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of advocacy

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Competitive Tax & Regulatory Regime

Debt Reduction Targets for Province of Ontario (Submitted by 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.

OCC Comments:

The Policy Review Committee recommends an open vote.

Argument(s) For:

- The Committee supports debt reduction in principle.

Argument(s) Against:

- The Committee felt more details and concrete discussion of the issue is required.
- The Committee felt a specific target for debt reduction should be included in the recommendations.
- No specific target could be reached/ agreed upon (it was suggested that 20-30% of GDP is reasonable).
- It was also suggested that the resolution should mention the importance of how Ontario's debt level is perceived by foreign markets.

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 don't 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 which 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 a professional assessor.

OCC Comments:

The Policy Review Committee supports this resolution.

Removing Inter-Provincial Trade Barriers for Ontario VQA Wine Delivery (Submitted by St. Catharines – 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 percent 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 per cent of the sale of every bottle of wine through the LCBO goes to the Crown Corporation (this does not include provincial and federal taxes).

Interprovincial trade barriers cost the Canadian economy \$6.5 billion per year. Approximately 17.5 percent 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 per cent 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 per cent 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 per cent Ontario made VQA wines to be direct delivered to Canadian consumers.

OCC Comments:

The Policy Review Committee supports this resolution.

NOTE

If approved, this resolution will replace the 2008 sunseting resolution, "Removing Inter-Provincial Trade Barriers for VQA Wine Delivery".

Reforming the Taxation System on Ontario's Financial Services Industry (Submitted by the Caledon Chamber of Commerce and the 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 percent of FSI employees in the country. In 2009, the sector contributed over 13 percent of GTR employment and over 20 percent 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 where both sectors have thrived. However, from 2003 to 2008, the manufacturing employment base in Ontario declined by 3.7 percent annually, driven at least partially by increased international competition. In the same period, financial sector jobs in the GTR, grew by 4.3 percent, contributing to an incremental \$6.2 billion in GDP in the province, offsetting the 4.0 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 percent to 10 percent 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 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.

OCC Comments:

The Policy Review Committee supports this resolution.

Registered Health Savings Plan (Submitted by Greater Kitchener Waterloo Chamber of Commerce)

Issue:

As the Ontario government continues discussions with its provincial counterparts and Ottawa on options for improving the retirement income system, the issue of providing adequate resources for health care costs is a critical priority that should be addressed.

Background:

In November 2010, the Ontario Ministry of Finance issued its discussion paper *Securing our Retirement Future: Consulting with Ontarians on Canada's Retirement Income System*. The objective of this report was to seek advice from Ontarians on proposals for the Canada Pension Plan (CPP) and pension innovation in advance of on-going discussions with the federal government and other provinces.

The paper notes that although Canada has one of the best retirement systems in the world, a number of improvements can be implemented for the benefit of employers and employees.

An important financial risk that individual Canadians and governments have to plan for is health care expenses in retirement. While the issue ranks as a concern, a small percentage of individuals are taking steps to address it.

An Ipsos Reid study for the Canadian Medical Association¹ indicated that among 3,500 Canadians polled in June 2010, 72 percent believe they will not have enough money to maintain their health as they get older. Four in five respondents asserted that all Canadians or the wealthiest baby boomers will need to pay more rather than accepting a reduced level of service.

A quarter of those surveyed also expect to funnel some retirement funds into health care costs, while 25 to 36 percent believe they are unlikely to consider additional savings to mitigate those expenses.

Only one in ten Canadians aged 65 years and older indicated they have assumed a proactive approach to preparing for retirement health care costs by obtaining supplemental public health care coverage. Fewer still – six percent – have purchased long-term insurance and only five percent have saved specifically for health care costs during retirement.

Sun Life Financial Canada President Kevin Dougherty, in speeches to the Vancouver Board of Trade on June 11, 2010, and the Greater Kitchener Waterloo Chamber of Commerce on November 16, 2010, stated that with baby boomers approaching retirement in large numbers, their impact on the

¹ 10th Annual National Report Card on Health Care, August 2010. Canadian Medical Association.
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insurance industry and financial planning sector is evident in the products that have been developed and the questions that need to be answered.

Noting a number of circumstances that have created a perfect storm around financial security – economic shocks, health care concerns, pension reform issues and increasing life expectancies – a number of solutions have been advanced by the industry.

Prominent among the solutions is the creation of a Registered Health Savings Plan (RHSP), a federal initiative to complement current provincial plans that would allow Canadians to create a health spending account using pre-tax dollars that could be withdrawn for approved health care costs on a tax-free basis in retirement.

Dougherty indicated that such an initiative could be easily made through regulatory changes, and it would serve to improve the financial security of Canadians immediately without hindering the ability to improve existing government programs.

RECOMMENDATIONS:

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

1. Support, in future discussions with the federal government and other provinces, the creation of a national Registered Health Savings Plan (RHSP) to ensure Ontario businesses and their employees can prepare for future requirements.

OCC Comments:

The Policy Review Committee recommends an open vote.

Argument(s) For:

- The proposal works in concept, and would help to alleviate pressure on the provincial treasury.
- This resolution speaks to the provincial government's priority of pension reform.

