

Update

PARTY LEADERS RESPOND



ONTARIO ELECTION 2014 BUSINESS PRIORITIES

CONTENT

Tackle the Debt and Deficit | page 1

Create a Better Business Climate | page 3

Invest in Critical Infrastructure | page 5

Build a 21st Century Workforce | page 7

Address the Pension Problem | page 9



ABOUT THE ONTARIO CHAMBER OF COMMERCE

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

Visit us at occ.ca and follow us @OntarioCofC.

ONTARIO ELECTION 2014 BUSINESS PRIORITIES

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

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

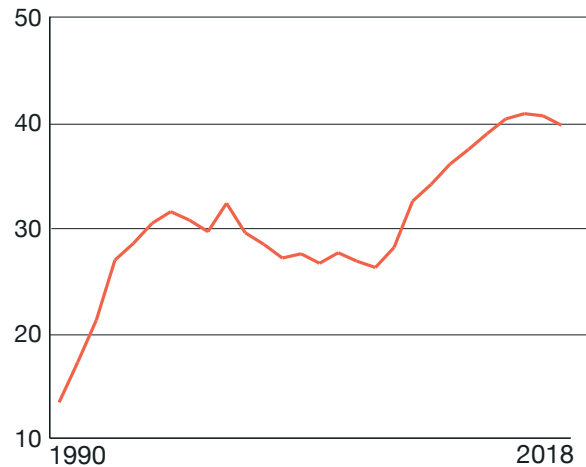
What follows is the business platform for the 2014 Ontario provincial election. In it, we argue that bold action and leadership are required to restore Ontario's competitiveness in the global economy. We encourage all parties to consider and follow through on the priorities outlined in the platform.

We have given Ontario's three major political parties the opportunity to respond to our platform. Their responses to each of our priorities appear throughout this report.

Business Priority 1 | Tackle the Debt and Deficit

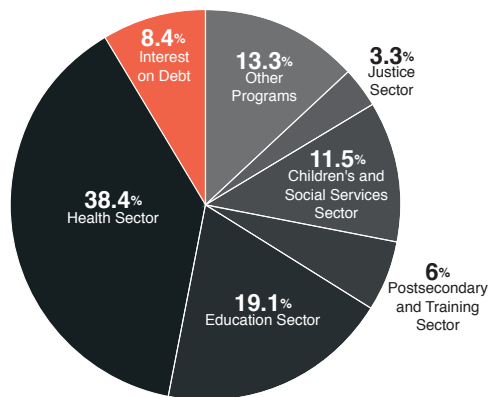
The Challenge | Ontario's deficit and debt are projected to increase to \$12.5 billion and \$295.8 billion, respectively, in 2014-15. Ontario is not Greece. However, our large debt is eroding Ontario's capacity to deliver services; the Province spends more on servicing its debt than on postsecondary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

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



Source: Ontario Ministry of Finance, 2014

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



Source: Ontario Ministry of Finance, 2014

Our recommendations

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

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

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

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

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



Related Policy Papers

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

occ.ca/advocacy/publications



Question to the party leaders

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

Business Priority 1 | Tackle the Debt and Deficit

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



The Ontario NDP will balance the budget in 2017-18. Our fiscal plan provides a surplus of \$842 million in 2017-18 relative to the proposed Budget 2014. This surplus is in addition to the existing \$1.2 billion contingency fund in the province's fiscal framework. Over the first four years of our mandate, we will lower the accumulated deficit by \$3.3 billion more than proposed in the Liberal plan.

Our plan takes a balanced approach to finding savings within government and strengthening the province's revenue generation. These measures include:

- Appointing a Savings and Accountability Minister who will identify \$600 million in savings by 2015-16
- Limiting the use of consultants and extending the ban on partisan advertising
- Preventing the phase-out of the province's HST Input Tax Credit Restrictions
- Implementing revenue integrity measures suggested in the Drummond Report
- Increasing the general corporate tax rate by a modest 1 percent

This approach allows us to protect core services while cutting the deficit, speeding the rate of debt repayment, and putting the province back on the path to fiscal sustainability.



The Ontario Liberal Party is committed to balance the budget by 2017-18 in a fair and responsible way, and agrees with the OCC that across-the-board cuts would hurt Ontarians and restrict our ability to balance the budget.

We have a strong record of fiscal management and achievement. We have maintained the lowest program spending per capita of any province. We have implemented around 80 percent of the Drummond recommendations, while rejecting those that would diminish public services. We've kept spending growth overall at around 2.2 percent over the last three years; less than the growth of the economy and inflation.

