor organization of the single largest employment area in the province, with 38,000 employees working at the airport and 185,000 jobs supported by the airport, making it a strong driver of economic growth across Ontario.

Despite the significant investments made in creating a strong economic presence, government collects greater than $170 million from Toronto Pearson on an annual basis. This has included $145 million in rent to the federal government in 2010, $141 million in 2009, $141 million in 2008, and greater than $1 billion in total payments since the transfer of the airport in 1996. Added to this, Toronto Pearson pays approximately $25 million a year to local levels of government.

Toronto Pearson has had to take on significant debt through development, but despite this has made significant progress by introducing new incentive programs that have led to lower fees and $55 million in airline savings in 2010 alone. Toronto Pearson's fee reductions are being offset by an increase in airport activity, as air carriers operating at Toronto Pearson have increased service on a total of 28 routes representing either entirely new destinations served or increases in capacity on existing routes.

In addition, Toronto Pearson's landing fees for cargo aircraft, general terminal charges, and landing fees for passenger airlines have been reduced by 4.3%, 8.1%, and 4.5% respectively, effective January 1, 2011. As of the same date, Toronto Pearson reduced the Airport Improvement Fee for connecting passengers by a full 50%, from $8 to $4. These major reductions in costs are being noticed, as Toronto Pearson has been named the 2010 Most Improved Airport in the world by the International Air Transport Association. This global industry award recognizes the significant strides made by Toronto Pearson in its commitment to working with all customers and stakeholders. Despite these numerous fee reductions, Toronto Pearson is still at a competitive disadvantage compared to other international airports.

Aviation Fuel Tax

The OCC encourages the province to make air travel in Ontario more competitive by eliminating the provincial aviation fuel tax on international flights. As it currently stands, it is significantly more expensive to operate international air services in Ontario than British Columbia, Alberta, Quebec, and in competing U.S. jurisdictions.

As a result, tax revenue, jobs and economic activity are lost to Ontario. While the Government of Ontario collects approximately $38 million dollars annually from the aviation fuel tax, the addition of just one additional daily passenger service between Ontario and India, for example, would result in an economic boost to the province of $90 million dollars and 255 jobs.

Ontario's tax on aviation fuel puts the province at a disadvantage compared to neighbouring and competing jurisdictions in Canada and the United States. At 2.7 cents per litre, the province's aviation fuel tax is higher than many Canadian provinces.

Aviation Fuel Tax Per Province

AB	BC	SK	MB	ON	QC	NB	NS	PEI	NF
1.5	2.0	3.5	3.2	2.7	3.0	2.5	0.9	0.7	0.7

Ontario is also one of the only provinces that does not exempt this tax for transborder and international flights. Transborder and international flights are exempt from aviation fuel taxes in Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, and, beginning in April 2011, in British Columbia. As well, several provinces have implemented rebate programs that significantly reduce the tax burden on international and/or domestic cargo flights. Finally, competing U.S. states do not charge such a tax.

Eliminating this fuel tax on international flights would assist in attracting new international services and routes to Ontario. Apart from stimulating tourism by bringing increased passengers, the OCC believes that this would enhance business ties and stimulate two-way trade between Ontario and other countries over the long-term. The end result would be more jobs, business and ultimately tax revenues.

Other charges applied to all airports include the airport departure tax. This adds between $10 and $20 per Canadian airline ticket. It is a significant cost, particularly for families travelling by air. U.S. airports do not have such fees.

Overall, security charges, GST, provincial sales taxes, NAV Canada fees, fuel surcharges and airport rent can total more than 30% of the final airline bill. This directly affects Ontario's competitiveness:

- Million Ontarians per year use the Buffalo Niagara International Airport and avoid Hamilton and Toronto Airports
- Travellers from the Ottawa region use the airport in Syracuse, New York, and are also regularly bussed out of the Province to Montreal Airport, where there is no provincial fuel tax on international flights
- 300,000 tonnes of cargo is trucked out of Ontario to U.S. airports like those in Chicago, New York, Detroit, and Miami on an annual basis
- Airlines strategically avoid purchasing fuel in Ontario, instead purchasing excess fuel ("tankering") in U.S. cities, resulting in a loss of potential revenue for the Province

An assessment of competitiveness is needed to better understand how competitive Ontario and Canada are compared to other jurisdictions. The province needs to determine what the fees are and how they compare from a provincial and national perspective. When this is done, the province can develop effective policies and strategies to ensure an improved level of competitiveness.

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

1. Work with the federal government, U.S. government bodies, and transportation stakeholders to assess the true impact of fee and surcharge differentials to Ontario and Canada's global competitiveness by the end of 2011.
2. Develop policies designed to mitigate the impact of the transportation surcharges and fee differentials on Ontario and Canada by incorporating the results of the study by 2012.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

g. Regional Transportation Fare Integration

(Submitted by York University, the Toronto Board of Trade, and the OCC Transportation Task Force)

Issue:

Connectivity in modes of transit is essential to the success of the Greater Toronto and Hamilton Area Regional Transit Plan. A crucial element of this connectivity is an one-card fare integration system for the Greater Toronto and Hamilton Area.

With the development of the Toronto-York Spadina Subway Extension, there is an urgent need to provide seamless transfers across all lines without requiring customers to pay multiple fares.

Background:

We applaud the federal, provincial and municipal governments for making their largest ever investments to help fund transit infrastructure within the Greater Toronto and Hamilton Area (GTHA). The present transportation system is widely viewed as inadequate and traffic congestion is now a regional issue that affects all municipalities and residents in the GTHA. The ability of businesses to operate in and around the GTHA and the vitality of the regional economy, are dependent upon an efficient regional transportation network.

Network connectivity needs to be the backbone of the regional transportation plan; transfers should be easy and efficient. Connectivity must not stop at any particular municipal boundary; rather it should be continuous throughout the GTHA and be based on an integrated fare system, which incorporates "smart" card technology.

An integrated fare card system is fundamental, for example, to the successful implementation of the Toronto-York Spadina Subway Extension (TYSSE), especially as it relates to York University. The TYSSE is the first example of higher order transit that will cross municipal boundaries within Ontario. Upon completion of the TYSSE, all regional transit buses will move from the current central location on campus to off-campus locations:

- GO Transit buses will be relocated north of the University to the Highway 407 Station, requiring all passengers to transfer to the subway and travel to one of the two stations on campus
- York Region Transit (local & Viva buses) will be relocated to a new bus terminal on the north side of Steeles Avenue; passengers will be required to transfer to the subway for one stop, or walk to central campus; the walk would not be weather protected, and may be challenging to those with disabilities
- Brampton Transit (Zum) buses will be relocated to the Vaughan Corporate Center, requiring passengers to transfer to the subway to station stops on campus
- The GO Train Station will be relocated from its existing location 1.5 km east of Campus on Canarctic Dr. to the Sheppard West Station; York University GO Train shuttle will be stopped and passengers will be required to transfer to the subway and travel north to one of the stations on campus

Currently, these passengers only pay one fare to commute from their home to York University by public transit. If fare integration is not in place when the TYSSE enters into service, passengers will have to pay multiple fares. This would represent a significant cost increase.

To illustrate: a student commuting from Ajax to York University would have to pay GO Transit $6.45 and then pay the TTC $3, for a total of $9.45 per trip, an increase of 47% over what they currently pay for the same trip. Alternatively, that student could use a monthly GO pass from Ajax which costs $168 and then use a TTC pass, which costs $99, totaling $267 per month, an increase of 159% over what they currently pay for the same trip. As a result, many York University staff, faculty and students may decide to drive to the University instead of using public transit.

The resulting increase in vehicular traffic will have a negative impact on the University and surrounding roads, as it will also increase congestion and gridlock. York University, with a current population of over 65,000 people (staff, faculty, students, and Seneca@York), has the second largest number of daily commuters in the GTHA behind Pearson Airport, representing a significant impact on the region's road network. Today, approximately 65% of the community uses public transit to commute to the University – a significant improvement from the late 1990s when 70% of commuters to York used private vehicles.

The success of the TYSSE must rely, in part, on the adoption of an integrated fare payment/collection system. To the extent possible, the system should be designed so that riders do not pay appreciably more than they do at present. There are programs currently used in many major cities and urban regions in North America, Europe and Asia, ensuring that it is the easiest and most efficient means of payment and line transfer for all users.