Argument(s) Against:

- There are other registered vehicles out there that work the same way (Health Spending Accounts and Health Care Trusts). It must be demonstrated that this proposal fills a clear gap.
- The costs have not been assessed.
- Universal health care seems to get lost in the concept of a new private sector insurance product.

Ensuring Competitiveness and Accountability with OntarioBuys (Submitted by St. Catharines – 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). Included in this definition are hospitals, school boards, colleges and universities. The BPS Supply Chain Secretariat, part of the Ministry of Finance, is responsible for administering and managing the program. 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 and support projects aimed at helping broader public sector organizations become more efficient.

One of the first SSOs to be created under OntarioBuys was the OECM, which 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 was 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. The product and services list for which OECM will be issuing requests for proposals (RFPs) continues to grow, while the issues raised by the business community related to the process remain largely unresolved.

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 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 do so without receiving a higher charge rate based on the size of the purchase. This

is an unrealistic expectation considering the scope of educational delivery sites within Ontario and the request for departmental delivery.

As well, there were no provisions in the RFP process to allow for the value added components that ensure the overall service of business to its clients. The only level of service provision was the need for a toll free telephone number. Many small and medium sized companies take pride in the high level of service provided to their clients, and such service is an important competitive edge in many communities across Ontario. However, 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 five percent 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 three percent administrative fee that will be charged to the awarded suppliers by 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 government 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 reinforced 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 sheer size of the RFPs and the stipulations of the RFPs being issued by the organization.

While the government should be commended for seeking ways to conduct the procurement of goods and services that save money and reduce 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. Through doing so, the provincial government would be able to both be accountable and ensure competitiveness and 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.
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; and

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.

OCC Comments:

The Policy Review Committee supports this resolution.

NOTE

If approved, this resolution will replace the 2010 resolution, "Ensuring Competitiveness and Accountability with OntarioBuys".

Transitioning to the New Economy

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 cooperative 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 which 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 a 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 extra-curricular 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.).

OCC Comments:

The Policy Review Committee supports this resolution.

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 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 Centres 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 Ontario Government 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.

OCC Comments:

The Policy Review Committee supports this resolution.

Promoting Private Sector R&D (Submitted by the Sarnia-Lambton Chamber of Commerce)

Issue:

With innovation fast becoming the key determinant of competitiveness in the global economy, Canada and its provincial economies are facing renewed pressure to address the country's consistently poor performance on key measures of innovation.

Background:

Canada has a strong track record with respect to several of the key pillars of innovation; it ranks high in scientific capabilities and public sector research, and provides more direct and indirect government support for Research and Development (R&D) than any other OECD country. However, as organizations such as the Task Force on Competitiveness, Prosperity, and Economic Progress, the Coalition for Action on Innovation in Canada, and the Conference Board of Canada have noted, Canada remains a below-average performer on its capacity to innovate, with our businesses consistently investing less in R&D than peer jurisdictions. The Conference Board of Canada gives Canada a 14th place ranking out of 17 peer OECD countries on innovation performance.

Canada does well with new business start-ups, but has yet to achieve the right policy mix to help technology based companies flourish at more advanced stages of growth. Although there is a need for programs that focus on early stage companies, established, capital-intensive, firms account for the bulk of innovation activity in Canada, carrying out over 60 per cent of the country's industrial R&D. In spite of its higher R&D intensity, this market segment earns only 14 percent of all revenue brought in by R&D companies, largely due to the focus of R&D incentives on early stage enterprises with little or no revenue. Ontario business owners note that it is nearly impossible to raise money for any kind of semi-capital intensive business in Ontario, particularly those involved in high-risk R&D.

By way of illustration, the income threshold for the Ontario Innovation Tax Credit (OITC) – the single largest source of government support for industrial R&D - is \$500,000, which is too low for any moderately successful company to qualify. In Quebec, by contrast, the threshold is twice as high. The five-year, \$1.5 billion Next Generation of Jobs Fund provides funding to companies that hire 100 plus employees or invest \$25 million in R&D. However, this program is restricted to firms in the clean technology, advanced health, pharmaceutical, and ICT sectors.

A lack of commercialization financing for established companies prevents SMEs from investing in the long-term, intensive R&D critical to scaling up, and helps to explain why so few global companies at the cutting edge of science and technology originate in Canada. Among high R&D intensity Canadian firms, there are almost no examples of enterprises that make it past the \$500 million revenue threshold. Should the only R&D financing option be to sell all or a portion of their business, many SMEs with valuable technologies opt for exit strategies over expansion.

Addressing the financing hurdle for commercial enterprises at later stages of evolution is a necessity for solving Ontario's innovation challenge, particularly because such companies have already demonstrated a strong formula for success. For companies with the highest R&D intensities, the whole model begins with customer needs – R&D is geared towards finding solutions to those needs. Small start-up firms, on the other hand, typically fail to realize successful sales, as R&D is usually based on academic, as opposed to commercially-driven, discoveries. Even when government stimulus is sustained over multiple financial cycles, many projects still end in bankruptcy or liquidation. In order to ensure its R&D investments produce the types of behaviours that give rise to a dynamic economy, the federal government must ensure that its R&D portfolio is balanced to reflect the distribution of commercially viable R&D activity.

