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ONTARIO CHAMBER OF COMMERCE
2017 PROVINCIAL PRE-BUDGET SUBMISSION

ABOUT THE ONTARIO CHAMBER OF COMMERCE

For more than a century, the Ontario Chamber of Commerce (OCC) has been the independent, non-partisan voice of Ontario business. Our mission is to support economic growth in Ontario by defending business priorities at Queen's Park on behalf of our network's diverse 60,000 members.

From innovative SMEs to established multi-national corporations and industry associations, the OCC is committed to working with our members to improve business competitiveness across all sectors. We represent local chambers of commerce and boards of trade in over 135 communities across Ontario, steering public policy conversations provincially and within local communities. Through our focused programs and services, we enable companies to grow at home and in export markets.

The OCC provides exclusive support, networking opportunities, and access to innovative insight and analysis for our members. Through our export programs, we have approved over 1,300 applications, and companies have reported results of over $250 million in export sales.

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The OCC is Ontario's business advocate.

Author: Andrew Thiele, *Policy Analyst, Ontario Chamber of Commerce*

LETTER FROM THE PRESIDENT & CEO

Dear Minister Sousa,

The Ontario Chamber of Commerce is pleased to have this opportunity to present our recommendations to you as part of the Government of Ontario's 2017 pre-budget consultations.

Addressing the current fiscal context should remain the government's top priority. Ontario's current fiscal environment deters private investment, reduces the government's capacity to make productivity-enhancing investments, and compromises the government's ability to respond to future economic slowdowns. With Ontario's net debt projected to rise by $64 billion over the next five years to $370 billion by 2020-21, Ontario must demonstrate fiscal prudence and fulfill its commitment to balance the budget by 2017-18.[1]

However, building up Ontario requires more than just a balanced budget and fiscal responsibility. The Government of Ontario must ensure that it utilizes the budget as a tool for economic growth and to support Ontario business. This requires reducing the costs of doing business in Ontario, emphasizing strategic infrastructure development and working to foster business competitiveness that allows municipalities to thrive.

Drawing specifically on the resolutions passed by our Chamber Network at our annual general meeting, this document outlines four key budget priorities and 13 specific recommendations that we believe the Government of Ontario should adopt to restore fiscal balance and spur economic growth for the economy.

We look forward to the 2017 Budget and encourage your office to reach out to discuss our recommendations for its success.

Allan O'Dette

President & CEO
Ontario Chamber of Commerce

FOUR KEY BUDGET PRIORITIES

1. Demonstrate fiscal prudence and sound budget management

1.1. Increase the transparency of Crown corporation divestment

1.2. Sustain public sector services by eliminating the total compensation premium

1.3. Expand alternative service delivery (ASD)

2. Address the infrastructure deficit by investing funds strategically

2.1. Support Ontario economic growth with expanded broadband access

2.2. Embolden the use of Alternative Financing and Procurement (AFP) approaches for upcoming infrastructure projects

2.3. Amend the *Ontario Labour Relations Act* to enable fair and open tendering for public infrastructure projects

2.4. Develop a single transportation authority in the Greater Toronto Hamilton Area (GTHA)

3. Foster conditions for increased Ontario business competitiveness

3.1. Allow small business owners' children access to student loans

3.2. Drive innovation and growth in emerging industries through engagement with the business community in the development of regulatory reforms

3.3. Reinstate scheduled corporate income tax reductions by 2017-18

3.4. Amend the *Real Estate and Business Brokers Act, 2002* to allow real estate salespeople to incorporate

4. Improve conditions to allow municipalities to thrive

4.1. Increase the "Heads and Beds Levy" to $100 per bed and then tie future yearly increases to the Consumer Price Index (CPI)

4.2. Modernize the Connecting Links Funding Program

1. Demonstrate fiscal prudence and sound budget management

Ontario's current fiscal environment deters private investment, reduces the government's capacity to make productivity-enhancing investments, and compromises the government's ability to respond to future economic slowdowns. Ontario's net debt, which represents all borrowing without offsetting financial assets, was projected to exceed $315 billion in 2016-17.[2] While the Ontario government maintains that it is on track to balance its budget by 2017-18, concerns abound.