Fare integration across a number of different transit operators in one region has been implemented in a number of jurisdictions. For example, in London, UK, the Oyster Card is used to pay for more than 80% of daily trips on Transport for London (TfL) services. This is a pay-as-you-go system, in which users are charged for every zone they travel through. As of January 2010, Oyster Cards are accepted at all 350 London Rail commuter rail stations within Greater London. Decision makers in London understand that if they want more people to take public transport, it must be as convenient and seamless as possible. Because Oyster Card users are guaranteed they will be charged the lowest fare per trip, commuters benefit not only from the convenience of using one payment method, but also pay lower fares than they otherwise would be charged. Within the GTHA there already are integrated fare agreements. York Region and GO Transit riders can pay a $0.50 fare for a York Region bus to take them to GO Transit Stations. As well, with the deployment of PRESTO, there is an opportunity to further enhance the smart card technology to implement fare integration.

The implementation of a regional fare integration system is integral to the creation of a sustainable, attractive, and efficient transportation network. The benefits of the move to a smartcard system will support the development of further infrastructure and will make the regional transportation network more customer-friendly, hopefully leading to greater use of the network and ultimately assisting in the alleviation of regional congestion and gridlock.

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

1. Through Metrolinx, work with the regional transit operators to implement an integrated fare structure for the GTHA regional transportation system.
2. Implement this new fare integration system, at the latest, in conjunction with the opening of the Toronto-York Spadina Subway Extension.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

h. Improving Efficiency and Reducing GHG in the Supply Chain

(Submitted by the Ontario Trucking Alliance)

Issue:

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

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

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

Background:

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

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

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

The primary benefits of LCVs are as follows:

1. Increased productivity and efficiency in goods movement, LCVs offer an increase in carrying capacity of between 90% and 100% compared to existing configurations.
2. LCVs can achieve total fuel savings of over 30% over existing configuration, resulting in an equal reduction in Greenhouse Gas (GHG) emissions. A recent study sponsored by Natural Resources Canada estimated that for freight movements in Ontario alone, the annual savings would be 54 million liters of fuel leading to a reduction of some 151 kilotons of GHG.

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

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

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

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

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

D. Energy Supply/Fuel Mix

a. Energy from Waste

(Submitted by the OCC Energy Task Force)

Issue:

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

Only 5% of Canada's solid waste is processed to generate electricity, compared to 13% in the United States. It is time now for Ontario communities to start considering a solution.

Background:

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

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

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

The environmental benefit of EFW generation is that it can help reduce CO_2 emissions, through displacement of fossil fuels that are 23 times more damaging than CO_2 for global warming. If biodegradable waste is diverted from landfill, methane emissions can be avoided.

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

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

EXAMPLES OF ENERGY FROM WASTE TECHNOLOGIES*

Combustion with energy recovery

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

Advanced thermal technologies

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

Gasification

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

Pyrolysis

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

Anaerobic digestion

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

Pelletization

The technology allows processing of Municipal Solid Waste by selecting appropriate materials to mix with purchased high BTU materials in the production of a high BTU pellet that can be used either to replace coal or coke in industrial processes, or for use in an acceptable combined combustion/gasification and local energy recovery system the manufacture.

*NOTE: The EFW technologies are not limited to the ones described in the table.

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

Air Emissions of Waste-to-Energy and Fossil Fuel Power Plants (pounds per megawatt hour)[5]

Facility Type	Carbon Dioxide	Sulfur Dioxide	Nitrogen Oxides
Coal	2,249	13	6
Oil	1,672	12	4
Natural Gas	1,135	0.1	1.7
Waste-to-Energy	837	0.8	5.4

(Source: www.wte.org)

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

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

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

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

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

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

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

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

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

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

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

1. Review by 2011, the experience in other jurisdictions and, considering the environmental and economic efficiency, estimate what of the available Energy from Waste technologies (combustion with energy recovery, advanced thermal technologies, gasification, pyrolysis, anaerobic digestion, pelletization, etc.) have the highest rate of return for Ontario.
2. Assess the costs of erecting EFW facilities and estimate the benefits for Ontario by considering the environmental effects, avoided waste disposal, land filling/development costs, and promotion of alternative energy generation.
3. Pursue increasing the share of the efficient Energy from Waste generation technology in the supply mix and develop by 2011-2012 an integrated waste management plan, prioritizing on EFW.

4. Educate the public on the importance of 5-Rs: (1) Reduce (waste, packaging etc); (2) Reuse (beer bottles, etc.); (3) Recycle (new product from waste, i.e.: sewer pipe from used car dashboards, etc.); (4) Recover (energy, oil); and (5) Retain (landfill issues). Also educate Ontarians about the importance and safety of advanced EFW technology for their communities.
5. Commit to create a stable streamlined regulatory environment, an electricity market guided by prices reflecting true costs of power, and pursue consistent EFW policies.
6. Stimulate municipalities to develop EFW facilities, where appropriate and strategically feasible at existing landfill sites.
7. Engage private sector in the development, construction, and financing of WTE facilities.

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

b. Electricity Pricing, Supply and Market Development

(Submitted by the OCC Energy Task Force)

Issue:

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

Background:

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

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

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

Regulatory requirements and NIMBYism can play a role in unnecessarily delaying needed projects. Government policy needs to ensure adequate regulatory review and oversight, but should also ensure no undue delay to necessary electricity system investments. The government has endeavoured to address NIMBYism through the Green Energy Act by introducing a single new Renewable Energy approval process that replaces several approvals currently required under the Environmental Protection Act. However, the Environmental Assessment (EA) Act has not been amended therefore, the EA regimes for renewable energy projects under the Electricity Projects Regulation still remains in place.

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

Sound environmental policy should be a key component of electricity policy, resulting in an environmentally sustainable system. All economic energy efficiency and conservation investments should be encouraged.

Ontario, like many jurisdictions, currently has a hybrid electricity system. There is significant and ongoing debate about how to achieve a reliable and affordable competitive market for electricity that will bring real benefits for consumers. The Chamber believes that the private sector should play a significant role in the electricity system and that over the long term; Ontario should explore options for creating competitive markets for electricity that will benefit consumers.

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

1. Work towards establishing a competitive market for electricity in the long-term.
2. Immediately start creating conditions for a competitive environment in the mid-term, including developing instruments to help facilitate market liquidity forward exchange, long-term contracting, and long-term price predictability.
3. Promote a diverse supply mix as a way of ensuring that Ontario's electricity prices remain affordable over the long-term.
4. Ensure an adequate, stable, and reliable supply of electricity in Ontario to meet the needs of Ontario businesses.
5. Ensure that the price of electricity reflects the true costs.
6. Ensure a significant role for the private sector in Ontario's electricity system.
7. Promote environmental sustainability by ensuring that all economic energy efficiency and conservation investments are made.
8. Work with Ontario large energy users to ensure that areas with frequent brownouts and drops in supply are upgraded to protect against loss of productivity and equipment damage.
9. Share its analysis of the impacts of provincial energy legislation initiatives on large energy users' attraction and retention.

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

c. Diversifying Fossil Fuel Supply Mix in Ontario

(Submitted by OCC Energy Task Force)

Issue:

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

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

Background:

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

Ontario has begun, but could do more to take advantage of novel fuel efficient technologies and competitive alternative fuels. In 2007, the province diversified transportation energy supply by introducing a 5% bio-ethanol standard for gasoline. Further promotion, production and use of alternative fuels like hydrogen and biofuels (ethanol, pure vegetable oils, diesel, etc.) could contribute to a reduction in energy import dependency and in emissions of greenhouse gases. In addition, competitive biofuels, in pure form or as a blend, may in principle be used in existing motor vehicles and use the current motor vehicle fuel distribution system.

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

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

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

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

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

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

d. National Nuclear Energy Strategy

(Submitted by the Oshawa Chamber of Commerce)

Issue:

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

Background:

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

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

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

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

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

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

Uranium is the key ingredient for nuclear energy and Canada is the world's leading producer of uranium, accounting for over 30% of total production. The uranium mined in Canada contains more energy than does all of our annual oil and natural gas production combined. Ontario has only two large energy resources of its own: hydro-electric and nuclear energy, based on uranium.

Nuclear and hydroelectric currently form the backbone of Ontario's electric energy mix, providing three-quarters of our electricity. Hydro-electric has limited additional potential, whereas nuclear could be increased substantially to help support other energy needs, which up until now have depended on imported fossil fuels. Carbon-based fuels are subject to price swings based on events beyond the Province's control. These prices have a direct impact on the competitiveness of Ontario's industry. Expanding the usage of nuclear energy could, therefore, result in lower fuel prices while providing a reliable secure energy source.

