

COMPETITIVENESS

A. Balanced Species at Risk Policy Needed to Provide Jobs and Economic Opportunity

Submitted by: The Thunder Bay Chamber of Commerce, Co-sponsored by North Bay & District Chamber of Commerce, Sault Ste. Marie Chamber of Commerce, and Greater Sudbury Chamber of Commerce.

Issue

Species at risk policy continues to threaten the social, environmental, and economic sustainability of northern and rural communities. A long-term and workable solution is needed to truly open Ontario for business.

Background

Ontario is recognized as a world leader in sustainable forest management. Harvesting 0.2% of Ontario's renewable resource annually, Ontario's forest products sector directly employs over 150,000 hardworking men and women in every corner of the province.

The Crown Forest Sustainability Act (CFSA) is an equivalent process to the Endangered Species Act (ESA) and provides for continuous supply of species at risk habitat over space and time. In recognition of this, forestry-based businesses and communities have been requesting from government a need for a permanent solution to ESA for the forest sector; that is, to allow the sector to operate under one act, the CFSA. Extensions made to the current regulation under previous governments have not provided any long-term certainty. The sector needs a permanent, long-term solution and it is hoped that this discussion paper is the beginning of a constructive path forward.

The Ontario government is currently undertaking a review of the ESA to “improve protections for species at risk, consider modern and innovative approaches to achieve positive outcomes for species at risk, as well as to look for ways to streamline approvals and provide clarity to support economic development.”¹

As part of this review, changes made to the ESA must include the consideration of climate change on habitat on all species at risk policy and recognize the cumulative impact of all species at risk policy on a healthy economy; and socio-economic impact analysis must be completed and shared with impacted stakeholders and Indigenous communities prior to any species at risk policy being implemented.

Furthermore, under a permanent regulation or legislative change to the ESA recognizing equivalency, species at risk policy and prescriptions delivered under the CFSA must consider the impacts of climate change and the cumulative social and economic impacts.

Ontario has a window of opportunity to ensure a workable outcome on species at risk policy that provides a long-term solution that protects jobs and the economy. However, there is a concern that the federal government could step into non-federal lands and prescribe how forests will be managed through an unworkable Section 11 Conservation Agreement under the Species at Risk Act or Emergency Protection Order.

¹ <https://www.ebr.gov.on.ca/ERS-WEB-External/displaynoticecontent.do?noticeId=MTM2NTM2&statusId=MjA4MDg1&language=en>

Recommendations

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

1. Recognize equivalency between the ESA and CFSA through a permanent section 55 regulation or legislative change to the ESA.
2. While working under the CFSA, ensure all species at risk policy and prescriptions take into account the impacts of climate change and the cumulative social and economic impacts.

Effective Date: May 4, 2019

Sunset Date: May 4, 2022

B. Improving the Process for Establishing Regulations That Impact Business

Submitted by: The Burlington Chamber of Commerce

Issue

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

Background

There have been instances where poorly developed laws and regulations have meant considerable expense to businesses.

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

In this particular case the restaurant owner incurred thousands of dollars in legal fees in trying to determine what avenues were available to him in the near impossible task of meeting the conflicting requirements of the Commissions. The goal of the business was to prevent the smoking of a controlled substance within the immediate outdoor space of the restaurant while abiding by the alcohol serving rules. Additionally, the taxpayers have to fund the Ontario Rights Commission and the Alcohol & Gaming Commission in them defending their respective regulations while neither have an obligation to assist in finding a solution.

In a situation like this, the cost will fall on the business to try to resolve such a situation. The real shortcoming is in the process for development of legislation.

Recommendations

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

1. Move to a regulatory model whereby all proposed legislation and regulations must be supported by a cost-benefit analysis and an analysis on the impact on business.
2. Move to a regulatory model whereby all legislation and regulations must be reviewed for their degree of conflict and integration with existing legislation.
3. Work with the federal government to adopt a standard of regulatory harmonization between the two levels of government.

Effective Date: May 4, 2019

Sunset Date: May 4, 2022

C. Support Ontario's Steel Industry and its Supply Chain Clusters

Submitted by: The Hamilton Chamber of Commerce and the Sault Ste. Marie Chamber of Commerce

Issue

The Ontario steel industry, includes steel producers as well as manufacturing industries within its value chain and geographical clusters and has long been a cornerstone of the provincial economy. Recently, a combination of illegal tariffs, instability in the global market economy, and foreign competition from industries benefiting from unfair economic advantages has led to a sharp decline in their ability to compete globally. The Ontario government needs to focus public policy and investment efforts towards supporting this important industry, clusters and the innovation it creates.

Background

Steel is a versatile material whose local production is essential to supporting local industries, consumer products, building and maintenance of our transportation and physical infrastructure. Ontario is home to more than 70% of Canada's steel production capacity. Our steel industry directly employs 16,000 and indirectly employs about 53,000 Ontarians.² Ontario's steel industry thereby has a multiplier of approximately 3.3:1; that is, there are 3.3 jobs outside of the steel industry for every direct job within the industry. Beyond contributing to overall employment, Ontario steel makers contribute to supply chains within the broader manufacturing sector in the province. In particular, steel makers play a crucial role in Ontario's 400-km automotive corridor, with direct impacts on the province's auto assemblers, and over 1,200 auto parts suppliers.³ Challenges faced by this industry have a notable ripple effect across the province on related SME companies, suppliers, and manufacturers.

The rise of the steel industry was integral part of Canada's development as a world-class economy in the 20th century. From Algoma in Sault Ste Marie to Dofasco and Stelco in Hamilton, Ontario firms especially distinguished themselves as centers of excellence and advancement in new varieties of steel. Steel producers by principle agree to compete against imports on a fair commercial basis but are in global competition against foreign government subsidies, state-owned enterprises, and other forms of support that run counter to the trade rules. The United States announced illegal tariffs of 25% on imports of Canadian steel would take effect on June 1, 2018, under Section 232 of the Trade Expansion Act 1962, suggesting Canadian steel products pose a national security threat to the U.S. In response to the unprecedented tariffs, Canada imposed retaliatory countermeasures on imports of steel from the United States.⁴ Market conditions are jeopardized by an ongoing violations of WTO practices, the ineffectiveness of trade remedy laws and lack of full reciprocity within trade treaties.