The government has reaffirmed its commitment to achieve a balanced budget by 2017-18 and maintain balance going forward. The Ontario government is projecting a deficit of $4.3 billion in 2016–17, and balanced budgets in 2017–18 and 2018–19.[3] In order to achieve fiscal balance, the Province must demonstrate greater fiscal prudence and sound budget management. Ontario needs to adhere to a comprehensive and practical plan to eliminate the provincial deficit without sacrificing economic growth. The following actions should be implemented to ensure that Ontario meets its fiscal commitments.

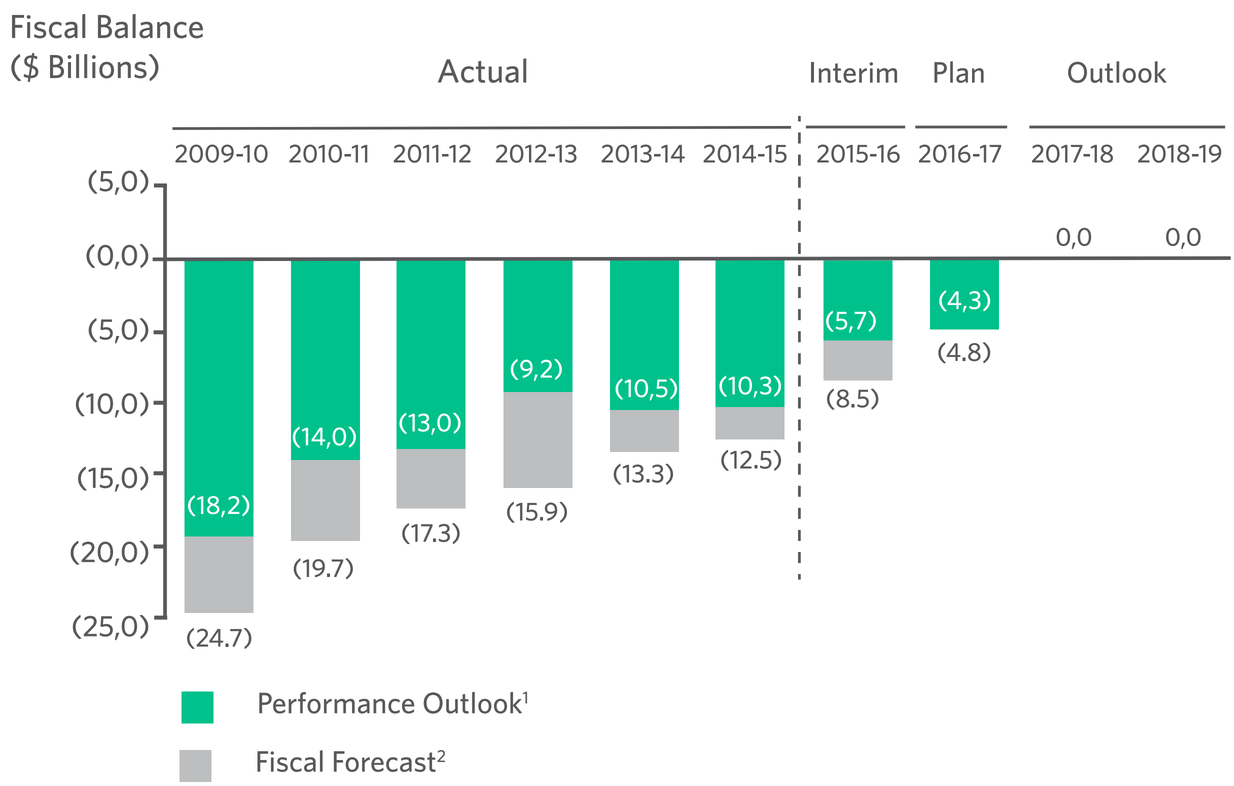
1.1 Increase the transparency of Crown corporation divestment

Wholly owned by the Province, Crown corporations serve particular policy needs or services that may otherwise go unfilled by the private sector. However, Crown corporations may be divested due to the effect of shifting policy direction in Ontario. Presently, Provincial Crown corporations may be divested without a complete, comprehensive business case or socio-economic impact study. This lack of transparency or oversight can inadvertently invite considerable costs, both short- and long-term, to Ontario taxpayers and businesses.