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

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

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

e. Energy as a Development Tool

(Submitted by Thunder Bay Chamber of Commerce)

Issue:

The major industrial users in Ontario have long cited high energy costs as a deterrent for growth and retention of our manufacturing base. For example, the high cost of energy has been referenced as a critical factor in the location of a ferrochrome processor in Ontario.

Minerals and metals are designated as growth areas for the province and would be significant users of energy as the province develops “industrial cluster centers”. Ontario must adopt strategic methods to develop new business around our resource base throughout the province.

Background:

Mined ore, previously processed in Timmins, is to be transported out of Ontario to other provinces for processing, with high energy costs denoted as a key factor.

Due to production shutdowns at industrial facilities throughout the region, the Northwest is not using current generating capacity and at the same time could bring on more hydro projects. The current energy pricing actually penalizes energy users for the decreased energy usage in the province through the Global Adjustment.

Electrical generation, transmission, distribution and energy pricing all relate to our ability to grow our economy and contribute to the financial health of this province through the use of our own resources.

Minerals and metals are designated as growth areas for the province and would be significant users of energy as the province develops “industrial cluster centers”.

The high cost of energy was specifically referenced in a February 3, 2011 media release by Cliffs Natural Resources in Cleveland, as a critical factor in its assessment of locating its ferrochrome processor in Ontario. "At current provincial power rates, there isn't a location in Ontario that is economically viable for Cliffs to build the FPF. Despite this, we have named Sudbury as the 'base case' location, which we believe is representative of a technically feasible site," said Boor. "The viability of an Ontario-based FPF and final selection of the location are still being evaluated."

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

1. Address the use of resources located in Ontario, including energy, as a powerful and compelling investment attraction and retention tool for manufacturing.
2. Allow the North to utilize its abundant natural energy sources and relatively inexpensively generated electricity, priced at a level commensurate with its costs and with the appropriate power transmission infrastructure.
3. Create an environment where investment will come to Ontario to develop new business around our resource base throughout the province.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

SECTOR SPECIFIC ISSUES

a. The Endangered Species Act

(Submitted by Timmins Chamber of Commerce)

Issue:

Species recovery strategies and conservation plans, created under the Endangered Species Act (ESA), are not subject to socio-economic impact analyses and, as a result, may have significant negative impacts on Ontario's forestry industry.

The Ministry of Natural Resource Caribou Conservation Plan (CCP), produced under the ESA, has the potential to negatively impact Ontario's forestry industry by limiting access to sustainably and responsibly managed Crown fiber and by duplicating the habitat and animal/species-life consideration requirements already provided for under the Crown Forest Sustainability Act. At present, there is no indication as to whether any analysis will be done on the socio-economic impacts of the CCP.

Background:

Ontario's Endangered Species Act, 2007 (ESA) prohibits damage or destruction of habitat for species (plants, birds, fish, or mammals) classified as 'endangered' or 'threatened' on the Species at Risk in Ontario list.

Once a species is listed as endangered or threatened, its habitat is automatically protected according to a broad definition contained within the legislation, until a legally regulated, species-specific habitat regulation is prepared. Once a species is listed, the development of a species recovery strategy (advice to government developed by MNR and external representatives), and the development of a government response statement (government's official outline of the recovery activities that will be implemented) begins.

At present, there are recovery strategies for 22 species in Ontario and 14 government response statements. However, despite the economic value that forests bring to the province, conservation plans, recovery strategies and corresponding government response strategies are not subject to socio-economic impact analyses.

The Caribou Example

Ontario's forest-dwelling boreal Woodland Caribou, an ecotype of a sub-species, is listed as threatened under the Endangered Species Act, 2007 (the caribou ecotype that lives to the north, in the tundra area of Northern Ontario, is not at risk). In fall 2009, the Ministry of Natural Resources initiated the development of a Caribou Conservation Plan (under subsection 11(8) of the ESA) to help guide caribou conservation and recovery efforts in Ontario.

The Caribou Conservation Plan has nine guiding principles, including: the consideration of social, economic and environmental concerns in the context of long-term caribou survival (page 2). The plan also indicates that "the boreal forest provides many important social and economic benefits…our decisions… must balance the demand for northern resources, boreal forest health, and the needs of woodland caribou." Despite these statements within the CCP, the action plan schedule (page 19-20) does not indicate whether any socio-economic analysis will be completed.

Further, in January 2011, the Ministry of Natural Resources announced "A proposed approach for habitat protection for Woodland Caribou (forest-dwelling boreal population) under the Endangered Species Act, 2007". In particular, it proposes the establishment of three types of protection zones, including a "conservation zone, consisting of areas of continuous caribou distribution within the AoU [Area of Undertaking] where specific development activities would be exempted by regulation provided they meet conditions aimed at the protection and recovery of caribou and its habitat. (For the forest industry, these conditions would mirror those being implemented through the Caribou Conservation Plan, which has been in place since 2009). [Emphasis added]

Creating an exemption through regulation is a positive step. However, using adherence to the Caribou Conservation Plan as criteria for exemption is a flawed approach. Fundamental science to support the plan is lacking. This is especially concerning because:

- Baseline data is lacking due to incomplete monitoring programs. Of the eight caribou ranges identified in Ontario, seven of them have the population condition listed as "unknown"
- In the current system, the forest manager is obligated to manage habitat, not populations of species within a habitat. There are many factors that affect populations (hunting, weather, factors influencing reproduction rates, predation levels) that are well beyond the control of the forest manager
- The "Insurance Policy" included in the CCP (page 11) requires that "the local Woodland Caribou population must be viable, based on an assessment, at the local population range level, of caribou presence, population size, and trends"; presumably assigning the responsibility of population management to forestry managers
- It is uncertain within the scientific community as to whether extirpated areas can be re-populated by caribou

Little attention is paid to the potential socio-economic impacts of the CCP; yet negative impacts could result from: the immediate review, revision, and amendment of all forest management plans (current and in preparation); decommissioning and removal of some resource access roads; modified silvicultural practices and objectives; the addition of redundant and unnecessary caribou habitat provision objectives in forest management plans; amendments to Crown land use policies; and the implementation of a "Caribou Insurance Policy", which will result in further delays to forestry companies wishing to access deferrals (forest areas set aside from logging and usually not available for 20 years or more).

Under the Crown Forest Sustainability Act, forestry companies are already obligated to create a forest management plan that outlines management objectives relating to Crown forest diversity objectives, including animal life habitats. Indeed, this is acknowledged in "Discussion Paper: Keeping Caribou in Ontario" (August 2008):

> ...active caribou habitat management has been occurring through forest management planning, beginning in the early 1990's in Northwestern Ontario, and expanding more recently to northeastern Ontario. Guidelines for protecting and conserving caribou winter habitat, calving areas, summer habitat and migration routes, as well as refuge habitat, are incorporated into forest management plans.

A 2010 impact analysis by the Ontario Forestry Industries Association (OFIA) on the anticipated caribou habitat regulation, based on government data and assumptions, found that the forest industry could lose access to up to 33% of the provincial wood supply, severely hampering the overall industry and the communities reliant on it. This socio-economic impact analysis also found that there could be 600-3200 direct jobs lost once the habitat regulation is implemented.

Although not fully implemented, management units/Sustainable Forest Licenses in Ontario are experiencing a reduction in fiber supply as a result of the CCP.

Sound economic policies are critical to ensure stability and prosperity of Ontario's industries, but within context of conservation plan development are only able to be considered 'after the fact'. It is our belief that a healthy environment can be maintained alongside conditions for socio-economic prosperity. As such, it is necessary that socio-economic impact analyses are conducted to ensure the decisions made benefit the environment, jobs, and the economy.

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

1. Recognize that caribou habitat protection and management framework exists under the Crown Forest Sustainability Act, by establishing an exemption regulation based on adherence to forest management plans rather than the Caribou Conservation Plan.
2. Conduct, publicize, and consider the results of a socio-economic impact analysis on the proposed strategies outlined in the Caribou Conservation Plan, with impacts on the forestry industry, communities, jobs, and government tax revenue clearly outlined.
3. Commit to conducting economic impact analyses on all conservation plans developed under the Endangered Species Act (2007), subjecting results to public review and consider the results.
4. Consider the social and economic impact analyses when developing future conservation plans.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

b. Stop the Spread of Another Invasive Great Lake Species

(Submitted by the Sarnia Lambton Chamber of Commerce)

Issue:

The economic future of the $50 billion Great Lakes tourism industry is threatened by the spread of Asian Carp into Lake Michigan. Political differences must be overcome quickly to block the migration of the invasive Asian Carp into the Great Lakes.