The Liberal Plan does not include increases in income taxes on low-to-middle income earners, and does not raise general corporate taxes. Instead, we will:

- Bring in a modest increase on income taxes for those who can afford it—the highest earning 2 percent of the population
- Continue to restrain costs through an expenditure review process that will find savings of \$250 million for 2014-15 and \$500 million for each of 2015-16 and 2016-17
- Continue to manage compensation costs

Finally, we agree that the federal government must close the \$11 billion gap between what Ontarians pay in federal taxes and what we receive from federal spending and transfers. If Ontario was treated fairly, our deficit would virtually be eliminated.



The single most important thing we can do to create jobs is balance the budget. We are determined to get to a government we can afford, a government the same size we had in 2009—a government that spends 6 percent less than it does today, instead of billions more every year.

Our Million Jobs Plan implements the recommendations of the Drummond Commission to balance the budget quickly, boosting confidence in our economy to bring jobs back to Ontario. We will balance the budget in two years by:

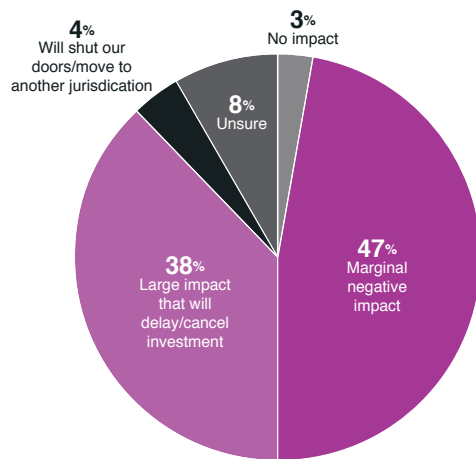
- An across-the-board wage freeze for every government worker, including MPPs
- Shrinking the size of cabinet from 27 to 16 Ministers
- Lowering spending in every area of government but health care
- Reducing the size of government payroll by 100,000 positions to 2009 levels by attrition, alternative service delivery, and implementing Drummond's recommendations
- Bringing government pensions in line with those of the private sector
- Comprehensive arbitration reform that respects the taxpayers' ability to pay

Balancing the books doesn't mean giving up the things that define our quality of life. It's the only way to safeguard them. It means a government that will be better—but also smaller and more efficient.

Business Priority 2 | Create a Better Business Climate

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

How will increasing energy prices impact your business?



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

Our recommendations

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

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

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

Question to the party leaders

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

Business Priority 2 | Create a Better Business Climate

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



The Ontario NDP will immediately implement several measures to help businesses thrive and attract new investment to the province. We will immediately lower the small business tax rate in the first year of our mandate and lower the rate from 4.5 percent to 3 percent by 2016-17. This will decrease the tax burden on hundreds of thousands of small businesses around the province.

We will also introduce two tax credits designed to jumpstart hiring and economic activity. Our Job Creation Tax Credit will provide firms with a \$5,000 refundable tax credit for each new job created by a firm. All businesses in the province of Ontario will be eligible for this credit. We will also introduce an Investment Tax Credit for manufacturers and processors. This refundable tax credit will rebate firms a total of 10 percent of their investments in plants and machinery.

The Ontario NDP also recognizes the extreme importance of certainty for businesses. We are committed to an ongoing, open-dialogue with Ontario's business community to ensure that the actions of the government help our businesses thrive.



Our province is one of the most competitive jurisdictions in the world for new investment: in 2013 we led North America in attracting FDI. Corporate tax rates in Ontario are the fourth-lowest in Canada and almost 15 percentage points lower than any of our Great Lakes competitors. We will create a dynamic and innovative business climate by taking the following key actions:

Energy: Working with the OPA, an Ontario Liberal government would expand and renew the Industrial Electricity Incentive. We will also continue to help businesses save by conserving electricity through our Industrial Conservation Initiative. We'll expand eligibility to more consumers (3MW and up). Our aim is to continue the 15 to 20 percent energy savings that businesses are currently achieving through this program.

Red tape: This March the Ontario Liberal government introduced The Better Business Climate Act which, if passed, would have helped to reduce unnecessary regulatory burdens. This new legislation and renewal of the associated "Open for Business" initiative will save business over \$100 million and countless hours by 2016-17.