A December 2013 report by the Auditor General exposed that Ontario's announced divestment of Ontario Northland Transportation Commission (ONTC) had been undertaken at a loss to the government. Revealed by an after-the-fact business case study, the divestment cost in excess of $820 million, exceeding the projected short-term savings of $265.9 million.[4] Currently, Ontario faces similar criticisms and concerns surrounding the privatization of Hydro One. In the future, the Ontario government would benefit from more extensive cost-benefit analysis of divestment options and the broader business community would benefit from greater transparency. The ongoing uncertainty resulting from the lack of adequate information in the government's decision-making process has harmed business' ability to operate with confidence in Ontario.

Therefore, the OCC urges the Government of Ontario to commit to divesting a Crown corporation only after producing a comprehensive business case and socio-economic impact study that is publicly available.

Ontario's Deficit Projections



[1] Represents the 2016 Budget outlook for 2015-16 to 2016-19. For 2009-10 to 2014-15 actual results are presented.

[2] Forecast for 2009-10 is based on the 2009 *Ontario Economic Outlook* and *Fiscal Review,* 2009-11 to 2013-14 is based on the *2010 Budget,* and 2015-2016 to 2016-17 is based on the *2015 Budget*

Source: http://www.fin.gov.on.ca/en/budget/ontariobudgets/2016/bk7.html

1.2 Sustain public sector services by eliminating the total compensation premium

Against the backdrop of persistent deficits and growing government debt, governments have signalled that managing the compensation of their employees is a key part of their plans to better control spending and eliminate budgetary deficits. One of the major contributors to spending is the total compensation premium, defined as the ratio of total compensation (including salary, bonuses and benefits) paid to public sector workers relative to private sector employees.

After controlling for factors such as gender, age and education, Canadian government workers at all levels were found to enjoy a 9.7 percent wage premium, over their private sector counterparts in addition to elevated non-wage benefits.[5] The total compensation premium is significantly out of line with the private sector, placing an excessive burden on the provincial budget.

The OCC recommends that the Government, in negotiations with public sector employees, implement wherever possible these strategies:

- ✓ Include both salary and non-salary benefits in all compensation negotiations;
- ✓ Use total compensation metric benchmarking with the private sector when negotiating pay deals with employees;
- ✓ Increase the proportion of contributions paid by employees;
- ✓ Reduce pension benefits (e.g. move from best last three years to average of all years worked);
- ✓ Reduce inflation protection for new hires;
- ✓ Increase the retirement age;
- ✓ Close defined benefit packages.

1.3 Expand alternative service delivery (ASD)

In order to eliminate the provincial deficit and reduce the debt, the Ontario Government must increase revenues, decrease spending, or consider a combination of both. To achieve this, the government should seek to improve efficiency and innovation within government services and better manage current budgets to increase value for money.

As outlined in our reports, *A New Approach to Public-Private Partnerships in Services* and *Prescription for Partnership,* alternative service delivery (ASD) models take advantage of market incentives to enhance productivity, achieve greater efficiencies, and harness new technology. Beyond its fiscal benefits, ASD accomplishes many other public policy objectives such as:

- Enabling government to leverage private sector investment to modernize the delivery of public services;
- Facilitating the modernization and professionalization of government intellectual property and business processes;
- Preserving or enhancing government's capacity to deliver valuable services;
- Allowing government to inhabit a market steward role, rather than a direct service delivery role.

Ontarians and Ontario businesses value public services and understand that current spending patterns threaten both the current sustainability and the future efficacy of those services. Therefore, the OCC urges the government to explore ASD for opportunities across departments.

2. Address the infrastructure deficit by investing funds strategically

Infrastructure connects the Province's people and businesses, powers our homes and industry, and facilitates our access to the world. The quality of Ontario's infrastructure directly contributes to the productivity of our workforce.[6]

Ontario's infrastructure deficit is delaying recovery in all parts of the province. Meanwhile, congestion in the Greater Toronto and Hamilton Area (GTHA) costs the region an estimated $6 billion in lost productivity each year.[7] While the OCC applauds Ontario's commitment to invest about $160 billion over 12 years in direct infrastructure spending starting in 2014-2015, it is not yet clear where these funds will be deployed, and which principles will guide infrastructure funding allocation.

With Ontario's population expected to grow approximately 30 percent by 2041, our infrastructure needs will grow with it.[8] Modernizing communications infrastructure and building a seamless transportation network will help Ontario meet the needs of a growing population and strengthen our economy. As a start, Ontario should develop an infrastructure investment strategy that demonstrates how infrastructure dollars will be allocated to achieve these goals.