Background:

Currently the Asian Carp, a massive fish with a reputation of jumping into boats, injuring fisherman and endangering natural resource vital to the fishing, boating and tourism industries, only live a few miles from Lake Michigan in the Illinois and Mississippi Rivers. If allowed to migrate into the Great Lakes, wildlife experts believe the hyper-aggressive Asian Carp would breed quickly, dominate food supplies, and push precious gaming fish into extinction. That is not a chance the business community is willing to take given the significant economic impact Asian Carp would have on a $7 billion commercial fishing industry in the Great Lakes region, not to mention the trickle-down on tourism, boating, and other related industries.

Ontario and Michigan are home to one of the world's largest freshwater coastlines in the world, giving our province a unique competitive advantage in attracting jobs and investment. Michigan Attorney General Mike Cox has filed a lawsuit against the state of Illinois and the U.S. Army Corps of Engineers with the U.S. Supreme Court to have the Chicago Canal locks closed. We are told that Ontario and neighbouring states, including Ohio, Wisconsin, Minnesota, support Michigan's efforts. The lawsuit also seeks permanent separation between the invaded waters and the Great Lakes.

The U.S. Army Corps of Engineers fears closing the canal locks and dams could lead to flooding and affect water quality. To prevent the invasive migration, officials poisoned more than five miles of the canal waters. However, a follow-up study showed at least one Asian Carp remained in the canal and experts believe more could be present. The Obama Administration has allocated $13 million to block the migration, but the president has not supported closing the locks. In fact, the Obama Administration had filed a response to the lawsuit filed by Attorney General Cox. According to the filing, the Obama Administration believed the risk of Asian Carp entering into the Great Lakes is overblown.

Chambers of Commerce, legislators, and wildlife advocates from several U.S. Great Lakes states say the President's plan does not go far enough. Asian Carp can grow up to seven feet and weigh 150 pounds. Officials from the U.S. Fish and Wildlife Service fear the Asian Carp, if allowed to enter the Great Lakes, would quickly become the dominant species with no proven way to stop it from destroying the natural habitat. "Stopping Asian Carp is an economic and environmental necessity for Michigan," Michigan Attorney General Mike Cox has said. The Ontario Ministry of Natural Resources and the Ontario Commercial Fishing Association are aware of this threat and have dedicated personnel to monitor and advocate for species control.

In the Sarnia Lambton area, a grass carp, a species of Asian carp, was recently caught by a commercial fishery. Action must take place now to stop the spread.

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

1. Work with all Great Lake states and the U.S. and Canadian federal governments to intensify efforts to stop the spread of Asian Carp.

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

c. Support Ontario Agriculture

(Submitted by the Prince Edward County Chamber of Tourism & Commerce with support from the Quinte West Chamber of Commerce)

Issue:

Agriculture in Canada is facing serious challenges. Agriculture is a high-risk business. Notwithstanding that good management is a prerequisite for success, a majority of the factors determining receipts and input costs are beyond a farmer's control. Variables, such as the higher Canadian dollar, the global economic slowdown, and the new trade barriers stifling Canadian agricultural exports, pose challenges to Canadian farmers.

A priority must be to provide Canadian agriculture with the tools to create a stable and healthy agriculture environment. In order for farmers to continue investing and expanding their farming operations, they need financial stability and adequate tools to offset the risks tied to agriculture.

Background:

Agriculture and AgriFood Canada’s total Ontario Farm Income forecast for 2009 was a $143.5 million loss compared to $1.25 billion profit for all Canadian farms. It is clearly evident that Ontario farms are facing some unique challenges. Ontario’s livestock sector is contracting at a greater rate than in other provinces.

Government policies, while meeting some other policy objectives, have raised Ontario farm production costs. Unfortunately, for many food commodities, farm gate prices have not kept pace with cost increases.

The reality is that Ontario’s local food supply is threatened. Farmers cannot stay in business with negative margins for long and many are idling their farms or leaving farming altogether. Farmers need a commitment from both the federal government and the Ontario government to secure local food production for Ontario's future. An investment in agriculture is good for the economy and the environment, and is a smart, least cost way of preserving jobs and local services in rural communities.

The overall outlook for future growth and development is at its lowest level and the average age of today’s agricultural worker is the mid-fifties. Many of these individuals are seeking ways and means of either retiring or moving on into some other line of work. Both levels of Government must be committed to strategic investment in agriculture, investment that reflects immediate need in the agricultural industry, as well as addressing long-term need to further the industry's ongoing goals and objectives.

If provided the right economic stimulus, the agriculture sector can contribute significantly to the financial health of the Ontario economy. History has shown us that government investment in agriculture provides positive dividends for both agriculture and the general population.

A healthy agricultural economy means an overall healthy economy for Ontario. In the Canadian Senate’s interim report called ‘Understanding Freefall: The Challenge of the Rural Poor’, the rural poor have rarely been the subject of political attention. It is time for that situation to change since poverty in rural Ontario spills over into urban areas and weakens the overall economy of the province.

This reality is manifested in the fact that the migration of youth and business from rural Ontario to our urban centers creates expensive consequences, ones that most small rural communities are unable to deal with. As examples, we consider the infrastructure, transportation and social problems we witness in the news every day. In its 2006 report, the Organization for Economic Co-operation and Development (OECD) provides additional supporting evidence, such as the "vicious cycle of a poor agricultural economy leading to rural migration, which leads to low population density, lack of critical mass for infrastructure and services, low or declining rates of business creation and fewer jobs".

These outcomes weaken the remaining farm operations and the cycle continues with little in the way of hope for improvement.

Ontario farmers have readily adopted technological advances – something that has put agriculture at the forefront of productivity compared to other industries. Increased investment in agricultural research must be encouraged because in reality, the province has reduced public investment in agricultural research by 30% in the past 10 years. The province needs to return investment in agricultural research to an earlier level of $90 million per year.

Ontario's future prosperity depends largely on its ability to continue to adapt, innovate, and strengthen its competitive advantage. Primary agriculture is an essential integral component of Provincial rural economics in particular and of Provincial urban economies in general.

In October 2009, the Ontario Federation of Agriculture along with Ontario commodity organizations representing grains and oilseeds, edible horticulture, and livestock sectors came together to form the Ontario Agricultural Sustainability Coalition (OASC), because of a shared concern over the future sustainability of agriculture in the province.

OASC has concluded that the current Growing Forward suite of joint federal-provincial agriculture programs including AgriStability are flawed and are in many ways dysfunctional in helping farmers to cope with the prolonged deterioration in business margins that they have experienced. Farmers need a Business Risk Management Program that allows them to cover all or a portion of their cost of production.

OASC, with the technical assistance from Ontario Ministry of Agriculture, Food and Rural Affairs staff, has also developed a premium-based Business Risk Management Program proposal that would give farmers the ability to insure against market prices falling below production costs.

In Canada, agriculture has traditionally been treated as a joint federal-provincial policy area. The Growing Forward Policy Framework and its predecessor have been funded on a 60:40 federal-provincial basis.

OASC believes its proposals should be funded on the traditional formula basis. However, because of the urgent need in Ontario, the provincial government must commit its share of funding regardless of whether the federal government funds the program.

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

1. Reform the AgriStability program to make it more responsive and effective in providing income support in challenging years.
2. Build on the success of the three-year (2007-2009) pilot Risk Management Program for grains and oilseeds sector by making it a permanent plan under the Business Risk Management Program proposal developed by the Ontario Federation of Agriculture and other farm organizations. This new Risk Management program would retroactively encompass the 2009 calendar year.
3. Create a Risk Management Program for other commodities under terms and timing that make sense for each commodity, ensuring that government support is provided. The new Risk Management program would retroactively encompass the 2009 calendar year for all commodities.
4. Recognize that the Ontario Government is the best organization to distribute accordingly Federal and Provincial dollars in consultation with agricultural organizations such as the Ontario Federation of Agriculture and commodity organizations.
5. Encourage increased investment in agricultural research.