While the majority of media coverage has focused on the decline of the industry, tariffs, foreign competition and oversupply in the existing market, experts remain optimistic that fundamental forces, which if harnessed, will continue to support the prosperity and global demand for Ontario steel. While challenges related to international markets remain a federal issue, the province can still play a critical role in:

1. Supporting investments for organizations in new technologies under various funding envelopes;
2. Working with the federal government to negotiate more equitable trade regimes and adjudications processes;
3. Incentivizing the development of a skilled workforce equipped to participate in the transition to advanced manufacturing;
4. Easing goods movement infrastructure bottlenecks, especially near trading hubs;

² Ontario Newsroom <https://news.ontario.ca/medg/en/2018/04/ontario-supporting-4700-jobs-in-hamiltons-steel-industry.html>

³ Ontario Newsroom <https://news.ontario.ca/medg/en/2018/04/ontario-supporting-4700-jobs-in-hamiltons-steel-industry.html>

⁴ Global Affairs Canada https://international.gc.ca/trade-commerce/controls-controles/steel_alum-acier_alum.aspx?lang=eng

5. Incentivizing the development and participation of steel industry clusters and value chains.

Recommendations

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

1. Taking inspiration from the European Steel Technology Platform, work with the federal government to develop a coordinated steel manufacturing strategy that especially prioritizes investment in trade-enabling infrastructure near major clusters.
2. Explore the legislated and voluntary expansion of procurement tools to include fair and preferential treatment for Canadian steel products where the exported alternative doesn't meet or exceed Canadian and provincial environmental, health and safety regulations and does not allow similar, fair and equal access to their markets for the same product.
3. Given their role as suppliers of high-performance material in the manufacturing supply chain and in flowing down R&D improvements,⁵ prioritize allocation of the newly announced Ontario Carbon Trust funds to help energy-intensive businesses like steel industry to invest in low-carbon processes, technology and innovation and other capital investments.⁶
4. Work with the Government of Canada by pursuing diplomatic channels to eliminate the remaining U.S. tariffs on Canadian steel products.
5. Strongly encourage that local suppliers and domestic steel content be used in all provincially and federally funded projects if the materials can be supplied from domestic sources.

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Sunset Date: May 4, 2022

⁵ Birnbaum, Cohen, Harris and Warrian (2009) Ontario Manufacturing, Supply Chains and Knowledge Networks: A Report to the Toronto Regional Research Alliance (TRRA), Toronto: TRRA October 2009

⁶ Government of Ontario <https://prod-environmental-registry.s3.amazonaws.com/2018-11/EnvironmentPlan.pdf>

D. Supporting Ontario to Become a Leader in Global Mining Innovation

Submitted by: The Greater Sudbury Chamber of Commerce. Co-sponsored by Sault Ste. Marie Chamber of Commerce, Thunder Bay Chamber of Commerce, North Bay Chamber of Commerce, and Huron Chamber of Commerce

Issue

The current commodity volatility is impacting the competitiveness of Ontario's mining sector. Strategic government investments in areas such as mining research and innovation is needed to stimulate this sector in a challenging economic time and to position the province for success when global mining fortunes begin to turn for the better.

Background

Mining is a competitive advantage for the province.

Ontario's mineral production and related activities contributes \$12 billion to Canadian GDP and creates 78,800 jobs.⁷ The Ontario Mining Association estimates that there are approximately 900 mining supply and service sector companies in Ontario, that combined to contribute an economic impact of \$6.6 billion.⁸ The City of Toronto is the mining finance capital of the world, and Ontario's expertise in mineral production, mining supply and services, finance, and innovation are in global demand.

It is essential that the provincial government take active steps, such as investing in innovation to maintain Ontario's competitive advantage and to ensure the mining sector's continued role as an economic driver for the province. In face of a difficult economic environment, innovation and creative ideas are needed more than ever to reduce costs and increase production. Mining innovation allows for the development of new technologies, products, and business processes necessary for Ontario firms to stay competitive. With mines becoming deeper and more remote, research and innovation is increasingly essential to developing new tools and techniques to address these challenges.

Ontario is home to a number of nation-leading mining research and innovation groups and initiatives, including the Centre for Excellence in Mining Innovation (CEMI), the Mining Innovation Rehabilitation and Applied Research Corporation (MIRARCO), the Northern Centre for Advanced Technology (NORCAT), and important mining programs at postsecondary institutions including those offered at the University of Toronto's Lassonde Institute of Mining, Laurentian University's Goodman School of Mines, and Lakehead University's Centre for Excellence in Sustainable Mining and Exploration. The Northern Ontario Mining Supply and Services Association (SAMSSA) also represents the largest concentration of expertise in mining supply/products and services including innovation.

Direct government investment is necessary to leverage the capabilities of these institutions. Although we are encouraged by the 2015 Ontario Mineral Development Strategy which includes innovation objectives, we believe specific and measurable action items are needed to bring this vision into reality. Improved funding flows and ratios as well as a broader vision of innovation will both contribute to sustaining mining innovation throughout the downturn and enhancing Ontario's mining innovation expertise on the global stage.

The success of mining innovation is impacted by the time it takes for funding to flow and the government-to-industry ratio of funding. In some jurisdictions, proposals can take over a year to be processed and it can take another year before approved funding begins to flow. The time required impacts the momentum of the project as a whole, available talent and resources, as well as the delay in the potential economic impact and adoption. It also impacts the willingness of management within industry to commit to funds. Most managers

⁷ <https://www.oma.on.ca/en/ontariominning/EconomicContribution.asp>

⁸ https://www.oma.on.ca/en/ontariominning/facts_figures.asp

and business leaders are willing to commit funds for projects that accrue benefits within their “lifetime” in a particular position, generally between 1-3 years. This incentivizes shorter term thinking, unless the commitments are approved at the highest levels.