2.1 Support Ontario economic growth with expanded broadband access

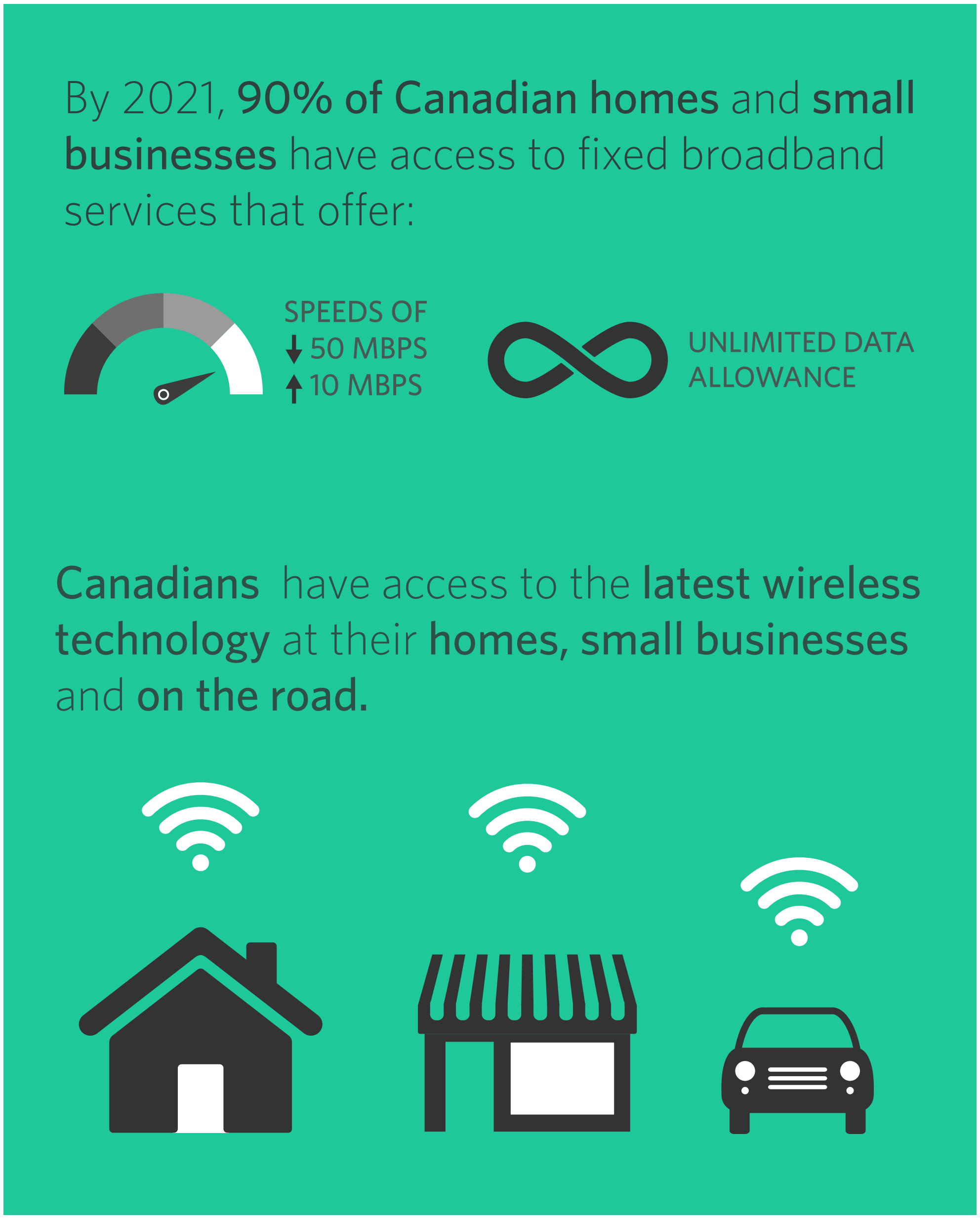
Inadequate access to ultra-high-speed internet is compromising the ability of communities across Ontario to attract and retain businesses. As highlighted in our *Small Business Too Big to Ignore* campaign, broadband shortcomings throughout the province are weighing on the ability of small businesses to compete in the technology-driven knowledge economy.[9] While the OCC was greatly encouraged by the Canadian Radio-Television and Telecommunications Commission's (CRTC) recent declaration that broadband internet is a basic telecommunications service, as well as Ontario's recent financial investment in broadband infrastructure through the Southwestern Integrated Fibre Technology (SWIFT) initiative, the provincial government now needs to go further in bridging the broadband gap.