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

d. Forest Tenure Reform

(Submitted by the Thunder Bay Chamber of Commerce)

Issue:

There is a need to establish in law, through regulations, that there will be 26 million cubic meters of available fiber for industrial use on a sustainable basis for the creation of wealth in the Province of Ontario. (This is consistent with the statement made by Minister Gravelle on November 26, 2009 at the Provincial Wood Supply Competitive Process announcement in Thunder Bay).

Background:

The Forest Tenure issue has long range implications for the future of Northern Ontario. Most of the Ministry of Northern Development, Mines & Forestry August 2009 Strategic Discussion document concentrated on suggestions to improve current forest management, when the more important issue is where do we want the Forest Industry to be in Ontario. Much of the document concentrates on issues related to managing the forests, not better maximizing the value of the forest resources, which should include better paying, skilled jobs, investment, and research and development.

Our core forestry enterprises may be undergoing "a major transformation", but they still need to be supported by having the Province establish the ability to access long-term fiber sources and reasonably priced energy to allow for the development of expensive infrastructure. We welcome opportunities for new entrants, either as partners or new direct users. We need to "diversify the forest industry portfolio" and have set measureable goals. Wood pellets should be utilizing the "wood waste" stream, not replacing current usage for high quality fiber.

At one time, Ontario had a policy of highest and best use of the sustainable fiber. This was approached by ensuring that the 'best' wood first went to a sawmill, with the residue then transported to a pulp and paper processor. With the advent of biofuels, and the creation of pellets, this policy must continue to apply, but with a focus on highest and best employment creation possible. The main processor of fiber should continue to the sawmill, with that residual going to pulp and paper and the remainder, including slash, burned, and diseased fiber being allocated to the bioenergy field.

The government of Ontario also needs to commit to socio-economic impact assessments associated with any legislation, regulation, or policy that impacts the forest sector. For example, the Wood Turtle Habitat Regulation received Cabinet level approval without any socio-economic assessment.

MNDM&F needs to provide clear measurables/objectives associated with the tenure and pricing review. At a Toronto public session sponsored by the Canadian Parks and Wilderness Society (CPAWS) and the Ivey Foundation, MNDM&F publicly stated that the overall objective of the tenure and pricing reform was "the health of the forest". This is unacceptable – government must provide clear and measurable objectives that include job retention and creation, overall/sector wide access to fiber, and competitive fiber costs (top quartile in Canada).

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

1. Permanently protect a minimum of 26 million cubic meters/year of available fiber for utilization of existing mills and new entrants, even if it is not being used (provided the Provincial Wood Supply Competitive Process is pursued), and that the government ensure that the existing operational land base is not further eroded.
2. Conduct and release publicly socio-economic impact assessments of all legislation, regulation, and policies that could reduce the provincial fiber supply and/or reduce access to the land base/natural resources.

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

e. Withdrawal of the Far North Act

(Submitted by the Thunder Bay Chamber of Commerce)

Issue:

The Far North Act, initiated by the Provincial Government to set aside "at least 225,000 square kilometers of the Far North in an interconnected network of protected areas" which represents 50% of the land under review, has been the subject of numerous requests to have the Act withdrawn before it moves to second reading, likely in the Spring of 2010, as it will detract and delay effective development of the region.

Background:

Map identifying the Area under consideration for preserving 50% of the Far North, greater than 225,000 sq. km.
Source: MNR Website

The Far North Act (Bill 191) was first presented in July, 2008.

The arbitrariness of setting aside 50% of the land north of the undertaking, without identifying which 50%, creates considerable uncertainty over all of the territory, and then embarking on a multi-decade planning process is also detrimental to strategic development of the region. Business investment and addressing new opportunities is hindered by uncertainty. As it is currently written, the Act has the potential to paralyze future developments in Ontario's Far North. These investments are coming at a time when the Provincial Government should be welcoming opportunities for new revenue generation.

In a News Release July 22, 2009, Nishnawbe Aski Nation Grand Chief Stan Beardy, announced that "Chiefs across Nishnawbe Aski are calling on the Government of Ontario to immediately withdraw Bill 191." Grand Chief Stan Beardy continued "This legislation will set aside 225,000 square kilometers as a protected area within our homelands without our consultation, accommodation or consent and will lock down the land to prevent First Nations, the poorest people of Canada, from achieving economic independence by preventing the development needed to build our communities and strengthen the Ontario economy". A rally against the Act was held August 6.

The Act was imposed, not the result of consultations and recommendations coming from the North during the lengthy Northern Growth Plan consultations. It was requested by Municipal leaders and the Northwestern Ontario Associated Chambers of Commerce that reference to the Far North Act be removed from the Proposed Growth Plan for Northern Ontario.

A recent Fraser Institute study showed that Ontario was falling in our ranking on mining investment. There is a lot of competition for mining dollars throughout the world and unless there are clear rules that are well-founded and implemented, the Province is not going to fully realize that investment.

In the 2010 Provincial Speech from the Throne delivered on March 8, the Government referred specifically to the region known as the "Ring of Fire", "said to contain one of the largest chromite deposits in the world, a key ingredient in stainless steel. There is no substitute for chromite. There is no North American producer of chromite. It's the most promising mining opportunity in Canada in a century." It immediately followed up with "Together, we will create Ontario jobs and support northern families as we continue to protect 50% of the northern Boreal Forest."

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

1. Withdraw the Far North Act immediately.
2. Set up a process through the Ministry of Northern Development, Mines & Forestry to consider how to address the issues of enhanced planning and sustainability without the arbitrary removal of 50% of the land base.

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

f. Maximizing Benefits of Resource Development for the Province of Ontario

(Submitted by Thunder Bay Chamber of Commerce)

Issue:

The Province of Ontario makes significant investments in resource development in the province. The Ring of Fire development is likely to represent a very costly investment to taxpayers, but has the potential to be a huge source of revenue for the province. However, there is concern that the transportation of resources outside of the province for processing will considerably reduce the economic and tax benefits to Ontario, severely reducing the return on investment to the taxpayer.

Background:

Last year's provincial budget outlined the economic opportunities of the Ring of Fire. However, to achieve the benefits of this initiative and other resource development, the government will need to take a lead on ensuring that its investments and the business development opportunities that result, are strategic to the province.

Chambers in Ontario understand that there is a significant difference between expenditures and investments.

There will be significant provincial support required to bring this project to fruition, especially around infrastructure. As a guiding principle, maximizing the economic impact of this mining development for our province, including value-added activities such as processing, should be encouraged wherever possible.

While it must be a business decision about where the processing and associated jobs will be located, it is critical that the province ensure it is mindful that it is investing our tax dollars wisely. The government must mandate that a proper accounting of all of the costs – borne by taxpayers – associated with the Ring of Fire be tracked, and that when private sector decisions are made, the full amount invested by the province is fully disclosed. This would become the starting point for the preparation of the assessments required to gauge government involvement.

At the same time, the revenue opportunities for the province must also be strategically pursued. The economic impact that would be returned to Ontario must be considered when assessing the province's various investment requests. The greater the economic benefits, the better the return to the taxpayers for their investment.

In particular, the Ring of Fire and Far North economic development requires that benefits accrue directly to First Nations communities. Opportunities that enhance the capacity of First Nations to develop their economy have a long term value and would be assessed against requests for support. For example, a focus on effective business supply chain development would yield significant, long-term benefits throughout the region and province. The more goods and services that can be accessed close to the various mining developments, the better the project will be for both the benefits to the province, and the progress of development.

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

1. Immediately develop an overall comprehensive plan for mineral resource development such as the "Ring of Fire", which encompasses private sector, First Nations, municipalities, and the Ministry of Northern Development, Mines and Forestry as lead government ministry. This will address concerns relative to extraction, transportation, and processing of resources and ensures that these resources are used to create the maximum number of jobs and economic benefits for all Ontarians.
2. Undertake a comprehensive cost-benefit analysis and full accounting of proposed government investments associated with mineral resource development as a prerequisite to entering into agreements with all private sector stakeholders that maximize the return on taxpayers' investments.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

HEALTH CARE SUSTAINABILITY

A. Workplace Health

a. Fixing the WSIB

(Submitted by the Greater Sudbury Chamber of Commerce)

Issue:

The Workplace Safety and Insurance Board (WSIB) has become a vast provincial government bureaucracy that is quickly becoming a danger to the Ontario government, taxpayers, businesses and insured workers. In fact, over the course of the last 25 years, the WSIB have had significant challenges fulfilling its obligations.