Generally, Ontario mining companies and the government contribute research and innovation funds on a 1:1 ratio. Matching investments are provided regardless of the type of project. With fewer resources available from industry, this skews investments towards cheaper and lower risk research projects, and away from the innovation and commercialization projects that are necessary to realize productivity gains in the sector. In order to attract funds and partnership from global mining companies, the Government of Ontario needs to consider adjusting its funding ratios and consider options such as increasing ratios to 4:1 or 5:1 to provide incentives to support larger-scale, longer-term, visionary provincial mining innovation projects given that the ventures have a strong business case and a high return on investment. Increasing the relative government-to-industry ratio for innovation and commercialization projects will incentivize greater industry investment in higher risk projects and boost productivity enhancing activity in Ontario during this downturn in the mining cycle. The Ontario Government is also encouraged to work with the federal government to enhance funding ratios in mining innovation to better leverage private sector funds.

Further, for innovation to work, it must be adopted. Mining innovations need to be demonstrated and implemented as workable beyond the theoretical, but also show commercial viability. The lack of commercialization is one of the reasons why so little of the funding for mining research has impacted mine operations. The majority of funding in the province is targeted at research in academia that may not necessarily translate into industry-relevant innovation or commercialization. While university-based research is essential, research in operating mines and with suppliers is equally important. The Research, Demonstration and Implementation (RD+I) approach to focus on practical applications, distinct from academic research, was developed by the Centre for Excellence in Mining Innovation (CEMI) in 2011, and is aimed at addressing this very important issue. Mining service and supply firms also make significant contributions to the commercialization process and their efforts should be supported in an integrated manner. Funding and programming in such areas will further encourage commercialization and industry adoption of important mining innovations.

In face of the current economic environment and competition from jurisdictions with lower wages, operating costs, and less stringent environmental regulations, Ontario has little choice but to innovate. Given the relative strength and coherence of the mining industry, research and innovation organizations and our mining supply and service sector in Ontario, we have a tremendous opportunity to become a global powerhouse in this field – so long as all the factors for success are in place in which mining innovators can thrive. Conventional approaches are failing to deliver new mines at greater depths and in more remote locations; innovation is essential if we are to sustain our strength in mining.

Recommendations

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

1. Increase the relative government-to-industry funding ratio for innovation and commercialization projects, and manage funding flows as appropriate based on the size and timeframe of such projects.
2. Provide funding for mining innovation projects that go beyond academic research and incorporate the mining industry, the supply and service industries, and other cross-sector industries to support implementation and commercialization requirements.

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E. Changes to Alcohol Retail in Ontario Need to Support Local Industry and Jobs in the Wine and Grape Sector

Submitted by: The Windsor-Essex Regional Chamber of Commerce. Co-sponsored by the Leamington Chamber of Commerce, Prince Edward County Chamber of Commerce, Greater Niagara Chamber of Commerce, and Grimsby Chamber of Commerce.

Issue

As the Ontario government considers new retail for wine in the province it is essential that the government uses this opportunity to ensure Ontario grape growers and wineries are able to grow their businesses, contribute to the provincial and regional economies and create local jobs. Key to ensuring the future growth of the Ontario grape and wine sector is:

- Eliminating the 35% import tax currently imposed on local Ontario wineries;
- Eliminating the 6.1% retail store tax on domestically produced wine;
- Ensure direct delivery of all Ontario wine to new retail opportunities; and,
- Not trading the current retail monopoly for a grocery led oligopoly.

Background

In 2015, the Ontario wine and grape industry contributed \$4.4 billion to the Ontario economy, supported 18,000 jobs, hundreds of small family-owned businesses in Ontario communities and attracted over 2.4 million tourists to wine country every year.⁹ This in itself accounted for nearly half of Canada's wine and grape industry. An average bottle of Ontario wine sold generates \$29.69 of business revenue, \$5.23 of tax revenue and \$8.71 of wages. For every \$1.00 spent on Canadian wine in Ontario, \$3.95 in GDP is generated across the province.

In 2015, there were approximately 456 grape growers operating in Ontario with a combined acreage of 18,383 grape-bearing acres. There were also approximately 180 wineries in Ontario that sold over 8.3 million nine-litre equivalent cases of wine. Total winery revenue representing wine sales, wine kit sales and non-wine revenue such as merchandise, events, etc. was \$562.9 million.

The wine and grape industry is a key economic driver in Ontario but is especially important to the Niagara, Lake Erie North Shore and Prince Edward County areas. Windsor-Essex County alone has 17 wineries due to its unique maritime climate which allows it to have longer sun hours and greater heat units than any other area in Canada. This unique climate contributes to the production of award-winning wines created from the finest locally grown vinifera and French hybrid wine grapes.¹⁰

Ontario is already one of the most open wine jurisdictions in the world. At the LCBO, Ontario wines hold only a 24 percent market share. Other wine producing nations around the world dominate their own market. Spain, South Africa, Argentina and Chile each own over 90% of their domestic market. Italy owns over 80%, Australia over 75%, the USA over 60% and even Russia is at 50% ownership of their own market. Major wine producing countries such as Spain, Italy, France, America and Australia provide hundreds of millions of dollars in subsidies particularly for marketing abroad. These subsidies are often directed by the foreign wineries at maintaining and growing market share in Canada and Ontario.

Alongside limited market share, Ontario wineries pay the 35% import tax that is also levied against foreign wineries. The elimination of this tax would allow Ontario wineries and grape growers to create more jobs in

⁹ <https://wgao.ca/economic-impact/>

¹⁰ <https://www.epicwineries.com/wineries/>

rural Ontario, keep protecting the Greenbelt and continuously invest in the Ontario economy.

Recommendations

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

1. **Eliminate the Import Tax on Domestic Wines:** Ontario wineries currently pay a 35% import tax through the LCBO markup structure. Ontario wineries are seeking a 35% permanent tax credit that is predictable.
2. **Allow Direct Delivery to retail stores:** Provide Ontario wineries the ability to deliver directly to any new retail store channel similar to US wineries. It is the best way to ensure a fair and reasonable margin on wine sales in new retail channels.
3. **Eliminate the Retail Store Tax:** No other Ontario business has a 6.1% tax on top of the other sales taxes the government collects. Reduce the Retail Store Tax by 6.1%.
4. **Prevent Private Oligopolies from Arising:** Ensure market is accessible to retailers of all sizes, including independent licenses for specialty wine shops i.e. a license enabling independent stores with no chains or ability to consolidate.
5. **Work with other provinces to enable Ontario wineries to better serve their customers.** Enable cross border shipping so Ontario wineries can ship purchased products home to customers in provinces including Quebec, Saskatchewan and Alberta.