There is also significant room for improvement in how existing programs are designed and administered. The limited scope and complex process of applying for existing government programs are repeatedly identified by Ontario businesses as inhibiting factors to investing in R&D. When it comes to the scope of funding programs, many initiatives have a narrow definition of which sectors and/or activities are eligible. For the most part government policy directs funding towards “strategic sectors” which tend to overlap with established industries. There is a risk that sooner or later this strategy will lead to diminishing returns as insulated industries become outmoded and up and coming industries that were passed over by government take root in competing jurisdictions. It is systematic within Ontario that we're not looking at early opportunities – what's already incubating – and how to propel them forward. Fostering core strengths in nontraditional areas should be a built-in feature of innovation programming.

A greater focus on nontraditional sectors should be accompanied by a financing model that rewards risk-taking on the part of industry. As it stands, the government expects every dollar it spends to show return; resources are reserved for activities with guaranteed outcomes, resulting in a lack of funding for activities with a high degree of risk. Existing financing organizations have put a moratorium on equity based capital because every failure puts their future funding in jeopardy. As such, companies that aren't already a poster child for innovation have difficulty raising the capital they require to test-drive new ideas. However, it is trial and error which leads to the large-scale breakthroughs that generate the greatest economic and social impact. Ontario therefore needs an innovation policy which views failure as a natural part of success, and encourages investment in pioneering activities through a risk-based financing model.

Government programs also fall short when it comes to incremental innovation. Although this activity accounts for the vast majority of innovation, a bias towards projects with easy-to-measure outcomes (i.e. jobs, earnings, exports), precludes financing for incremental improvement, which is generally intangible and difficult to quantify. Businesses are hard pressed to find small injections of money (\$200,000 versus \$2 million) for this purpose. Due to the exclusivity of existing government programs, most SMEs find that there is insufficient flexibility to facilitate the optimal allocation of resources required for innovation.

Add to this the difficult process of accessing government funds, and a clear picture of the challenges facing Ontario businesses emerges. In order to bring new discoveries to market, businesses must navigate a system characterized by high uncertainties, delays, and costs. Many businesses cite

regulatory barriers or “red tape” as a major disincentive – not only to R&D financing, but to commercializing new technologies in general. The irritants most frequently mentioned by businesses include:

- Lack of clarity with respect to accessing information and assistance: There are over 500 innovation-related programs between the provincial and federal governments. Each one has extensive eligibility criteria. Many companies experience frustration due to a perceived lack of capacity within government to identify who does what, direct clients to the most appropriate individual(s), and provide concrete answers.
- An unclear relationship between the various system partners, making government programs complicated and difficult to navigate.
- Lengthy and cumbersome paperwork and processing times for approvals and permits: the OITC and its federal counterpart, the Scientific Research and Experimental Development Tax Credit, are the single largest source of government support for industrial research and development. However, companies must expend valuable time and resources on understanding and meeting the technical requirements. Often as much as one-third of the tax credit ends up being consumed by administrative costs. For many companies, the cost outweighs the benefit.
- Lack of gateways to government services, particularly outside major urban centres: In communities without direct ties to the Ontario Network of Excellence, there is no central hub for companies to access help with each stage of the innovation process. Information and assistance are scattered, causing many good ideas to fall through the cracks.

Due to the deficiencies of existing government funding programs, many companies do not view this form of support as a viable option. This undermines the government’s ability to support emerging companies and established firms that have the entrepreneurial talent to drive new innovations to market but lack the economies of scale and/or profit margins to take advantage of government programs.

RECOMMENDATIONS:

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

1. Align programs and services with company evolution from start-up to mature company and ensure funding and resources are available at each step of the process. Support must be available for the full range of potential clients, including small businesses, SMEs, and large domestic and multi-national companies.
2. Ensure that access to funding to drive innovation is aligned with the priorities of clients, through the provision of quality support regardless of the sector or nature of the innovation.
3. Establish a formal collaborative process with the federal government to better co-ordinate and focus innovation-related programs, achieving the most efficient use of limited resources while ensuring an adequate blend and coverage of programs.

4. Simplify program support and expedite the funding process to ensure that government programs and services allow innovation to occur at the speed of the market.
5. Ensure that businesses are capable of accessing information and resources no matter which part of the province they are from.

OCC Comments:

The Policy Review Committee supports this resolution.

Modernizing Energy and Infrastructure

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 centres”. 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 centres”.

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.

OCC Comments:

The Policy Review Committee supports this resolution.

Maximizing Benefits of Resource Development for 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. Adopt a proper accounting of all of taxpayer costs associated with the Ring of Fire.
2. When considering requests by the private sector to support resource development, take into account expenses required to bring the development on line, thoroughly assess the revenue to be received, and then prudently assess the province's investment.
3. Calculate the full amount of public dollars invested to support such developments, and, if decisions are made by the private sector to process natural resources outside of the province, then ensure the amount invested is recouped through a full range of financial means.
4. Focus on effective business supply chain development for First Nations businesses that would yield significant, long term benefits throughout the region and province.

OCC Comments:

The Policy Review Committee recommends an open vote.