Background:

In the 2009-2010 Annual Report of the Auditor General of Ontario, the Workplace Safety and Insurance Board (WSIB) was identified as being severely underfunded. In fact, the WSIB's target date for eliminating the liability has now been pushed back from 2014 to 2022.

According to the report, as of December 31, 2008, the WSIB underfunded liability topped \$11.5 billion – an increase of \$3.4 billion or 42% over the previous year. Furthermore, if WSIB operations were included in the province's financial statements, Ontario's reported accumulated deficit of \$113.2 billion would be increased by more than 10%.

As a trust, the WSIB has been overlooked when the auditor general prepares his report, but given the unique economic situation and recent public management challenges with the WSIB, it is time to review its role, structure, and overall success.

There are three ways to address the liability: raise premiums, reduce benefits, or increase investment income. At the same time, it is obvious that increasing premiums or reducing benefits will continue to prove difficult, since experience has shown the inherent political, social, and economic sensitivity of implementing changes to either.

Similarly, the third option – increasing investment income – remains a sensitive issue. In the wake of last year's market meltdown, the WSIB lost 15.5% of its investments.

What is clear is that the continued practice of shifting money from investments toward paying ongoing benefits is unsustainable. In fact, Section 1 of the Workplace Safety & Insurance Act states that the WSIB is to administer the system "in a financially responsible and accountable manner." It is time the Ontario government directly addressed the problem by passing legislative changes to reduce benefits and employer premiums and refocus the system on prevention and an early return to work.

It is important to promote safe workplaces in Ontario and broad insurance coverage for workplace-related injuries and illnesses. However, a legislated monopoly for the WSIB on workplace insurance is not the only best answer for enhancing workplace safety and protecting worker's income. The Ontario Chamber of Commerce supports competition in the marketplace and the ability for employers to choose from a range of options to achieve these results. If the WSIB model truly represents the best coverage at the lowest price, employers will choose WSIB coverage over others. Competition, flexibility and choice are the hallmarks of a good system.

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

1. Approve legislation that prescribes the reduction of benefits and employer premiums and compels the Workplace Safety and Insurance Board (WSIB) to focus on prevention and worker rehabilitation.
2. Ensure that the Workplace Safety and Insurance Board (WSIB) is included in all subsequent annual auditor general reports.
3. Immediately initiate a study to determine the benefits and consequences associated with privatizing the Workplace Safety and Insurance Board (WSIB).
4. Withdraw the impending regulation that will require all construction-related businesses to pay for Workplace Safety and Insurance Board (WSIB) coverage and reinstate the current policy of allowing employers the option to participate.
5. Allow employers to opt out of WSIB and use private insurers where there is equal or better coverage, to allow for competition in the marketplace.

Effective Date: May1, 2010
Sunset Date: May 1, 2013

b. Promoting Workplace Health in Ontario

(Submitted by the Hamilton Chamber of Commerce and the Mississauga Board of Trade)

Issue:

To encourage healthy workplaces in Ontario, the availability of consistent messaging at the provincial level regarding recommended policies, practices, and tangible supports is needed.

Background:

The impact of healthy workplaces goes beyond influencing the well-being of employees and their families. The World Health Organization states, "it is of paramount importance to the productivity, competitiveness and sustainability of enterprises, communities, and to national and regional economies".[1] According to Duxbury and Higgins, "at this point in time, governments pay the lion's share of the costs associated with poor workplace health practices through their support of the country's health care system."[2]

Current legislation aids employers in providing work environments that are physically and psychologically safe for employees (e.g. the Occupational Health & Safety Act along with the Bill 168 amendments re: violence and harassment, Human Rights).

However, evidence demonstrates that healthy workplace initiatives are more effective when a wider comprehensive approach is used.[3] Specifically, personal health resources (e.g. flexible work schedules to accommodate physical activity, refrigeration to store healthy foods, etc.) and enterprise community involvement (e.g. what a workplace does to support the well-being of their community, such as sharing their expertise with small and medium-size businesses, or reducing their environmental footprint) are also important avenues of influence that must be integrated with other healthy workplace practices as part of how a workplace operates at a strategic level.

According to a Canadian Council on Integrated Healthcare report, "employers who are inconsistent in their approach to workplace health, and rely on ad hoc, non-strategic approaches, are less likely to achieve or sustain success".[4]

A provincial approach to workplace health could integrate the gaps between existing legislation and best practice. Such an approach would not be another piece of legislation, but a time saving reference point for Ontario businesses to help them determine their course of action.

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[1] World Health Organization (2010). Healthy workplaces: a model for action for employers, workers, policy-makers and practitioners. Retrieved from: http://www.who.int/entity/occupational_health/publications/healthy_workplaces_model.pdf.

[2] Duxbury, L., and Higgins, C. "Work-Life Conflict in Canada in the New Millennium: Key findings and recommendations from the 2001 National Work-Life Conflict Study". Retrieved from: http://www.hc-sc.gc.ca/ewh-semt/alt_formats/hecs-sesc/pdf/pubs/occup-travail/balancing_six-equilibre_six/sum-res-eng.pdf.

[3] The Health Communication Unit (2004). An Introduction to Comprehensive Workplace Health Promotion. Retrieved from: http://www.thcu.ca/workplace/documents/intro_to_workplace_health_promotion_v1.1.FINAL.pdf.

[4] Canadian Council on Integrated Healthcare (2002). A Discussion Paper on Workplace Health. Retrieved from: http://www.ccih.ca/docs/CCIH_DiscussionPaper_on_WorkplaceHealth_LastVersion.pdf.

In its document, "Proposal for an Ontario Comprehensive Workplace Health Strategy",[5] the Ontario Healthy Workplace Coalition outlines several guiding principles and strategy components to consider:

- Guiding principles: visible provincial leadership; broad stakeholder engagement; relevance to businesses of all sectors and size; linkages to mandates of key organizations and provincial Ministries; a strong business case demonstrating the savings for both businesses and the province; and an economically viable solution with resource contributions from many stakeholders
- Strategy components: leadership to develop and implement; social marketing to promote; tools and resources; policy and incentives development; and research and evaluation to monitor the effectiveness

A provincial approach to workplace health should also monitor the workplace relevant aspects that may emerge from the "Mental Health Commission's framework for a national mental health strategy", as well as the proposed provincial mental health and addictions strategy from the report: "Respect, Recovery, and Resilience: Recommendations for Ontario's Mental Health and Addictions Strategy."

As the Ontario Healthy Workplace Coalition's guiding principles suggest, successfully launching a provincial approach to workplace health requires commitment from government in the form of visible leadership.[5]

Engagement of Chambers of Commerce, employers and private insurers by senior bureaucrats and politicians is necessary not only for developing a provincial approach, but also for developing healthy public policy in order to maximize conditions to improve employee health. Take transportation for example, which has health implications for employers and employees. Research shows that people who use public transit are three times more likely to obtain 30 minutes of moderate physical activity five days a week than non-users.[6]

Another study found that transit users spend a median of 19 minutes daily walking to and from transit. Twenty-nine percent achieve the recommended 30 minutes of physical activity a day solely by walking to and from transit.[7]

Workplaces could improve employee health by promoting mass transit use and through having an opportunity to inform policies that can help facilitate effective use of transit by their employees.

[5] Ontario Health Workplace Coalition (2010). "Proposal for an Ontario Comprehensive Workplace Health Strategy." Retrieved from: http://www.ohwc.ca/pdf/2010_05_17_Provincial_Workplace_Strategy_v11.pdf.
[6] U. Lachepelle and L.D. Frank. "Transit and Health: Mode of Transport, Employer-Sponsored Public Transit Pass Programs, and Physical Activity." Journal of Public Health Policy 30 (2009): S73-S95.
[7] L.M. Besser and A.L. Dannenberg. "Walking to Public Transit: Steps to Help Meet Physical Activity Recommendations." American Journal of Preventative Medicine 29, 4 (2005): 273-280.