Effective Date: May 4, 2019

Sunset Date: May 4, 2022

F. Ensuring Access to Export Markets for SMEs

Submitted by: The Richmond Hill Board of Trade

Issue

Ontario SME Export Businesses lack affordable access to insurance products to allow them to compete outside of Canada.

Background

In order to do business on the World Stage in general, and in particular, in the European Union and United States, business must carry sufficient insurance products to be able to even come to the table to qualify to sell their products. This situation exists particularly in large corporations and purchasing blocks with Vendor Management Organizations that rapidly exclude Ontario Startup in sectors including technology and financial technology.

Typical insurance requirements are, as separate items¹¹:

- Commercial Blanket Bond for Deliverables - US\$25Million
- Technology Errors and Omissions Insurance – US\$10Million¹²
- Media Errors and Omissions Insurance – US\$10Million
- Privacy and Network Security Insurance - US\$10Million
- Commercial General Liability Insurance - US\$2Million (this is available)

The authors, as an exercise, attempted to obtain the above insurance in 2017, were quoted US\$1Million per year.

Without these insurance products, at affordable levels, any investment in SME technology companies that expect to export their products will face undue hardships and must resort to indirect sales through local agents, that directly impacts companies' bottom lines, and puts their viability and growth at risk.

Recommendation

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

1. Work with the Insurance Industry to come up with affordable and available products that allow Ontario SME businesses to export and compete outside of Ontario and Canada.

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¹¹ Typical VMO survey done in 2017 by member to Large US Bank (names cannot be disclosed).

¹² This level of insurance is not available in Ontario based on communication with major local insurance companies.

G. Fair Business Practices to Ensure Ontario Stays Competitive

Submitted by: The London Chamber of Commerce

Issue

In a time when the political climate is becoming increasingly polarized, it is important that private companies engaging with government know where they stand. Governments change through the political will of the people and when that change occurs, it is imperative that businesses partnering with the government are treated fairly.

Background

While changing circumstances or political climate may necessitate the cancellation or modification of policy or regulations that impact the government's contractual commitments, every effort must first be made to understand and respect the impact of such changes on Ontario's businesses and the economy.

To the extent that affected parties to a contract are not treated fairly and in accordance with corporate and commercial law and the terms of their contract, this failure will have ongoing negative consequences for future government procurement. Future bidding entities will exit the Ontario marketplace and diminish the competitiveness of the remaining players, and those remaining will build this kind of political risk into the pricing of their product or service.

We live in a world where attracting talent and business opportunities is becoming increasingly competitive between jurisdictions and it is important Ontario be viewed as a province that supports business. The impact on the Venezuelan economy arising from politics taking advantage of the business community demonstrates the risks that Ontario runs when cancelling contracts without adequate compensation. Since 2007 oil production in Venezuela has been on a steep decline, despite oil prices that were regularly above \$100/bbl. In 2015 Venezuela's oil production had fallen to 2.6 million BPD, a decrease of more than 20% below 2006 levels. By comparison, the U.S. oil production has risen by 86% during the same period. In 2007 Venezuela demanded changes to the agreements made by the international oil companies like ExxonMobil, BP, Chevron, Total and ConocoPhillips that would give the government majority control of the projects. Total, Chevron, Statoil and BP agreed and retained minority interests in their Venezuelan projects. ExxonMobil and ConocoPhillips refused, and as a result, their assets were expropriated. The result of stripping the rewards from the industry without fair compensation was to stifle future investment and this should serve as a warning.

Cancelling contracts and not honouring agreements can lead to the voting public losing faith that they will be treated fairly when the political winds of another special interest group conflict with their own interest.

The large international companies may be able to withstand the impacts of political changes; however, this may not be the case for small entrepreneurs. During the start up phase of a new business many entrepreneurs are betting their personal savings on the success of the contracts they enter into with government and others. Knowing that the government has a track record of cancelling contracts without sufficiently compensating the individuals involved will increase the perceived risk and lead to less entrepreneurial activities developing through interaction with the government.

We understand and respect the enthusiasm with which the new Ontario Government has moved to attempt to correct many of the ill-conceived energy programs that they inherited from their predecessors. However, in doing so, the Government must exercise every caution to ensure that their actions, although laudable in their intent, do not inadvertently cause more harm than good.

In 2018, the Ontario government proceeded to direct the Independent Electricity System Operator (IESO) to cancel 758 renewable energy contracts in the Province. Large Renewable Power contracts cancelled include

hydroelectric, solar and wind projects. Feed-In-Tariff (FIT) contracts cancelled included solar, biomass, biogas and hydroelectric projects. Most cancelled projects had not yet received their notices to proceed from the IESO.

In a separate move, the Province enacted the White Pines Cancellation Act (Act), cancelling the Project's FIT Contract and regulatory approval, and required White Pines to decommission the project, after major equipment had been ordered and construction had begun. The Act does include provisions for some cost recovery for expenses incurred in the development and decommissioning of the Project; however, it does not compensate for any lost revenues.

It is unclear what, if any, compensation will be made available to other developers.

Recommendations

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

1. Create policies to reasonably compensate parties for cancelled contracts ideally including a formula that takes into account the opportunity cost of the investments made by developers;
2. Disclose the cost (or an estimate thereof) of cancelling a project to the public when such a cancellation occurs;
3. Designate and empower by statute the Auditor General for Ontario to review contract cancellation costs incurred and to provide an independent analysis of the actual costs versus benefits achieved by governments as a result of a contract cancellation;
4. Upon entering contracts where more than half of the contract is to be performed during a new government include terms of possible cancellation; and,
5. Where possible enter contracts in phases with terms coincidental to the political election cycle.

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H. Keeping Ontario's Small Business Support Services Strong

Submitted by: The Vaughan Chamber of Commerce and Newmarket Chamber of Commerce and co-sponsored by the Timmins Chamber of Commerce.