Taxes: The Ontario Liberal government has created a highly competitive tax system, especially for small business. We've reduced the general corporate income tax to 11.5 percent (down from 14 percent) and small business rate to 4.5 percent (down from 5 percent), with corporate income tax cuts delivering \$2.3 billion of tax relief per year.

Further tax cuts before the budget is balanced, as proposed by the PCs, would recklessly endanger Ontario's plans to balance the budget by 2017-18.



We see an Ontario that creates good jobs and great opportunities, where everyone has a fair chance at success. We see a bold, entrepreneurial Ontario where employers are no longer held back by high taxes, rising electricity rates and excessive regulation.

Our Million Jobs Plan is a comprehensive plan to address Ontario's most urgent need: more and better jobs. I think it's safe to say we're same page as your economic agenda, *Emerging Stronger*, which served as a key foundation for our plan. Here are some highlights:

- Implementing the final recommendations of the Drummond Commission on a turnaround plan to balance the budget within two years
- Modernizing Ontario's apprenticeship rules to create 200,000 new jobs in the trades
- Reducing taxes on employers by 30 percent—making them the lowest in North America—creating 120,000 new jobs
- Bringing Ontario energy bills under control to help employers create 40,000 new jobs
- Reducing the regulatory burden by at least one-third over three years to create 84,000 new jobs
- Implementing a GTA Transportation Plan that will create 96,000 new jobs

Business Priority 3 | Invest in Critical Infrastructure

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

Ring of Fire: the facts

GDP Impact (32 years)	up to \$25 billion
New Jobs Created	5,500
Government Revenue	\$7 billion

Source: Beneath the Surface: Uncovering the Economic Potential of Ontario’s Ring of Fire, 2014

The value of infrastructure investment

\$6 billion
in lost productivity resulting from congestion in the GTHA

Source: Toronto Region Board of Trade, 2011

Our recommendations

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

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

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

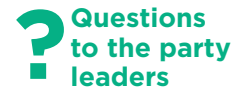


**Related
Policy
Papers**

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

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

occ.ca/advocacy/publications



**Questions
to the party
leaders**

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

How will you pay for them?

Business Priority 3 | Invest in Critical Infrastructure

Question to the party leaders | What specific steps will you take to address Ontario's infrastructure deficit? How will you pay for them?



In addition to the \$29 billion over 10 years for transit and transportation projects in the province's existing fiscal framework, the Ontario NDP will further increase funding by \$250 million annually to kick-start priority projects.

We are committed to the Big Move projects such as light rail lines in Brampton, Mississauga, Hamilton, and those along the Finch and Sheppard corridors. We will prioritize key projects, such as the long-delayed Downtown Relief Line in Toronto, and after years of debate and delay, Scarborough also can't be left waiting for transit. We will prioritize a clean train, which means electrifying routes such as the Union-Pearson Air-Rail link. We are investing a further \$250 million annually to widen 60km of highways annually and \$20 million annually to restore passenger service on Ontario Northland Rail. In addition, we will also begin investing in infrastructure for the Ring of Fire immediately using the \$1 billion in the existing fiscal framework.

The Ontario NDP has a fully-costed plan to pay for our commitments. We will allocate 7.5 cents of the Gas Tax to a dedicated fund to finance transit expansion. We will sell the government's shares in General Motors and transfer the revenue to the dedicated transit fund.



A re-elected Liberal government would commit up to \$1 billion toward industrial infrastructure development in the Ring of Fire, with or without the federal government. Investing in this infrastructure is vital to the Ring of Fire development. Given the national significance of this project, the federal government should be supporting this, just like it does with nationally significant development projects in British Columbia, Newfoundland and Labrador.

A Kathleen Wynne Government will implement a 10-year infrastructure plan that invests more than \$130 billion, including \$29 billion for transit and transportation infrastructure projects across the province. We will create two dedicated funds for transit and transportation: one for the Greater Toronto and Hamilton Area, with up to \$15 billion available for investment in transit; and one for the rest of the province with nearly \$14 billion available for investment in roads, bridges, transit and other critical infrastructure. This investment will introduce train service every 15 minutes on all GO lines. It will mean less congestion on the roads.

The plan includes a balanced and responsible approach to paying for these investments. The funds will be from dedicated sources of revenue:

- Dedicated gas tax, and HST on gas tax: \$14.54 billion or 50.3 percent
- New revenues: \$1.49 billion or 5.2 percent
- Asset optimization: \$3.15 billion or 10.9 percent
- Federal Building Canada Plan: \$2.55 billion or 8.8 percent

The funds will be allocated to specific projects between the GTHA and the rest of Ontario fairly, based on population.