PASSED BY THE RESOLUTION CHAMBER NETWORK

In light of the CRTC's recent declaration, Ontario has the opportunity to bridge the broadband gap and promote competitive access to the next generation of fiber optic networks. To achieve this, the OCC urges the Ontario government to take the following actions:

- Consider broadband as a component of infrastructure;
- Facilitate the creation of additional regional bodies that can help build the business case for federal and private sector broadband investment;
- Benchmark Ontario's internet speeds and access versus competitor jurisdictions;
- When assessing funding requests, establish that high speed broadband connectivity to the last mile is a priority;
- Encourage the federal government to fund a successor initiative to Connecting Canadians. This funding initiative should provide for the wired and wireless infrastructure necessary to the expansion and extension of broadband connectivity to underserved businesses.

CRTC targets



Source: http://www.crtc.gc.ca/eng/internet/internet.htm

PASSED BY THE RESOLUTION CHAMBER NETWORK

2.2 Embolden the use of alternative financing and procurement (AFP) approaches for upcoming infrastructure projects

To meet local, provincial and national infrastructure demands, all levels of government will be required to apply innovative financing models. The Alternative Financing and Procurement (AFP) model is a highly viable option for risk sharing on major infrastructure projects and should remain a priority across Ontario. This method allows projects to be managed with a higher level of certainty for cost, schedule, quality, availability and service. The efficiencies resulting from the implementation of the AFP model would present significant opportunities for innovation in design, construction, financing, asset management and delivery of construction services.

2.3 Amend the Ontario *Labour Relations Act* to enable fair and open tendering for public infrastructure projects

The current *Labour Relations Act* is preventing some municipalities and public entities from openly tendering and procuring construction projects, which reduces competition and increases construction costs.

Specifically, language in the *Labour Relations Act* allows municipalities and school boards to become certified “construction employers,” which ties all of the municipalities’ construction work to a particular union (or small group of unions) and its bound contractors. As a result, up to 70 percent of the industry is unable to compete for work on publicly owned and publicly funded projects, inflating construction costs by as much as 30 percent.[10] In 2012, approximately $942 million worth of municipal construction work in Ontario was subject to restricted tendering.[11]

The economic and budgetary implications for the public sector as a result of restricted tendering practices are substantial. According to comparative analysis from countries around the world on major infrastructure projects, the potential cost savings from an open tendering process indicates that construction costs fell by an average of 20 to 25 percent as the number of bidders increased from two to fifteen.[12]

Therefore, a change to the Ontario *Labour Relations Act* would improve the value and impact of provincial and federal infrastructure investments. To achieve these objectives, the government of Ontario must modernize the labour law to ensure fair and open tendering of public infrastructure projects throughout Ontario. A fairer tendering process, encourages competition, decreases costs and supports fiscally responsible infrastructure investment.

2.4 Develop a single transportation authority in the Greater Toronto Hamilton Area (GTHA)

Economic development and renewal are dependent on high quality, multimodal transportation services. 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 GTHA.

In 2008 Metrolinx released its *Big Move* report which outlined a 25-year plan to develop a multi-regional transportation plan that would traverse the GTHA. Although *The Big Move* reflected a laudable effort by the Ontario government to address many of its transit deficiencies, implementation has been hampered by the governance structure of municipal transportation authorities and a lack of capital funding.

A primary concern for Ontario has been the financing of transportation infrastructure, such as the Scarborough subway or Brampton Light Rail Transit (LRT), which has culminated in public discepancies among the three levels of government with respect to responsibility to pay. This has contributed to an estimated $30 billion capital funding gap to build our rapid regional transportation network, plus billions more needed for operations, maintenance and rehabilitation.[13]

In order to address this issue, Ontario should establish a single transportation authority in the GTHA. Under this plan, authority for Toronto's subway and light rail lines should be uploaded to Metrolinx (or another, new regional transit authority). A single transportation authority would operate to implement and develop transportation planning and infrastructure in a cost effective and timely manner, as well as, bringing a unified approach to the question of pay for service roads in Ontario.