Issue

Ontario's small businesses and entrepreneurs rely on the hands-on training and support they receive from the Province's Small Business Enterprise Centres (SBEC) to start and grow their business. Many of these businesses go on to become important members of Ontario's chambers of commerce and boards of trade. The future of this network, funded by the Province of Ontario's Ministry of Economic Development, Job Creation and Trade (MEDJCT) and host municipalities, is crucial for the success of communities across Ontario. This network requires long term, sustained resources.

Background

Ontario's 47 SBECs are in every corner of the Province. They provide business advisory services like consultation and seminars, along with Province of Ontario programming, to locals interested in starting and growing a business. Their local expertise has made the difference for countless Ontario businesses.

Ontario's SBECs have been the Province's primary resource for main street businesses and entrepreneurs since the 1990s. Small businesses represent 98% of Ontario business. To the more than 400,000 small enterprises employing fewer than 100 people in Ontario, SBECs offer:

- free consultations with a qualified business consultant
- access to business research
- review of business plans
- referrals to local support resources like chambers of commerce
- workshops and seminars
- guidance on licenses, permits, registration, regulations and other documents you need to start a business
- import and export information
- information on patents, copyright and trademarks
- mentoring and networking opportunities

Over the most recent fiscal year, April 2017 to March 2018, SBECs responded to over 198,000 individual public inquiries and helped over 8,300 businesses start or grow, leading to the direct creation of almost 9,500 jobs. This is the result of support delivered in over 27,000 one-on-one business consultations. Furthermore, SBECs referred nearly 1,400 growing businesses to chambers of commerce to help those entrepreneurs on their journey.¹³

The chambers of commerce in Ontario would like to express their support for SBECs as important local partners in business development. Ontario's small businesses and entrepreneurs would greatly benefit from the SBEC network's continued work, backed by long term support from the Province of Ontario.

¹³ Ministry of Economic Development, Job Creation and Trade, *Enterprise Centre Reporting*, (April 1, 2017 – March 31, 2018).

Recommendations

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

1. Implement dedicated long-term and stable funding through the Ministry of Economic Development, Job Creation and Trade for Ontario's Small Business Enterprise Centres (SBECs), recognizing that they have been important resources for Ontarians as they start and grow businesses since the late 1990s.

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I. Reducing Permitting Delays in Mining Exploration

Submitted by: The Timmins Chamber of Commerce. Co-sponsored by the Greater Sudbury Chamber of Commerce, North Bay District Chamber of Commerce, Huron Chamber of Commerce, and the Sault Ste. Marie Chamber of Commerce.

Issue

Given their importance to the economy, and fluctuations in metal markets, it is crucial for mining exploration projects to receive permits in a timely fashion. It is therefore increasingly problematic that Ontario routinely fails to provide these permits within a reasonable timeframe.

Background

Valued at nearly \$10 billion in 2017¹⁴, Ontario's mineral production is essential to its overall economic success. However, this success story is the result of ongoing, diligent efforts by junior firms and major companies alike to conduct exploration, which carries significant risk: the process of developing a single mine can often require 500-1,000 grassroots exploration projects.¹⁵ Given their importance to the economy, and fluctuations in metal markets, it is crucial for mining exploration projects to receive permits in a timely fashion. It is therefore increasingly problematic that Ontario routinely fails to provide these permits within a reasonable timeframe.

Frustrations related to this issue have been widely and increasingly shared in the media in recent years, as growing numbers of mining exploration firms have publicly aired their concerns that delays were extending to such a duration that projects become less economically viable¹⁶; this punishes existing investors while providing less confidence to prospective investors.

This issue is not purely anecdotal: Permit Times for Mining Exploration in 2017 specifically finds that investors are losing confidence in the mineral exploration permit process in many Canadian provinces—including British Columbia, Ontario and Quebec—which has grown longer over the past 10 years and less transparent.¹⁷ In fact, the report indicated that exploration companies routinely experienced longer waiting times for permits than in competing provinces, and that Ontario “also offered less transparency and certainty throughout the permitting process.”

This also impacts perception of industry participants regarding Ontario's friendliness as a mining jurisdiction: nearly 40 percent of mining-sector representatives who participated in the Fraser Institute report indicated they expected to wait in excess of six months for the required exploration permits, with 7 per cent anticipating the process would take in excess of two years. In turn, this affects firms' certainty of receiving their permits; without that confidence, firms are less likely to invest. Notably, 20 percent of mining firms have “no confidence” of receiving their required permits, according to the Fraser Institute.

Moreover, 43 percent also felt that the lack of transparency in Ontario's permitting process served as either a mild or strong deterrent to investment.

Similar concerns apply to the delays surrounding environmental assessments, which have had a considerable impact on numerous projects throughout the province. The most visible example of this issue has been within the so-called Ring of Fire, a multi-mineral deposit in the James Bay Lowlands whose potential value is estimated at \$60 billion by the Ontario Chamber of Commerce.¹⁸ However, progress has been very slow on

¹⁴ https://www.oma.on.ca/en/ontariominning/facts_figures.asp

¹⁵ Roderick Eggert, “Mineral Exploration and Development: Risk and Reward”, 2010

¹⁶ <http://www.miningmarkets.ca/news/ontario-permitting-delays-irk-northern-graphite/>

¹⁷ <https://www.fraserinstitute.org/sites/default/files/permit-times-for-mining-exploration-2017.pdf>

¹⁸ Jed Chong, “Resource Development in Canada: A Case Study on the Ring of Fire”; Parliament of Canada, 2014

numerous fronts for many of the exploration firms active in the region, in part due to the many ongoing delays in the environmental assessment process.¹⁹

Recommendations

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

1. Dedicate sufficient resources to streamline and improve the process for reviewing and approving exploration permits and environmental assessments; and
2. Work with the federal government to address the duplication of regulatory requirements and processes required for mining exploration, including environmental assessments.

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Sunset Date: May 4, 2022

¹⁹ Liam McGuinty, “Where are we now? A Report Card on the Ring of Fire”; Ontario Chamber of Commerce, 2015

J. Support for free market opportunities to address high electricity prices

Submitted by: The Ottawa Board of Trade

Issue

Electricity prices in Ontario are the highest in the country, undercutting the competitiveness of businesses in the province and reducing the attractiveness of the province as a destination for investment. It is the responsibility of the Government of Ontario to explore opportunities for businesses and residents to obtain relief from these pressures.