We will take urgent, decisive action to fix the GTA traffic problem.

Our Million Jobs Plan has laid out a practical, action-oriented transportation plan to tackle gridlock in the GTA by fitting together and building on our strengths: subways, highways and GO Transit, not closing down car lanes for street-level transit. We'll end the turf wars and the dithering, because taking action on gridlock will create 96,000 new jobs. We will do it without raising taxes by setting priorities for the billions of dollars already in the province's capital budget.

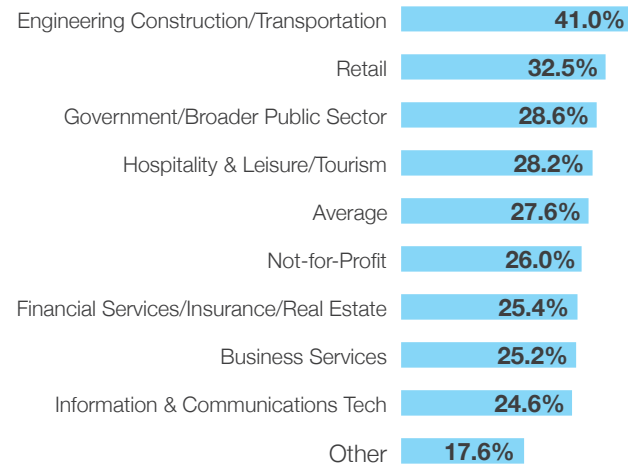
We will provide additional capital dollars by investing the surpluses that come from our aggressive plan to balance the budget, demanding better value and better service from current operators and their unions, attracting pension fund investment, and using money in our proposed Ontario Transportation Trust.

We are also committed to extending the gas tax rebates to all Ontario municipalities, not just those with public transit systems. Providing all Ontario municipalities with this stable, predictable funding allows them to focus on priority infrastructure products like roads and bridges.

Business Priority 4 | **Build a 21st Century Workforce**

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

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



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

Our recommendations

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

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

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

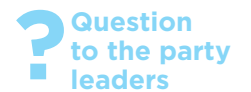


Related Policy Papers

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

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

occ.ca/advocacy/publications



Question to the party leaders

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

Business Priority 4 | Build a 21st Century Workforce

Question to the party leaders | What are your specific plans to address skills shortages in the province?



The Ontario NDP will take a number of targeted steps to address skills shortages. We will start by making both colleges and universities more affordable. A NDP government will freeze tuition fees and eliminate interest charges on provincial student debt. This will encourage more young Ontarians to acquire the skills that the business community needs.

The Ontario NDP has proposed measures to improve work experience opportunities as part of post-secondary courses. This collaborative approach between government, employers, colleges and universities, local Chambers and other stakeholders is an outstanding example of how partnerships can increase workplace training opportunities for students.

An Ontario NDP government will also invest in re-training programs for workers over the age of 55. We will double the province's contribution to a federal-provincial cost-shared program that helps unemployed workers aged 55 to 64 develop the skills they need to find employment.

Finally, as part of our Ring of Fire plan we will negotiate training opportunities for local First Nations to ensure that they can benefit from the economic development of the region.



The Ontario Liberal Party recognizes that the apprenticeship system is a key part of building the well-educated and highly-skilled workforce the province needs to compete in the current and future economy, and has a strong record supporting the growth of that sector in the last 10 years.

Since 2003, the number of apprentices has doubled to over 120,000 in 2013. New apprenticeships have also nearly doubled in the same period. In 2013-2014 alone, we have invested over \$165 million in Ontario's apprenticeship system, including programs that support apprentices and employers, capital investments for upgrades in state-of-the-art equipment, and loans to apprentices to buy tools and equipment that they need to kick-start their careers. These investments will ensure Ontario has the skilled workers it needs to succeed in our economy. Moreover, our investment in better labour market information means that students and their educators will know what jobs to train for.

Ontario Liberals are the only ones with a plan to invest adequately in infrastructure: our \$130 billion, ten year building plan will mean thousands of good paying jobs for Ontario's skilled workers, who will be among the 110,000 Ontarians directly employed by this plan.



Far too many people in Ontario are having a hard time finding a job. At the same time, we also face labour shortages, especially in the skilled trades.