Argument(s) for:

- Maximizing resource development is important to the economic development of the province.

Argument(s) Against:

- Maximizing resource development is important, but it's not clear that this is what the resolution is asking for.
- The policy could be costly for the government to implement.
- It could have reverberations for other government expenditures (there's no clear reason for it to be isolated to the Ring of Fire).
- The economic impact would have to be weighed against other considerations that inform government policy, such as the public interest.
- It is unclear how the business supply chain with respect to First Nations fits into the picture
- It is not clear what "financial means" in recommendation 3 refers to. Is it Royalties? Additional mineral taxes? This should be clearly stated.

Goods and People Movement Study and Long Range Transportation Plan (Submitted by the Hamilton Chamber of Commerce and the OCC Transportation Taskforce)

Issue:

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

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

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

Background:

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

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

Congestion at all levels results in lost trade opportunities, jeopardizes employee recruitment/retention, and reduces the province's overall economic competitiveness. Growth needs to be handled as well. Ensuring Ontario's infrastructure is prepared to handle this growth must be a top priority for the province. The ability to move goods and people easily across the province and across the Ontario/US 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.

US 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 US trade regions of Detroit-Windsor, Port Huron-

Sarnia, Buffalo-Fort Erie and Niagara, including Eastern and Northern Ontario border crossings.

2. Develop a 30 year, long range transportation plan based on the results of the goods and people movement study, to be completed by the fall of 2012. The long range transportation plan must:
 - a. Include short, medium and long-term planning and investment objectives spanning 30 years;
 - b. Be integrated with regional growth plans (e.g. Growth Plan for the Greater Golden Horseshoe area and the proposed Growth Plan for Northern Ontario) developed through the *Places to Grow Act*;
 - c. Be used to promote 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.

OCC Comments:

The Policy Review Committee supports this resolution.

NOTE

If approved, this resolution will replace the 2010 resolution, "Goods and People Movement Study and Long Range Transportation Plan".

Transportation Surcharges and fees reducing competitiveness (Submitted by OCC Transportation Taskforce)

Issue:

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

Background:

U.S. Customs Fees

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

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

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 US 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 US, the rule adds to the growing list of red tape. Canadian carriers are already heavily invested in programs and procedures to secure the supply chain. These include Customs-Trade Partnership Against Terrorism (C-TPAT), Free and Secure Trade (FAST) and the one-hour advanced notification to the US Customs and Border Patrol Agency (CBP) requirement for all US

inbound truck shipments. CBP and the Food and Drug Administration (FDA) also screen abnormalities through their targeting systems and warn border officials of any potential threats.

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 US \$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, US 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 percent, 8.1 percent, and 4.5 percent respectively, effective January 1, 2011. As of the same date, Toronto Pearson reduced the Airport Improvement Fee for connecting passengers by a full 50 percent 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 competing US 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 US. 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 US 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. US 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 percent of the final airline bill. This directly affects Ontario's competitiveness:

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

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 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.

OCC Comments:

The Policy Review Committee supports this resolution.

Developing a Single Transportation Authority in the GTHA (Submitted by the OCC Taskforce)

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.

RECOMMENDATIONS:

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

1. Consult with regional and municipal transportation authorities 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.

OCC Comments:

The Policy Review Committee supports this resolution.

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 a 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, is 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 Centre, 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.

OCC Comments:

The Policy Review Committee supports this resolution.

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 agree 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 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.

OCC Comments:

The Policy Review Committee recommends an open vote:

Argument(s) For:

- Resolution meets OCC policy criteria.

Argument(s) Against:

- In March, 2011, the province announced that Hwy 407 East would be extended to Harmony Road in Oshawa by 2015, and to Highway 35/115 by 2020. This responds directly to recommendations 1-3.

NOTE

If approved, this resolution will replace the 2008 sunseting resolution, "Eastward Extension – Highway 407"

Investing in Infrastructure to Support the Peace Bridge Expansion (Submitted by St. Catharines – Thorold Chamber of Commerce)

Issue:

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

Background:

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

Over 70 percent 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 percent. Niagara is a key corridor for movement between Canada and the U.S., accounting for nearly 30 percent of all Canada-US 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 US 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 US General Services Administration (USGSA) said in a speech in December 2007 that the Peace Bridge expansion is part of the USGSA's plans to ignite a building boom at its nation's ports of entry by building more inspection booths, more roads, bridges and other infrastructure that is needed to open trade corridors.

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 US 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 percent. 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.

RECOMMENDATIONS:

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.

OCC Comments:

The Policy Review Committee supports this resolution.

NOTE

If approved, this resolution will replace the 2008 sunseting resolution, "Investing in Infrastructure to Support the Peace Bridge Expansion".

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 US 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 USA, 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 GTA 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 percent of total Canada-US 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. 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 US 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 US border crossings. Through allowing more goods and people to pass through the two borders, 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.

OCC Comments:

The Policy Review Committee supports this resolution

NOTE

If approved, this resolution will replace the 2008 sunseting resolution, "Niagara to GTA Corridor."

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 O-Q 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 OQ 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.

RECOMMENDATIONS:

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.

OCC Comments:

The Policy Review Committee supports this resolution.