Background

Between 2008 and 2015, due to a myriad of factors, electricity prices in Ontario rose by 71%, outpacing the growth of Ontario's economy by a factor greater than four.²⁰ Its impact on businesses has been well-documented by this chamber. This resolution will attempt to provide a constructive free-market solution to this challenge – virtual net metering.

Virtual net metering is a billing arrangement which allows multiple homeowners or businesses to participate in the same net metered electricity generation system and share the output from a single facility that is not physically connected to their property (or their meter). Under this arrangement, the electricity generated from a single project creates bill credits which can be used by one or more participating customers to account for a portion of their total electricity needs.

The supplier is partnered with the local utility to ensure the monthly energy (kWh) produced by the project is netted off of the participants' electricity bill proportionally based on their level of ownership in the project. As many of these projects deploy electricity generation that produces power at peak-demand times, this will allow subscribers to take advantage of the 'peaking' nature of the 'time-of-use' period, which will significantly reduce their electricity bills.

The move to deregulate the electricity grid in Ontario was the correct one, but the province has yet to truly harness the potential of the free market opportunities that will provide businesses in Ontario with the open, fair, and competitive electricity options that will enable lower prices and long-term resiliency of the grid.

Recommendations

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

1. Commit to continue with Time-of-Use pricing and investigate opportunities to enable ratepayers in the province to enter in to virtual net metering arrangement under a time-of-use/production pricing scheme.
2. Amend O Reg 541/05 (the Net Metering Regulation) to allow for virtual net metering.

Effective Date: May 4, 2019

Sunset Date: May 4, 2022

²⁰ Jackson, Taylor, et. al., *Evaluating Electricity Price Growth in Ontario*. The Fraser Institute, 2017

K. Addressing the Challenges of Ontario's Largest Economic Sector: Small Business

Submitted by: Greater Sudbury Chamber of Commerce. Co-sponsored by the Peterborough Chamber of Commerce, the North Bay and District Chamber of Commerce, and the Timmins Chamber of Commerce.

Issue

The cumulative regulatory burden, constant legislative changes and reporting requirements present a disproportionate impact on small businesses and are an obstacle to prosperity, growth and competitiveness.

Background

Businesses throughout the province have repeatedly highlighted the cost of regulatory compliance as a barrier to investment and growth. Business owners have said they find it incredibly difficult to navigate the regulatory framework – especially when that framework is frequently changing due to new and/or updated legislation. When new and/or updated legislation unwittingly introduces hidden costs, the problem is only exacerbated. The Government of Ontario needs to take steps to reduce red tape for small businesses and make it easier for them to understand and comply with regulations.

Recent years have seen significant changes implemented or proposed to WSIB, labour relation, the minimum wage, and pension plans. Businesses saw many changes as a result of Bill 148, the *Fair Workplaces, Better Jobs Act*, 2017, and the subsequent introduction of Bill 47, the *Making Ontario Open for Business Act*, 2018, which repealed or rewrote many of Bill 148's changes. Businesses continue to see many changes due to environmental regulations and the federal carbon tax. While regulatory change is not necessarily “bad” – in fact, updating and modernizing regulations should be a priority for all governments – it can have a lasting, negative impact on businesses, if they are implemented haphazardly, or if the government does not make compliance easy. The cost of such changes disproportionately burdens small businesses that often do not have dedicated human resource departments or dedicated personnel to manage the complexities of the requirements.

According to Innovation, Science and Economic Development Canada, Ontario had 429,852 small businesses in December 2018; this represents 97.7 percent of all businesses in the province.²¹ The Ontario government has shown its commitment to broad, structural red tape reduction. The Cutting Red Tape webpage was introduced for businesses to submit red tape issues they face. Furthermore, the appointment of an Associate Minister of Small Business and Red Tape Reduction has demonstrated the government's commitment to tackling this issue.

The Ontario government recognizes that reducing unnecessary red tape will save businesses time and money and that such reduction is an integral part of growing Ontario's economy. The *Better for People, Smarter for Business Act*, 2019, contains several proposed amendments that will support small businesses. We applaud the government's efforts to reduce red tape thus far, however there is still much work to be done.

The Government of Ontario can ease the regulatory burden by establishing a regulatory concierge service for small businesses in Ontario. Such a concierge service would be a single-access point for information, support and expertise on regulatory compliance in Ontario. The concierge service would offer one-on-one support to small businesses so that they can successfully navigate regulatory frameworks and achieve compliance with

²¹ https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03114.html

much greater ease and so they could devote their limited resources to growing their businesses and the economy.

Such a concierge service is nothing new. The federal government already runs a program called *Concierge*, which is “a single access point to funding, expertise, facilities, and global opportunities for small and medium-sized enterprises (SMEs) seeking to grow through innovation.” *Concierge* does not offer funding itself; it provides customized, one-on-one guidance to innovators so that they can find funding and take advantage of other government programs. *Concierge* leverages the expertise of a team of “innovation advisors” so that business owners can spend their time and energy more effectively.

Other jurisdictions have understood the benefit of one-stop support for businesses:

- Greater Sudbury’s Regional Business Centre
- Hamilton’s One-Stop for Business
- The British Columbia Business Registry
- One Stop Business Registration Portals in Wisconsin and Virginia

While certain single-window initiatives in Ontario exist, such as Service Ontario’s ONe-Key, these are ‘self-serve’ initiatives rather than concierge services, and they do not address the regulatory burden that weighs on Ontario’s small businesses.

Creating a team of industry experts to guide business owners through regulations in Ontario will make Ontario attractive for investment and allow existing businesses to spend their resources more efficiently.

Recommendations

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

1. streamline government services by creating a concierge service to provide single-window, one-on-one, customized access for small businesses to guide them through regulatory compliance processes and help them achieve compliance obligations.
2. develop interconnectivity between municipal, provincial, and federal concierge services to enable knowledge-sharing and to ensure that each is able to provide the best guidance and expertise to its clients.
3. continue to work with the Ontario Chamber of Commerce, Ontario’s business community, and with small businesses in order to reduce red tape.