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

3. Foster conditions for increased Ontario competitiveness

According to our most recent member survey, only one in five Ontario businesses is confident about Ontario's economic outlook.[14] One of the most common and acute concerns is rising input costs, especially those costs derived from government initiatives. There is a feeling amongst business owners that politicians are insensitive to the cumulative financial burden of current public policies. Part of this problem is thought to stem from a siloed approach to governance, whereby different levels of, and the various departments within, government fail to coordinate short and long-term economic data, analyses, and planning. Business owners stress that the cost escalation that results from this approach acts as a direct constraint on business' ability to invest in the human and physical capital required for growth.[15]

To address these concerns, the OCC is committed to working alongside government throughout the policy process to develop regulations that are both responsive to the public interest and contribute to the economic competitiveness of the province.

3.1 Allow small business owners' children access to student loans

PASSED BY THE RESOLUTION CHAMBER NETWORK

The objective of student financial assistance is to assist eligible students who do not have the resources to meet the costs of post-secondary education. The intention is to promote equality of opportunity for post-secondary studies by providing financial assistance for educational costs and basic living expenses where students (and their families) do not have the resources to meet these costs. Small business owners', who re-invest their net income into the business to create jobs and improve productivity, are penalized when it comes to the Canada-Ontario integrated student loan application. The children of small business owners are at a disadvantage compared to those of traditional employees at other Ontario companies.

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. In order the rectify this, the OCC recommends that when considering loan applications, identify the owner's draw from the business as their personal net income and remove the requirement to include business assets in the student loan application process.

3.2 Drive innovation and growth in emerging industries through engagement with the business community in the development of regulatory reforms

Ontario does not have a process in place for conducting and publicly releasing economic impact assessments of major and minor policy initiatives. In the 21st century economy, Ontario's continued growth and prosperity depends on our capacity to innovate and translate these new ideas into real economic gains. To do so, we need to create an environment that lets our most promising firms thrive.

For example, the financial services sector has recently been subjected to new regulatory reforms. These reforms target the investor-financial advisor relationship and are intended to provide greater transparency on the costs of advisory services, returns on portfolios, and the disclosure of potential conflicts of interest. However, on top of all of these changes, securities administrators have advanced a proposal to ban embedded commissions and force a move to direct pay arrangements which represents a major change for the way the financial services sector interacts with clients. This could negatively impact access to financial advice for Canadians, particularly smaller investors (those with less than $50,000 in assets) as it would increase the regulatory burden felt by small businesses. The purpose of regulatory policy must not be to hinder innovation and business growth. Regulators should consult with the business community throughout the development, implementation and evaluation stages of the policy making process.

Government must ensure that it avoids the rush to regulate and allows new and emerging industries the opportunity to thrive and contribute to Ontario's economic future. Policy must support new and emerging sectors such as Fintech. Fintech offers a tremendous opportunity to strengthen Ontario's reputation as a global technology and financial hub. Policy makers and regulators need to ensure that Ontario becomes a "Fintech friendly" jurisdiction. This involves investing the necessary resources to allow the industry to thrive, developing Fintech specific standards and regulations, including "passport" services between different jurisdictions while ensuring appropriate business consultation throughout the entire process.

The OCC is encouraged by some of the government's recent actions to address this concern such as the Red Tape Challenge, the Business Growth Initiative, and the Regulatory Modernization Committee. While all of these measures demonstrate government's commitment to reforms that will strengthen the competitiveness of Ontario's economy, more can be done through better engagement with the business community during the development, implementation and evaluation of regulatory policy.

3.3 Reinstate scheduled corporate income tax reductions by 2017-18

In the 2009 budget, the Government of Ontario pledged to reduce the Corporate Income Tax (CIT) rate to 10 percent by 2013. Within ten years it was estimated that the value of this CIT reduction would see Ontario benefit by:

- increased capital investment of $47 billion;
- increased annual incomes of up to 8.8 percent, or $29.4 billion; and
- an estimated 591,000 net new jobs.[16]

However, the CIT reduction promise was halted in 2012 in light of the province's deteriorating fiscal situation, and so the CIT rate remained at 11.5 percent. With Ontario promising to return to fiscal balance, the OCC urges the government to reinstate scheduled corporate income tax reductions by 2017-18. By adhering to its comprehensive tax reform package, the government would send a clear message of stability to Ontario's business community, who are looking to the provincial government for a stable policy regime and responsible fiscal and economic stewardship.