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

1. Develop a provincial approach for workplace health that can be used a reference point for policy and practice in Ontario.
   a. Consider using the guiding principles and strategy components outlined in the Ontario Healthy Workplace Coalition's "Proposal for an Ontario Comprehensive Workplace Health Strategy"
   b. Incorporate the workplace relevant aspects that may emerge from the proposed provincial and national mental health strategies
2. Ensure public policy is set by senior bureaucrats and politicians in consultation with Chambers of Commerce, employers, and private insurers in order to maximize opportunities to increase employee health.
3. Advocate that the federal government:
   a. Designate a lead agency for workplace health policy, programs, and research using existing resources (e.g. strengthen or expand mandates, better coordination within the current system, etc.); and
   b. Develop a nation-wide comprehensive workplace health strategy that recognizes the interrelationships between work, health, and community that links to or is based on the proposed approach for Ontario as per the first recommendation.
4. Provide employers with:
   a. A strong business case for healthy workplaces;
   b. A catalogue of best practices and policies that take into account the diversity of work (e.g. non-standard employment) and the differences in needs from businesses of different sizes and sectors in Ontario; and
   c. Clear standards for healthy workplaces by using benchmarking criteria set out by national/international agencies and academic centers on workplace organization and health (e.g. World Health Organization, National Quality Institute (NQI), Groupe de promotion et de prévention en santé (GP2S), Healthy Scorecard, Workplace Health Research Unit) that employers can use as a guide.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

c. Workplace Mental Health Strategy

(Submitted by the Burlington Chamber of Commerce)

Issue:

Mental health issues and chronic job stress negatively impact workplaces in the form of disability costs, absenteeism, productivity, quality of work, and employee safety incidence rates. Opportunities exist for improved business success, especially in today's knowledge-based business economy.

Background:

One in five Canadians suffers a mental illness every year, often in the form of depression and/or anxiety. Currently, mental health claims (especially depression) have overtaken cardiovascular disease as the fastest growing category of disability costs. Today in Canada disability represents 4% to 12% of payroll costs[1] and the World Health Organization predicts depression to be the number one form of disability by the year 2020. This is alarming – especially in today's knowledge-based economic culture – since mental disorder interferes with a person's cognitive skill and therefore impacts their ability to work.

The causes of mental illnesses such as depression and anxiety are complex but consistently stress is found to be a factor. The health of today's workplace has been negatively impacted by an era of downsizing, doing more with less, and the 24/7 expectations associated with technology. These factors led to increases in job stress, poor people management practices, and the resulting cost of mental ill-health.

Overwhelming stress and mental illness also impact employee physical safety. The National Institute for Occupational Safety and Health (NIOSH) reports on research indicating that stress due to work overload or time pressure increases the chances of safety procedures and safety gear being neglected. Stress compromises a person's ability to think clearly; therefore, stressed-out employees are more likely to act without thinking.

Employee mental ill-health leads to absenteeism, decreased productivity, and quality of work issues, which in turn impact business success. This is critical at a time when brain-based cognitive skills are required to provide competitive advantage locally and globally.

Opportunities exist to protect employee mental health through corporate leadership, improved management practices, and improved treatment and return-to-work practices. Every $1 spent on mental health and addictions saves $7 in health costs and $30 in lost productivity and social costs.[2]

Health conscious workplaces can promote early diagnosis and reduce the impact of mental health problems, mental illness, and addictions. If a person receives effective treatment in the first few months of their illness, the duration, frequency, and severity of symptoms will be reduced. In addition, early and effective treatment increases the chances of the individual making a full recovery. When short-term disability becomes long-term, there is a lesser chance that the person will be able to return to previous levels of proficiency.

[1] Mental Health Commission of Canada
[2] http://www.health.gov.on.ca/english/public/program/mentalhealth/minister_advisgroup/pdf/discussion_paper.pdf

The annual cost of mental illness and addictions in Ontario today is estimated to be $39 billion. Billions per annum could be saved by discretionary modifications to the organization and management of work to make it less injurious to employee mental health. At one time a similar crisis existed with workplace physical safety. Measurement and tracking of incidence rates, coupled with public awareness, played a strategic role in turning the tide – proving the adage that 'what you measure is what you get'. The same can be true of workplace mental health.

The Mental Health Commission of Canada (MHCC) was established in 2007 to develop a mental health strategy for Canada. The Workforce Advisory Committee, one of eight MHCC committees, is developing a work plan to help improve the workplace's capability to deal with mental health issues – for the betterment of both the workforce and the workplace.

Provincial leadership in the form of a Mental Health Workplace Strategy, building on the work of the MHCC, can impact workforce health and business success through the delivery of more effective prevention and treatment programs. Synergy can be gained by coordinating national and provincial policy and programs where applicable.

Ontario's mental health centers provide valuable treatment and support to individuals but too often are challenged by inadequate funding when initiating or attempting to sustain innovative programs to reach further out into the community.

Augmenting these mental health centers with a workplace focus and enhancing their skill set to include mental health service and support to local workplaces could result in sustainable partnerships between regional health centers and local businesses. Workplace services would include awareness education, mental health treatment and rehabilitation for employees, return-to-work case management, and crisis intervention.

Corporate awareness messages should include the business case that improved profits, growth, and employee retention are more likely in psychologically healthy workplaces. Without awareness and knowledge, mental health issues may be mistaken for performance, attitude, or motivation issues and the management strategies meant to improve these outcomes may unintentionally worsen the illness and the workplace.

Employee awareness messages should include the research finding that work is healthy and can be a part of treatment and recovery programs, and that recovery from mental illnesses, such as depression and anxiety, is possible and likely with early intervention and treatment.

Investing in human capital is a necessary part of competing in the global economy, and as such, protecting human capital – or "mental performance" – should be encouraged and rewarded.

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

1. Develop a comprehensive Workplace Mental Health Strategy, as a part of Ontario's mental health system, building on the existing work of the Mental Health Commission of Canada (MHCC).
2. Establish metrics by tracking the incidence of employee disability due to mental disorders in organizations with a large number of employees. This includes collecting periodic data stating the number of employees, number absent due to disability, number of disability cases related to mental health, number of days absent due to disability, for the specified period.

3. Broaden the focus of regional mental health centers to include workplace mental health issues enabling them to refer to agencies or for-profit local providers or to treat employees of local workplaces by providing workplace-oriented programs. These programs would include mental health awareness education with a focus on anti-stigma, mental health treatment and rehabilitation services for employees, reintegration back into the workplace, and crisis intervention.
4. Create a public education and awareness campaign on the social and economic value of workplace mental health and the availability of community workplace-oriented resources.
5. Introduce tax-based incentive programs to encourage employers to develop their own workplace mental health plan utilizing existing public domain websites for guidance and incorporating the services of mental health agencies and centers. Investments should be based on evidence-based approaches that promote psychological health of employees.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

B. Health Care Reform

a. Nurse Practitioners and the Doctor Shortage

(Submitted by the Greater Oshawa Chamber of Commerce)

Issue:

Given the severe shortage of family physicians across the Province of Ontario, can nurse practitioners be used more effectively?

Background:

According to the Ontario Medical Association (OMA), the province's health care system is short nearly 2,000 physicians, leaving almost 140 communities and more than one million people under-serviced. For example, the City of Oshawa needs 44 physicians – one of the highest in the province. The Region of Durham needs more than 100 physicians, a need that is expected to take many years to fill.

Nurse practitioners can alleviate some of the stress on our health care system. According to reports, family physicians can take between 1,300 and 1,500 patients. With a nurse practitioner on staff, they could see another 150 patients. Many NPs have graduated but are not working as NPs.

The interest in nurse practitioners has traditionally been highest when the availability of family physicians is lowest. In addition to greater provincial endorsement of Nurse Practitioners, prescribing greater authority to other existing professions, such as physician assistants and pharmacists to broaden the scope of practice is a way to address the gaps in the health care system.

Several barriers – including our current fee-for-service funding model and social perceptions – must be overcome if our health care system is going to benefit from the expertise of nurse practitioners. Certainly, not all physicians are in favour of nurse practitioners. Some believe it will diminish their responsibility for patients and they will be left to treat only the sickest patients – not the wide range of patients that attracted them to family practice. Liability is another concern.

What is a Nurse Practitioner?

Nurse practitioners are expert nurses with additional education and skills that allow them to provide front-line primary health care.

In Ontario, the term is used interchangeably to describe a number of advanced practice nursing roles, such as primary health care nurse practitioners and acute care nurse practitioners. Nurse practitioners always work closely with family physicians and other health care professionals. They emphasize the importance of staying healthy and preventing disease and can serve as the first point of contact in Ontario's health care system.

Nurse practitioners are not meant to replace physicians. They can work collaboratively with physicians to promote health, monitor chronic conditions like asthma and diabetes, and deal with some ailments. Nurse practitioners can assess common episodic illnesses, conditions and injuries, order some x-rays and lab tests, prescribe certain medications, and suture lacerations. They can also perform initial detailed histories and physical examinations for more urgent health problems. The Nurse Practitioners Association of Ontario (NPAO) reports that nurse practitioners can diagnose and treat 50% to 80% of all problems seen in hospital emergency rooms.