Twinning of the Trans Canada Highway 11-17 (Submitted by 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 & 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 shut down, nothing can move between Manitoba and Southern Ontario, unless it goes through the United States. However, some Canadian commercial traffic is prohibited from traversing US 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 & 17 share the same roadbed and there is no alternative to use.

Background:

It is estimated that upwards of 70 percent 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 & 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.

OCC Comments:

The Policy Review Committee supports this resolution.

NOTE

If approved, this resolution will replace the 2008 sunseting resolution, "Twinning of the Trans-Canada Highway 11-17".

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 percent 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 centres 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 centres. 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 service to Ontario's rural communities.

2. Implement measures to maintain inter-city bus service in Ontario.

OCC Comments:

The Policy Review Committee supports this resolution.

A Skilled Workforce

Achieving Funding Parity for First Nations Education (Submitted by 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 the 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 percent of workers will be required to have a post-secondary degree - a significant increase from the current attainment rate of 60 percent.

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 percent of the Aboriginal population has some type of post-secondary education, compared to 51 percent of the non-Aboriginal population. The contrast is greatest in terms of university education. While 26 percent of the mainstream population has a university degree, only nine percent of aboriginal people have achieved this level of education. At the same time, Canada's First Nations population is growing by 29 percent per year, making it the fastest growing population in the country. Given these realities, Aboriginal education must be at the centre 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're 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.

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.

OCC Comments:

The Policy Review Committee supports this resolution.

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 aren't 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 percent 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. They get temporary apprenticeship status and get school credits for their training with qualified trades people. They are exempt from the apprenticeship ratio rules. But when they graduate, they lose their exemption and need to be terminated from their work if there are insufficient numbers of journeypersons in the workplace.

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 percent 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 journeyman 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 to 1 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.

RECOMMENDATIONS:

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 process which tracks and register 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.

OCC Comments:

The Policy Review Committee supports this resolution.

NOTE

If approved, this resolution will replace the 2008 sunseting resolution, "Increasing Skilled Trades".

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 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 postsecondary 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 postsecondary education process for the integration of immigrants that would encompass a comprehensive suite of programs and services including, but not limited to: accessible labour market information, counseling and advisory services and 'bridge' training courses that improve an individual's existing foreign training and education should they not meet the standards under the Red Seal Program.
3. 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.

OCC Comments:

The Policy Review Committee supports this resolution.

NOTE

If approved, this resolution will replace the 2008 sunseting resolution, “Integrating Skilled Immigrants into the Ontario Labour Workforce”.

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 percent 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 per cent. 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 per cent in 1989 to 4.7 per cent 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 centres 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, and towards more effectively integrating foreign-trained professionals into the Ontario economy.
5. Link student aid through OSAP to the cost of living and associated student costs, and ensure overall OSAP funding is adequate to meet demand.
6. Make funding available to post-secondary institutions wishing to create or enhance high technology and innovation parks through intensified industry-post-secondary institution partnerships.

OCC Comments:

The Policy Review Committee recommends an open vote.

Argument(s) For:

- This resolution contains the same issue as Kitchener-Waterloo's "Provincial Funding for Post-Secondary Education Infrastructure", but is broader in scope.
- This resolution combines and updates two existing OCC resolutions, which will remain on the books if the new version is defeated. Passage of Kitchener-Waterloo's resolution would lead to a third resolution on the same topic.

Argument(s) Against:

- This resolution does not highlight the infrastructure issue as prominently as Kitchener Waterloo's version.

NOTE

If approved, this resolution will combine and replace the 2009 resolutions, "Maximizing Post-Secondary Contributions to the Provincial Economy" and "Strategic Reinvestment in Ontario Universities".

Provincial Funding for Post-Secondary Infrastructure (Submitted by 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 percent to 70 percent 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:

- 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.

OCC Comments:

The Policy Review Committee recommends an open vote.

Argument(s) For:

- The resolution overlaps with “Maximizing Post-Secondary Education Contributions to Provincial Economy” submitted by the Mississauga Board of Trade and the London Chamber of Commerce. However, a stand-alone resolution would provide greater emphasis on infrastructure.

Argument(s) Against:

- There is not a significant enough difference to warrant a separate resolution.
- The Mississauga/London resolution combines and updates two existing OCC resolutions, which will remain on the books if the new version is defeated. Passage of Kitchener-Waterloo’s resolution would lead to a third resolution on the same topic.

Small Business Access to Student Loan (Submitted by the Sarnia Lambton Chamber of Commerce)

Issue:

A small business that re-invests its net income into the business to create Ontario jobs, improve productivity and more is penalized when it comes to the Canada-Ontario integrated student loan application. The offspring students of such owners are at a disadvantage to a regular employee of another Ontario company.

Background:

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

The purpose is to supplement, not to replace, the financial resources that students and their families, if applicable, are expected to contribute. Assistance is based on financial need as established by the federal and/or provincial governments and as determined by the ministry through 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 postsecondary students to help them with their tuition costs. In addition, a number of scholarships, grants, and bursaries are offered to assist eligible students, and the province provides a range of initiatives to help students manage their student loans.

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

OCC Comments:

The Policy Review Committee supports this resolution.