Effective Date: September 29, 2020

Sunset Date: September 29, 2023

L. Creating Northern Ontario Economic Hubs, Technology Clusters, and the Innovation Ecosystem

Submitted by: Sault Ste. Marie Chamber of Commerce

Issue

Ontario's economic performance is not shared equally in all regions in the province due to differences in their economic makeup or base. External macro factors play an important role not only in Ontario's economic performance but also in each region to varying degrees. Regional growth performances during 2015 were led by the Toronto and Hamilton-Niagara regions, with the Kitchener-Waterloo-Barrie and London regions close behind. At the other end of the growth spectrum were the northern regions and to a lesser extent Windsor-Sarnia and Stratford-Bruce.

Background

Much of the research on the contemporary-knowledge economy starts from the assumption that economic inputs have shifted away from traditional resources and physical attributes towards new knowledge and innovations. As an economy steeped in the natural resource industries, Northern Ontario's strengths can be said to lie in incremental innovation - generating new value from its demonstrably strong markets.

The term innovation is quite hazy, and lacks universal definition. "In common use" writes Dr. Richard Hawkins, "innovation is used interchangeably with invention [and] often used synonymously with technology," which he argues is a misapplication. He writes, "[t]o this day, virtually all of the strategies, programs and measures undertaken by the Federal and Provincial governments in Canada[. . .] remain oriented to promoting industrial R&D and/or supporting the growth of start-up companies, mainly in the technology goods sectors" (Hawkins).

The Organization for Economic Co-operation and Development (OECD) defines innovation as "the introduction of a new or significantly improved product, process or method [that] holds the key to boosting productivity" (OECD Ministerial Report).

Building the Innovation and Entrepreneurial Ecosystem is a key element to the success of the Growth Plan for Northern Ontario. The Plan contains policies that focus and guide action on building a regional economy that is resilient, sustainable, building on the strengths and human potential of today's northerners by providing them with more education, training and career opportunities, attracting people and investments. The Growth Plan aims to strengthen the economy of the North by:

- Diversifying the region's traditional resource-based industries
- Stimulating new investment and entrepreneurship
- Nurturing new and emerging sectors with high growth potential.

Communities with a high level of entrepreneurial activity tend to be better off economically. As a Nation, Entrepreneurship is a powerful force driving innovation, productivity, job creation and economic growth. Entrepreneurs have made fundamental impacts throughout the history of Canada, and today more and more Canadians from all walks of life are becoming entrepreneurs. In Canada entrepreneurs and the Small and Medium size businesses they generate account for 54% of our gross domestic product, employ 74% of our workforce and create 54% of our new jobs nationally.

The creation of the Entrepreneurial and Innovation Ecosystem requires:

- A risk taking culture
- Talented, diverse and imaginative work force and students
- A community that gives back
- Abundant capital
- Collaboration with industry
- Government support

Canada's level of entrepreneurship is on a par with Australia, with about 13 per cent of the working-age population involved in early-stage entrepreneurial activity, according to Peter Josty, executive director of the Centre for Innovation Studies, Alberta. Among the positive attitudes cited for Canadian culture:

- Highly supportive of individual success achieved through personal effort.
- Emphasizes self-sufficiency, autonomy and personal initiative.
- Encourages creativity and innovation.

But the culture of innovation is different in Canada. "In most countries consumer services is the big sector, but in Canada, the highest rate is in the business to business services and that's a whole different ballgame," Josty said in an interview with CBC News Network's The Exchange with Amanda Lang.

Canada also lags in entrepreneurship — in which process engineers and others improve business efficiency within a larger company, he said. "The number of people in large businesses doing this is half the rate in the U.S. and Australia and we think this correlates with poor innovation and productivity in Canada," Josty said.

The peak age range for Canadian entrepreneurship is 45 to 64, but there remains a lot of activity among Canadians under age 45. More highly educated Canadians are more likely to start businesses, but there are entrepreneurs with every level of education. Creating the environment of risk taking is critical in building entrepreneurs of the future and stemming the outward migration of youth from the North.

Shifting investments into attracting youth and immigrants to the region and developing a high-skilled and technical labour force will set the region apart from competitors who dominate industries made up of low-skilled workers. This means building a strong education system with government and industry partners and less restrictive and more specialized apprenticeship programs. These strategies are broad, but necessary, given the challenges facing the region. 'Creating jobs' by pumping money into a few companies is a short-sighted goal that usually only last as long as the funding does. However creating the Ecosystem in which innovation can thrive and entrepreneurship commercialize the outcome from innovation is critical to the future of Northern economies.

As the economies of the North are somewhat isolated from centres of concentrated economic activity with limited access there is the natural existence of collaborative efforts amongst firms. Where there has been a need to build stronger collaboration is between firms conducting and or needing R&D with academic institutions, assuming they have R&D capacity. Building this capacity is critical to the development of ecosystems and economic clusters

In many communities of Northern Ontario the elements of this ecosystem exists but require a stronger emphasis in the education system and teaching of entrepreneurship. Due geographical location there is strong sense of community that sees the business leaders sharing their financial success within the community but also a willingness to share their wisdom and experience to new and existing entrepreneurs.

Access to capital is relatively sophisticated in the urban communities of the North with extensive bank, credit union and capital lease companies. There also is a strong network of resources such as the Community Futures organizations, NOHFC, Fed Nor and community based micro lending programs. Most significant in providing innovation capital is the Northern Ontario Angels Network which has provided over \$50 million in private monies to a variety of investment opportunities realizing significant economic impact.

For Northern Ontario's businesses to be able to expand their markets beyond local boundaries, they first need to be given the opportunity to build capacity in their local market – that is, to build civic capital, which begins with access to a skilled workforce. The Private Sector Youth Internship provides this opportunity to business owners who have the potential and willingness to grow – not abandoning their local roots, but naturalizing their market in new climates, while blooming where they are planted.