As part of our Million Jobs Plan, we will create 200,000 jobs by allowing more of our youth to train as apprentices, so they can get jobs as electricians, plumbers or precision machine operators. We will do this by:

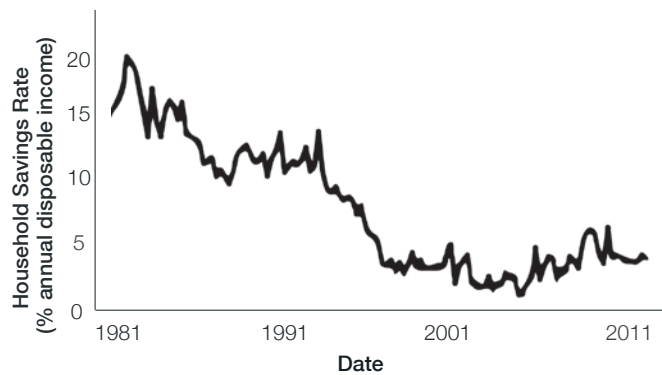
- Doing away with cumbersome and outdated apprenticeship rules that limit the number of opportunities;
- Abolishing the College of Trades and its red tape and new taxes; and,
- Making trades training a community college course like any other.

By removing these barriers, our plan will connect workers with 200,000 opportunities in the skilled trades, jobs our young people and our economy desperately need. Developing the mineral rich Ring of Fire and ushering in a new era of manufacturing requires a new generation of skilled trades workers.

Business Priority 5 | Address the Pension Problem

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

Canadians and Ontarians are saving less for retirement



Source: Statistics Canada; CIBC, 2013.

23%

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

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

Our recommendations

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

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

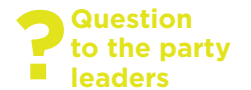
Further, too many Ontarians are ill-equipped with the necessary knowledge and skills to make informed financial decisions in today's complex society. Government must build more financial literacy programming into the curriculums at all levels of the education system to ensure healthy retirement incomes.



Related Policy Papers

An Employer Perspective on Fixing Ontario's Pension Problem.

occ.ca/advocacy/publications



Question to the party leaders

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

Business Priority 5 | Address the Pension Problem

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



The Ontario NDP introduced the Ontario Retirement Plan in 2010, which was rejected by the Liberal government. Today, most Ontarians agree that the best approach to improving retirement security is through a responsible enhancement of the CPP. With a federal election only a year away, we would pursue an enhanced CPP in conjunction with the federal government. If it becomes clear after the 2015 election that there will be no federal support for a CPP enhancement, an Ontario NDP government would implement an Ontario Retirement Plan.



The Ontario Liberal party is committed to a strong and secure retirement income system to help ensure that Ontarians are better able to enjoy their retirement years. There are economic ramifications for not acting to avert the retirement savings crisis. Retired people make up a large percentage of the economy. If their spending power goes down, the economy will suffer. And if people don't have adequate pensions, social assistance costs will soar.

We have a strong retirement income system in Canada, starting with the Canada Pension Plan (CPP). However, the CPP is not enough – the basic structure of its benefits has not changed since 1966. The maximum benefit is only \$12,500 per year, and the average benefit is just \$6,800 per year. Privately available options do not work well enough to make up the difference; in 2012, there was approximately \$280 billion of unused Registered Retirement Savings Plan (RRSP) room in Ontario. Workers and employers must work together to help fund better retirement savings options. However, the federal government has rejected a nation-wide consensus of Premiers, led by Kathleen Wynne in Ontario, and is refusing to enhance the CPP.

We choose to lead. In the absence of federal leadership, as part of our 10-year plan, a Kathleen Wynne government will create the Ontario Retirement Pension Plan (ORPP), the first of its kind in Canada. The ORPP will provide a predictable stream of income in retirement, funded by investment returns and premiums from employers and employees, and will operate at a low cost.



We will not proceed with a massive, stand-alone Ontario Pension Plan funded by billions in new payroll taxes. According to Ministry of Finance documents, this would lead to 150,000 job losses. Pooled Registered Pension Plans offer a much better opportunity to allow more choices for workers in Ontario to save money for retirement.

The straight truth is that making jobs the priority means putting jobs ahead of other goals. And on issue after issue, we will choose jobs.

We believe the best way to save for retirement is to have a good, steady job in the first place. Unfortunately, there are nearly a million people out of work in the Ontario. That's why we have a laser-like focus on one single issue: job creation.

A good steady job affords every individual the confidence and freedom that no other government program or policy could ever deliver. It also ensures they can support themselves during retirement.



**ONTARIO
ELECTION
2014
BUSINESS
PRIORITIES**