NOTE

If approved, this resolution will replace the 2008 sunseting resolution, “Small Business Access to Student Loan”.

Health Care, Municipal Affairs & Stand-Alone Policies

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. Catharines, Welland, Milton, Oakville, Brampton, Etobicoke, Georgetown, and Toronto.

The panel agreed and recommended to the Minister of Health and Long-term Care that:

"...This [addition of a multi-site adjustment] shifts the question from "if" to "how" a factor should be introduced."¹

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>

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.

RECOMMENDATIONS:

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.

OCC Comments:

The Policy Review Committee supports this resolution.

NOTE

If approved, this resolution will replace the 2008 sunseting resolution, "Funding Formula Inequities for Rural and Multisite Hospitals".

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-served. 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 aren't 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 aren't meant to replace physicians. They can work collaboratively with physicians to promote health, monitor chronic conditions like asthma and diabetes and deal with

some ailments. 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 per cent 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 centre in Oshawa and a teen health centre in Ajax. At Lakeridge Health, they're working in numerous departments, including oncology, palliative care, acute pain and stroke care. An acute care nurse practitioner in a critical care/cardiopulmonary program, for example, works with cardiologists, internists and respirologists to help diagnose and treat such conditions as heart attacks, angina, heart failure and lung disease.

In 2005 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.

RECOMMENDATIONS:

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.

OCC Comments:

The Policy Review Committee supports this resolution.

NOTE

If approved, this resolution will replace the 2008 sunseting resolution, "Nurse Practitioners and the Doctor Shortage".

Addressing Access Bottlenecks to Primary Health Care (Submitted by the Peterborough Chamber of Commerce)

Issue:

The greater Peterborough area, like many other rural and small urban communities in Ontario, has experienced first-hand that the lack of timely access to primary health care services is a determinant to economic growth.

Due to the implementation of Family Health Teams (FHTs), many unattached patients have now been rostered and have access to primary health care providers; at least in theory. The important and limiting distinction here is that even though 'the doctor shortage' may be a thing of the past, access to that doctor continues to be an issue. The newly drafted Bill 179 addresses some access bottlenecks by expanding the scope of practice of a select few providers. However it is far from inclusive. As we will discuss, a progressive collaborative model of health care is more efficient, less expensive and provides superior access and more favourable outcomes.

Background:

It is the mandate of the Ministry of Health and Long Term Care (MOHLTC) to ensure that every resident of Ontario has access to a primary care provider; presently a physician or nurse practitioner.

Primary care represents the first contact between a patient and the health care system, or the point of entry. The key to a well-functioning health care system is a primary care system which quickly and effectively handles patients without requiring them to access emergency rooms, medical specialists, advanced testing and unnecessary hospital care. Inter-professional models that foster integrated care for the patient have long been championed in producing greater quality of and access to care for patients. However, despite the growth in popularity of Family Health Teams (FHTs), which expand primary care coverage by reducing the number of unattached patients, unacceptable wait times for acute complaints continue to force patients to hospital emergency rooms. Wait times for medical specialists and advanced testing can stretch from months to years.

Statistics indicate that FHTs have indeed reduced the number of unattached patients, but simply rostering a patient does not in any way ensure timely access. Deficiencies in system capacity are inherent in the present physician-as-gatekeeper model. According to the New England Journal of Medicine, the use of interdisciplinary teams expands the range of services provided and reduces overload for individual physicians.

As discussed, increasing system capacity is critical in order to ensure that every Ontario resident has access to a primary care provider. Collaboration with other primary providers would provide physicians with added time to serve existing patients more broadly or expand FHT rosters to improve a community's access to primary care, effectively increasing the supply of family physicians without training or recruiting any new physicians.

The inclusion of rehabilitation services (chiropractic, occupational therapy and physiotherapy) within FHTs produces these important qualitative benefits, in addition to quantifiable benefits through cost savings to the health care system. For instance, musculoskeletal complaints rank second only to cardiovascular disease as a major cause of chronic health problems and long term disability. An average of 11 percent of primary care physician visits is for low back pain alone and 27.3 percent of all visits to Ontario physicians in 2006/07 were for musculoskeletal problems. As many as 57 percent of emergency visits are not actually urgent, while a significant number of these are for acute and chronic pain. Less than five percent of all back pain patients are candidates for spinal surgery yet the system is bogged down by unnecessary surgical consultations and assessments (MRI testing increased 619 percent from 1994-2005) while the small percentage of patients who actually need surgery are subjected to months of pain and suffering.

A proposed model for chiropractor/physiotherapist triage units in hospital emergency rooms would not only reduce congestion and wait times, but would also establish appropriate clinical pathways for the majority (57 percent) who are musculoskeletal patients. The end result would improve access on all levels of the system by eliminating needless advanced imaging and specialist referrals. Even though it is extensively documented that our primary care system fails to handle musculoskeletal patients effectively, the self-perpetuating inefficiencies that result push patients into physician's offices and emergency rooms because they have nowhere else to go.