Timeline

- 1975: The Ontario Council of Health published The Nurse Practitioner in Primary Care, a report that recommended legislative and remuneration changes
- Early 1980s: The province's first nurse practitioner initiative ended for a number of reasons: perceived physician oversupply and lack of remuneration mechanisms, legislation, public awareness regarding the role and support from both medicine and nursing
- 1993: The NDP government announced a new nurse practitioner initiative that paved the way for a new nurse practitioner education program
- 1998: The Expanded Nursing Services for Patients Act amended the Regulated Health Professions Act and Nursing Act to provide nurse practitioners in Ontario with an expanded scope of practice. They're able to:
    - Provide wellness care, such as monitoring infant growth and development and health screening services
    - Diagnose and treat minor illnesses, such as ear and bladder infections
    - Diagnose and treat minor injuries, such as sprains and lacerations
    - Screen for chronic diseases like diabetes
    - Monitor people with stable chronic disease such as hypertension
- 2004: The Liberal government released the Nurse Practitioner Integration Study in which the Ontario Minister of Health and Long-Term Care Minister described a "roadmap for integrating nurse practitioners in family health and community care" across the province

Barriers

Former Health Minister George Smitherman said many barriers must be overcome if our health care system is going to benefit from nurse practitioners. Funding is top among those barriers, but not the only one, says Theresa Agnew, chair of NPAO.

The fee-for-service funding model is a major barrier to nurse practitioner employment. Physicians provide most primary care in Ontario and bill OHIP for each time they treat a patient. Nurse practitioners are salaried.

Another barrier to fully realizing the potential of nurse practitioners is the length of time it takes to update the medications they can prescribe. For example, a list of antibiotics approved in September 2004 took three years to approve.

Nurse practitioners are currently working well in a variety of settings, including Lakeridge Health Oshawa and Whitby, a community health center in Oshawa and a teen health center in Ajax. At Lakeridge Health, they are working in numerous departments, including oncology, palliative care, acute pain and stroke care. An acute care nurse practitioner in a critical care/cardiopulmonary program, for example, works with cardiologists, internists, and respirologists to help diagnose and treat such conditions as heart attacks, angina, heart failure, and lung disease.

In 2005 former Health Minister Smitherman announced the establishment of over 145 family health teams' (FHTs): interdisciplinary teams of health care professionals that will be available to serve groups of patients around the clock. Many teams include nurse practitioners – including those in the nine FHTs in the Central-East LHIN. As of 2008, over 145 specific proposals were approved for the FHTs.

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

1. Enable family physicians to increase patient load and assist in relieving the family physician shortage by approving funding and accelerating a Nurse Practitioner Model that will provide sole practitioners and physician groups the ability to incorporate nurse practitioners into their practices.

Effective Date: May 7, 2011
Sunset Date: May 7, 2014

b. Doctor Shortage in Ontario

(Submitted by the Greater Oshawa Chamber of Commerce)

Issue:

Given the continuing shortage of family physicians across the Province of Ontario, steps need to be taken to expedite the process for training and recruiting family physicians who have an interest in practicing family medicine in Ontario.

Background:

According to the Ontario Medical Association (OMA), the Province's health care system is short approximately 2500 physicians, leaving almost 140 Ontario communities and more than 850,000 people in Ontario without a family doctor.

Despite constant publicity and a number of public awareness campaigns regarding the shortage of family physicians, there continues to be a serious shortage, which, according to an OMA report in August 2008, threatens the economic well-being of our communities. In an unprecedented move, Ontario doctors asked municipal leaders at the 2008 Associate of Municipalities of Ontario Annual Conference to join them in calling on the provincial government to take any measures necessary to ensure the every Ontarian has access to a family doctor. Support for a petition urging government action was overwhelming with close to 400 signatures received. Dr. Ken Arnold, OMA President, raised concerns not only about the impact on the health of patients across the province, but also the negative economic impact that the doctor shortage is having on many communities. A poll conducted by the OMA showed that 83% of Ontarians believed that the doctor shortage negatively affects the economic growth of their community. Doctors want to make sure that all municipalities have an adequate number of doctors to:

- Ensure their citizens are healthy and have timely health care
- Attract businesses and skilled employees so that their economies are able to grow and prosper
- Reduce unnecessary emergency room visits and hospital admissions
- Ensure quality care for an aging population

"Ontario's doctors want to ensure patients in Ontario – regardless of where they live – have access to physician care" said Dr. Arnold. "We received great support from the municipalities in terms of pushing forward the ban on smoking in cars with children legislation, and we are calling for their support again to ensure all Ontarians have access to the health care they deserve."

According to the OMA, Ontario's doctors with the help of the provincial government have taken on 630,000 patients who were previously without a doctor; however, the Province is still short 2500 physicians leaving over 850,000 patients without their own family physician. The OMA fears that as competition from other provinces and the United States continues to grow, Ontario could see a net loss of physicians for the third year in a row. To compound this, the OMA found that Ontario would lose another 2500 doctors today if all those 65 and older decided to retire.

"Communities in Ontario have already devoted great energy and resources towards attracting more family doctors" said Dr. Arnold. "It is our hope that by opening the discussion and partnering with communities we will be able to build on this work and effect some positive change."

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

1. Continue to increase the number of family medicine training positions in Ontario medical schools.
2. Enhance and market the strategy for recruiting Ontario-trained doctors back to Ontario.
3. Develop a repatriation program aimed at recruiting Canadians trained as physicians in other countries.
4. Continue to develop and implement primary care delivery models that will include the use of nurse practitioners and other health care professionals to help reduce the workload on family physicians.
5. Work efficiently to certify foreign trained doctors.

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

c. Funding Formula Inequities for Rural and Multi-site Hospitals

(Submitted by Greater Oshawa Chamber of Commerce)

Issue:

Over three million Ontarians are served by multi-site hospitals. Many multi-site hospitals across Ontario are being unfairly compared to single site hospitals, leading to funding penalties through the government's hospital funding formula.

Background:

In the mid 1990s, the government announced a hospital funding formula to ensure a fairer and level funding mechanism that compared hospital costs by case across all hospitals. The formula was intended to use quantitative information to reward efficient hospitals and penalize those whose costs were above those of "efficient" hospitals.

In the late 1990s, many single site hospitals in Ontario were ordered to amalgamate by a government Commission. Although the hospital formula (originally designed to compare single sites hospitals) has undergone some refinements, it continues to ignore the unavoidable, additional costs of operating multiple sites, many in rural areas.

These costs include transportation between sites, unavoidable mid-management duplication, and inefficient/smaller but necessary services (security, patient & staff meals, equipment, utilities etc…). The Joint Policy and Planning Committee (JPPC) was made up of senior Ministry of Health and Long-term Care, and Ontario Hospital Association representatives. An expert panel was appointed by the JPPC to review the impact of the hospital funding formula on multi-site hospitals.

The panel identified a negative impact on multi-site hospitals in: Walkerton, Chesley, Durham, Kincardine, Fort Francis, Emo, Rainy River, Lion's Head, Markdale, Meaford, Owen Sound, Southampton, Wiarton, Parry Sound, Belleville, North Hastings (Bancroft), Prince Edward (Picton), Trenton, Bowmanville, Port Perry, Oshawa, Fort Erie, Niagara Falls, Niagara-on-the-Lake, Port Colborne, St. Catharine's, Welland, Milton, Oakville, Brampton, Etobicoke, Georgetown, and Toronto.

The panel agreed and recommended to the Minister of Health and Long-term Care that:
"…This [addition of a multi-site adjustment] shifts the question from "if" to "how" a factor should be introduced."[1]

The current disregard of this real and important factor disadvantages rural and multi-site hospitals across the province delivering healthcare to over three million Ontarians.

[1] Legislative Assembly of Ontario, Ontario Joint Policy and Planning Committee. (2005). Multi-site hospital issues & impact on Rate Model of Funding Formula Toronto, ON: Retrieved from http://www.ontla.on.ca/library/repository/mon/14000/252118.pdf

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

1. Immediately recognize the funding inequity for rural and multi-site hospitals by having the Ministry of Health and Long-term Care include rural and multi-site hospital factors in the hospital funding formula for future funding decisions.

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Sunset Date: May 7, 2014