3.4 Amend the *Real Estate and Business Brokers Act , 2002* to allow real estate salespeople to incorporate

Registered real estate salespeople are currently prohibited from incorporating due to restrictions under the *Real Estate and Business Brokers Act, 2002. (REBBA).* They are one of the few regulated professions in Ontario who are subject to such restrictions. Other regulated professions including chartered accountants, lawyers, health professionals, social workers, mortgage brokers, insurance agents, architects and engineers can form personal corporations.

Allowing real estate salespeople to incorporate would come at no cost to Ontario, and would in fact have a net-positive impact on the Ontario economy.

The benefits of allowing real estate sales people to incorporate include:

- Personal Real Estate Corporations (PRECs) more than pay for themselves in terms of direct tax revenue forgone;
- Between 33 to 89 net new jobs will be created per year;
- Between $0.8 million and $2.0 million average annual additional increase in Ontario government revenue; and[17]
- Between $9 million and $25 million average annual increase in Ontario GDP.[18]

4. Improve conditions to allow municipalities to thrive

Ontario needs strong communities to compete in the global race for jobs, talent, and investment. Without access to revenues that grow with the economy, and without long-term investment from other levels of government, municipalities continue to face a gap between their responsibilities and their ability to pay.

In regards to infrastructure costs specifically, municipalities have historically shouldered almost 50 percent of the total cost of a project while having the least fiscal capacity of all three levels of government.

This shift of responsibilities adversely affects the fiscal sustainability of municipalities. The current system, in which municipalities collect eight cents of every tax dollar, creates a fiscal imbalance which erodes Ontario competitiveness, while placing a growing burden on taxpayers, straining local services, and forcing municipalities to delay essential infrastructure projects.[19]

Ontario businesses need quality roads and bridges to deliver goods and services. And our workers need fast, efficient public transit to connect them to new jobs.

Therefore, the OCC makes the following recommendations in order to improve the conditions to allow municipalities to thrive and meet the needs of their residents.

4.1 Increase the "Heads and Beds Levy on Institutions" to $100 per bed and then tie future yearly increases to the Consumer Price Index (CPI)

PASSED BY THE CHAMBER NETWORK RESOLUTION

There has been an prolonged period of inaction to raise the annual payment in lieu of taxes or "Heads and Beds Levy" (Section 323 of the *Municipal Act 2001*) on specified public institutions (i.e. provincial correctional facilities, hospitals, and universities). As a result, municipalities are forced to compensate in other ways, including hiking property taxes.

The payment in lieu of taxes made by the Province of Ontario on behalf of all public institutions was $50 per bed in 1973. This rate changed to $75 in 1987 and has not changed since.[20] The OCC asked in 2012 to increase these payments to $140 per bed to reflect inflation. However, given the current provincial financial pressures we are suggesting an increase of the levy to $100 per bed then match it to the Consumer Price Index (CPI).

The economic impact of such funds in municipalities would be immediate. As a result of the levy remaining at 1987 levels, Ontario municipalities with post-secondary institutions, hospitals and correctional facilities are facing significant competitive disadvantages, which have ultimately impacted Ontario's economic recovery.

4.2 Modernize the Connecting Links Funding Program

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

The Province has long recognized its responsibility for assisting in highway maintenance through the Connecting Links Funding Program, which provided an annual $15 million to cover up to 90% of project costs until 2013. While the OCC applauds government for reinstating the Connecting Links Funding Program in 2015, the loss of $30 million in funding over two years forced communities to defer much-needed maintenance, adding to already substantial costs.

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

- Provide a one-time, $30-million enhancement of the Connecting Links fund as a transitional measure to assist affected communities in addressing the two-year gap in which the program was discontinued;
- Work with the federal government to determine joint opportunities to improve funding for the Connecting Links program; and
- In conjunction with the affected communities, develop a strategy to annually revise the Connecting Links funding envelope and criteria to more accurately reflect the development of high-priority projects as they arise.

CONCLUSION

Thank you for your consideration of the OCC's 2017 provincial pre-budget submission. We firmly believe that the recommendations we have outlined will strengthen Ontario's economy and ensure that Ontario remains an attractive environment for capital investment.