In Alberta, pharmacist prescribing was implemented because it provides Albertans with better access to health care, and not because of any projected cost savings. The precedent was set in the United Kingdom, where pharmacists have the authority to initiate therapy for the treatment of minor ailments requiring a patient's self care. Such a move in Ontario would vastly improve Ontarian's access to primary health care, by eliminating physician and emergency room visits for such things as ear infections and to adapt, modify or extend a medication that has already been prescribed. Pharmacist monitoring of common chronic conditions such as diabetes, high blood pressure and elevated cholesterol would also relieve pressure on physicians. The proposed Bill 179 recommendation to allow pharmacists to prescribe smoking cessation medication is a step in the right direction but falls far short of improving access to health care for the majority of Ontarians.

Double-dipping continues to be a drain on Ontario's health care resources. For instance, if a nurse practitioner within a FHT performs a routine PAP smear, the physician is paid a 'premium' without ever having to see or consult with the patient. Duplication of services, such as requiring a chiropractic patient to visit their physician to obtain a referral for advanced imaging, also places unnecessary pressure on the system.

Employee wellness programs are a proactive and relatively low cost approach to reducing access bottlenecks to primary health care because they produce greater numbers of well people. Research shows that employees with wellness programs are more satisfied with their jobs and feel obligated to help control benefits cost. 'Presenteeism', where employees are present at work but ineffective because they are unwell, costs business and industry 7.5 times more than absenteeism.

The above research, examples and best practices show a willingness to recognize the trained skills of various regulated health professions and to use these skills as a direct response to improve access to primary services. An article posted on the website for the Canadian Medical Association Journal on January 22, 2010 reports on an important summit on primary health care that took place in Toronto. Attendees heard speaker after speaker criticize the failure to 'more widely implement collaborative approaches to primary health care delivery'. Despite original intentions, FHTs are not living up to their full promise. We believe the government has the ability to change this, and should.

Summary:

1. Lack of access to primary health care providers has been identified as a significant barrier to business growth in many Ontario communities.
2. Increased pressure on demand for physician services can be alleviated significantly and immediately by improving access to and expanding scope of practice for other regulated primary care providers such as chiropractors, physiotherapists and pharmacists, particularly within the FHT model.
3. The present physician enrollment model acts as a 'Union' for doctors and results in duplication of services and double dipping.
4. MOHLTC-sponsored incentives to employers to implement employee wellness programs would help reduce demand on the system and improve productivity.

RECOMMENDATIONS:

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

1. Further expand the Regulated Health Professions Act to:
 - a. Allow chiropractors access to advanced diagnostic imaging and laboratory testing; and
 - b. Allow pharmacists to prescribe for minor ailments, monitor and manage certain chronic conditions and adjust medications accordingly.
2. Integrate Recommendation 1 into a funded service structure.
3. Integrate rehabilitation services (chiropractic, physiotherapy and occupational therapy) into Family Health Teams on an unfunded basis and ensure that the infrastructure is in place to allow for the integration of unfunded services.
4. Integrate musculoskeletal triage units (chiropractors and physiotherapists) into hospital emergency rooms on a funded basis.
5. Review the Physician Enrollment Model to eliminate double dipping and duplication of services.
6. Implement incentive programs for Ontario employers to create employee wellness programs.

OCC Comments:

The Policy Review Committee supports this resolution.

NOTE

If approved, this resolution will replace the 2008 sunseting resolution, “Addressing Access Bottlenecks to Primary Health Care”.

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Promoting Healthy Workplaces 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”ⁱ. 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”ⁱⁱ.

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 usedⁱⁱⁱ. 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”^{iv}.

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.

In its document, “[Proposal for an Ontario Comprehensive Workplace Health Strategy](#)”^v, 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^v.

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^{vi}.

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^{vii}.

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.

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;
 - c. clear standards for healthy workplaces by using benchmarking criteria set out by national/international agencies and academic centres 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.

OCC Comments:

The Policy Review Committee supports this resolution.

NOTE

If approved, this resolution will replace the 2008 sunseting resolution, "Promoting Workplace Health in Ontario".

Workplace Mental Health Strategy (Submitted by 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 four percent to 12 percent of payroll costs¹ 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 costs².

¹ Mental Health Commission of Canada

² http://www.health.gov.on.ca/english/public/program/mentalhealth/minister_advisgroup/pdf/discussion_paper.pdf

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.

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 centres 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 centres 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 centres 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 centres 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 centres. Investments should be based on evidence-based approaches that promote psychological health of employees.

OCC Comments:

The Policy Review Committee supports this resolution.

NOTE

If approved, this resolution will replace the 2008 sunseting resolution, “Corporate Mental Health”.

Provincial Labour Arbitration System (Submitted by 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 centres 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 percent 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.

RECOMMENDATIONS:

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 prevailing economic conditions across municipalities for arbitrators and arbitrated settlements.

OCC Comments:

The Policy Review Committee supports this resolution.

Managing Increasing Provincial/Municipal Labour Costs (Submitted by Mississauga Board of Trade)

Issue:

With the province striving to bounce back from the impacts of the economic downturn, 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 percent 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 percent of its budget will be dedicated to wages and salaries.³ Other examples include: Brampton with 59.3 percent⁴, Toronto 57 percent⁵, Oakville 51.23 percent⁶ and Hamilton with 47 percent.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

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

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 percent annual wage increase to 1.5 percent.⁸

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.

RECOMMENDATIONS:

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

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

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)

⁹ *ibid*

¹⁰ Bill 48, *Social Contract Act*, c.33. s. 32, 1993, c1.23-25.

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)

OCC Comments:

The Policy Review Committee supports this resolution.

Fair Government Grant Funding (Submitted by 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.
 - 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, kilometres of roads, water mains and sewers, etc. and also be based on proven asset management plans.

OCC Comments:

The Policy Review Committee supports this resolution.

NOTE

If approved, this resolution will replace the 2008 sunseting resolution, "Fair Government Grant Funding".

Establishment of the Ontario Ministry of Advanced Manufacturing (Submitted by Greater Kitchener Waterloo Chamber of Commerce)

Issue:

In order to address on-going challenges and barriers to competitiveness across the Ontario manufacturing sector, a separate provincial stand-alone ministry should be established.

Background:

A successful Ontario manufacturing sector is vital to the provincial and national economies.

The manufacturing industry and its highly developed supply chain provide a significant level of employment. New jobs in manufacturing support workers in supply industries, services, construction, and trade. During the recession of 2008 and 2009, this multiplier effect was working in an opposite direction where the contraction of manufacturing caused large job losses in dependent sectors.

Nationally, manufacturing accounts for approximately 12 percent of national Gross Domestic Product yet provides 53 percent of all private sector research and development spending. In highly competitive global markets, successful manufacturing is particularly dependent on innovation, research, commercialization, and capital investment.

A December 2010 report¹ from the Ontario Manufacturing Council (OMC) indicated that while the provincial manufacturing sector has stabilized and commenced a recovery from the recent global financial crisis, there is still much ground to recover and damage to repair.

The OMC noted that manufacturing carries a disproportionate importance in the provincial economy. Those reasons include:

- Manufacturing is relatively capital intensive compared to other sectors of the economy. The average employee produces approximately \$110,000 worth of value-added annually, a rate 15 percent higher than other sectors;
- Average weekly earnings in Ontario manufacturing exceed \$950 – 14 percent higher than the provincial average;
- Manufacturing is by far the province's most export-oriented industry and provides a strategic role in economic growth.

At the same time, Ontario manufacturing boasts many assets including recent upgrades in provincial infrastructure, tax reforms, and procurement projects in transit and green energy that have significantly enhanced financial returns. The challenge for manufacturers and policy makers alike is to ensure that opportunities are capitalized.

¹ 2010: A Better Year for Ontario Manufacturing. A Report by the Ontario Manufacturing Council, December 2010. OCC 2011 AGM & Convention; Proposed Resolutions
Final Version, April 15th, 2011

In 2010 and 2011 pre-budget submissions to the Standing Committee on Finance and Economic Affairs of the Ontario Legislature, the Greater Kitchener Waterloo Chamber of Commerce proposed the establishment of an Ontario Ministry of Advanced Manufacturing that would provide an economic development function to similar ministries such as Agriculture, Food, and Rural Affairs, Tourism, and Northern Development, Mines and Forestry.

The aforementioned ministries support their respective sectors and promote growth and expansion. The manufacturing sector, which provides an equally important contribution to the provincial economy, requires a stand-alone ministry and Minister at the cabinet table to advance industry concerns.

A stable and committed provincial ministry is critical for ensuring the industry capitalizes on opportunities for growth. Immediate issues such as the high value of the Canadian dollar, future and current skills shortages, and American economic instability will require coordinated public and private sector efforts.

RECOMMENDATIONS:

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

1. Establish a Ministry of Advanced Manufacturing to provide a focused approach for supporting this important sector of the provincial economy.

OCC Comments:

The Policy Review Committee recommends an open vote.

Argument(s) For:

- Manufacturing is still a pre-eminent sector in Ontario, but is struggling to recoup losses incurred during the recession.
- The centralization of government programs from across ministries would lead to a greater concentration of resources for the sector.
- The Ministry would be a Southern counterpart to FedDev.

Argument(s) Against:

- MEDT has recently gone through a reorganization resulting in a separate branch for Advanced Manufacturing with a new director and additional resources. We need to ask why existing Ministries don't suffice.
- Businesses are never in favour of more bureaucracy.
- There is a concern that we are asking too much - especially in lieu of existing mandates of MEDT, MRI etc.
- Existing Ministries will be resistant to giving up their responsibility.

- The jury's still out on whether splitting forestry between two ministries (MNDMF and Natural Resources) was a positive thing. The Ministry of Natural Resources is essentially removed from practitioners, and solely focused on compliance.

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 wasn't.

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 non-paying 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;
 - the tenant recognizes that any repairs required outside of normal wear and tear will be deducted from the security deposit; and
 - c. The tenant does not have full rights to the rental property until the first month's rent and security deposit are paid in full.

OCC Comments:

The Policy Review Committee supports this resolution.

The Endangered Species Act (Submitted by the 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 fibre 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 and recovery strategies and corresponding government response strategies are under 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 Licences in Ontario are experiencing a reduction in fibre 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.

OCC Comments:

The Policy Review Committee supports this resolution.

ⁱ 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.

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