Policy and Thought Leadership by the OCC in 2017

Ontario Economic Report

In February 2017, the OCC released the inaugural Ontario Economic Report (OER). The OER will serve as the successor document to the OCC's Emerging Stronger agenda which, over the past five years, has served as an effective platform to generate discussion on how to best spur economic growth in the province. This new annual report will examine the state of business in the province and provide a framework for our 2017 policy priorities. Through the data in this document, the OCC looks forward to leading conversations about the policy decisions necessary for a more prosperous province.

Health Transformation

Concern for the continued efficacy of the public health care system is high among both OCC members and the general public. Only 14% of OCC members are confident in the sustainability of the system. Even those members who are confident in the province's economic outlook overall are still more likely to lack confidence in our health care system.[21]

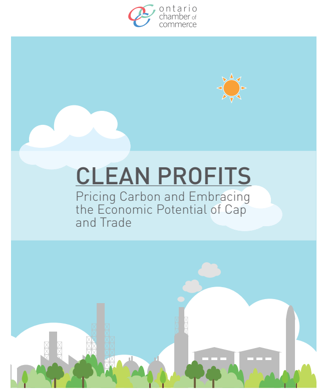
Ontario, spending on health care consumes nearly half of the provincial budget, approximately $54 billion in 2016.[22] As demonstrated in our 2016 Health Transformation Initiative, the OCC's approach to health care reform is not merely about addressing the challenge of fiscal sustainability, but about acknowledging that the public system can be an economic driver. As part of our on-going advocacy, the OCC is going to utilize its status as a convenor to bring together expertise and perspectives from a variety of sectors – business, non-profit, academic, and government – to dive into three subtopics that are of critical importance to the personal and economic health of Ontarians.

Skills & Workforce Development

A critical threat facing OCC members is that of staffing, and the difficulty (or even outright inability) of hiring the right people. Among those who attempted to recruit a new staff member in the past 6 months, only 14% report encountering no challenges in the process. The acquisition of suitable staff is considered a top-three influencer of organizational health by 53 percent of OCC members.[23] As one of its main policy platforms in 2017 the OCC will examine in depth the extent to which the skills and knowledge mismatch are currently impacting the Ontario economy. In addition, the OCC will focus on the impact of disruptive technologies in the workforce and hopes to work collaboratively with the Ontario government to address these key policy concerns.

Cap and Trade

The Government of Ontario's decision to develop and implement a province-wide cap and trade system comes at an important time in the global climate change landscape. The OCC and its membership understand the need to address climate change and will continue to contribute to this conversation. Since 2015, the OCC has held a substantial role in the conversation, including a dedicated report, *Clean Profits,* an open letter to Minister of the Environment and Climate Change Glen Murray, and hosting a series of strategic events with members of the Ontario business community. This advocacy will continue in 2017 as the system comes on-line.

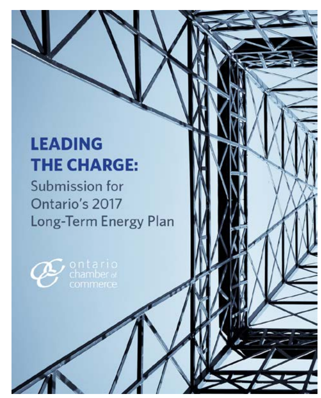


Infrastructure and the Environment

In its 2017 Environment & Infrastructure Policy Program, the OCC will seek to inform infrastructure planning and development priorities in Ontario to maximize the economic and environmental benefits of Ontario and Canada's investments. We will convene expert stakeholders for timely conversations, leading to substantive strategies for Ontario. Our policy objective will be to ensure that governments' initiatives lay the foundations for the province's future economic prosperity.

Energy

Energy is top of mind for all Ontarians, as the province's future economic prosperity is intrinsically tied to the reliability and cost effectiveness of our energy supply. The Ontario Chamber Network and its members have consistently reported that the price of electricity is undermining business' capacity to grow, hire new workers, and ultimately remain competitive. According to our recent business confidence survey 22 percent of businesses believe that reduction in energy/electricity costs would have the greatest impact on their organizations health and growth, while a further 51 percent of businesses ranked it among their top 3 policy concerns.[24] In 2017 we will continue our focused efforts to ensure electricity pricing in Ontario becomes predictable, stable and transparent so that ratepayers and industry can adequately understand and plan their energy expenditure.



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ontario chamber of commerce

Ontario's Business Advocate