In terms of the digital economy, for small and isolated communities who have little opportunity for industry within the physical locality, having access to high quality internet speeds could make or break a fledgling digital entrepreneur. The digital foot print expands into educating a skilled workforce in remote areas as well as delivering efficient modes of health care. By arming communities with opportunities that are unfettered by eternal download speeds and sprawling geography which place knowledge and opportunity out of reach, high speed broadband services can function as a springboard of opportunity for small, northern communities to expand their horizons, and markets.

At the Ontario Chamber of Commerce's annual Ontario Economic the theme of Building Prosperity by Strengthening the Innovation Ecosystem brought together leaders from the private sector, elected and non-elected members of the Provincial government, academia and chambers of commerce from across the province. While a Northern perspective was lacking the elements of the many conversations, discussion and presentations were applicable to creating a Northern Innovation Hub. Government as an enabler of the Innovation and Entrepreneurial ecosystem can enhance the Northern economy through addressing the following:

Recommendations

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

1. Locate a physical office(s) in Northern Ontario for the Ontario Centre of Excellence to maximize its investment in regional innovation through University and College research based funding and capital grants to develop knowledge clusters that support inherent economic drivers.
2. Align programs and services with company evolution from start-up to maturity and ensure funding and resources are available at each step of the process.
3. Streamline the process between the federal and provincial governments to better co-ordinate and focus innovation-related 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. Support investments for organizations to invest in new technologies under various funding envelopes to encourage innovation in existing economic engines of the Northern clusters and value chains.
6. Incentivize the development of a skilled workforce equipped to participate in the transition towards advance manufacturing.

Effective Date: September 29, 2020

Sunset Date: September 29, 2023

M. In the Spirit of Business

Submitted by: Greater Peterborough Chamber of Commerce, Prince Edward County Chamber of Commerce, Quinte West Chamber of Commerce, Belleville Chamber of Commerce

Issue

Aligning the craft distilling industry with the policy regimes of the craft brewery and winery industry will help maintain this industry as a positive growth sector for the Ontario economy.

Background

Craft distilling is a growth industry. Distillers are creating jobs and boosting economies in large and small centres alike.

In the past few years, there has been some movement to parity with other craft alcohol industries. These improvements include allowing craft distillers to distribute their products to bars and restaurants and are appreciated by the industry.

But there is more to be done. In its 2019 report “Refreshing the Sale of Beverage Alcohol in Ontario”, the Ontario Chamber of Commerce (OCC) identifies a number of positive economic results from the industry that would only be enhanced by parity with the other sectors of beverage alcohol, including:

- The spirits industry and craft distillers in Ontario generate over \$2.4 billion in annual sales
- The spirits industry supports 6,000 jobs across the province and contributes \$1.5 billion to Ontario's Gross Provincial Product every year.
- Ontario is currently home to 39 spirit distillers. There has been an increase in the number of small and artisan distillers that specialize in niche products across Canada.
- The spirits industry works closely with local farmers and contributes to the economic growth of rural areas across Ontario.

The report also connects the beverage alcohol industry to a number of adjacent industries, including farming, tourism, and hospitality. The power of beverage alcohol to be a force for economic development – particularly rural economic development – should therefore be reflected in policymaking.

However, the most significant challenge to be addressed is around taxation. The tax is currently 61.5% at craft distillery tasting rooms, which is 10 times what Ontario wineries pay. And the time is now to consider change as the tax regime for beverage alcohol is part of the comprehensive Government of Ontario review that is underway.

The call for change is not only coming from chambers of commerce and boards of trade, but alongside the Ontario Craft Distillers Association. Modelling by the Ontario Craft Distillers Association (based on experience in Nova Scotia, BC, and Alberta) shows that any cut in taxes is more than recouped within approximately two years because of taxes associated with job growth in the industry.

Nova Scotia continues to be a leader in the spirit industry as the government reduced the government mark-up by 60-80% in 2014, with another 10% mark down if distillers use provincially-grown agricultural products. The government also cut the license fee from \$2,000 to \$500 and increased production threshold, and introduced a graduated mark-up based on annual production. This has allowed craft distillers to thrive. Furthermore, in British Columbia, since the introduction of a graduated tax system in 2013, the industry has

grown from 7 to 60 distilleries and the volume of craft spirits produced in British Columbia grew by almost 400 percent.²²

In order to achieve parity across alcohol categories, where spirits can be sold and how consumers access the product also deserves consideration. As such, spirits should also be allowed at grocery, convenience, corner stores etc; dedicated shelf space/displays for craft distillers at the LCBO, so that the small players can compete next to the international brands; and permitted at farmers markets.²³

Recommendations

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

1. Freeze the current spirits basic tax.
2. Offer further pricing incentives to craft distilleries for spirits made primarily with Ontario ingredients, graduated by production method and volume.
3. Improve access for craft distillers and consumers by:
 - a. Allowing spirit sales at grocery, convenience, and corner stores, etc.
 - b. Having dedicated shelf space/displays for craft distillers at the LCBO, so that the smaller players can compete next to the international brands
 - c. Permitting the sale of spirits at farmers markets

Effective Date: September 29, 2020

Sunset Date: September 29, 2023

²² “Refreshing the Sale of Beverage Alcohol in Ontario,” Ontario Chamber of Commerce, 2019, pg 15.

²³ “Refreshing the Sale of Beverage Alcohol in Ontario,” Ontario Chamber of Commerce, 2019, pg 5.

N. Support Ontario's Forestry Industry by Establishing an Ontario Commercial Loan Guarantee Program

Submitted by: The Timmins Chamber of Commerce. Co-sponsored by the Sault Ste. Marie Chamber of Commerce

Issue

As a direct result of United States duties on softwood lumber, the Ontario forest sector has more than \$245 million in deposits currently being held at the border. In the face of these baseless trade actions, our forest industries are unable to reinvest in their employees and operations, putting mills and communities at significant risk. To ensure we keep mills open and people working, we encourage the Province to establish a Made-in-Ontario Commercial Loan Guarantee Program to ensure our Forest sector continues to grow and thrive.

Background

The Canada / United States (U.S.) softwood lumber dispute is the longest running trade dispute between our two countries. We are currently in the fifth individual trade action spanning four decades.²⁴ The U.S. alleges that Canadian timber is sold at below-market prices, and this assertion is used as the basis to impose punishing duties on the Canadian industry.²⁵ However, these duties are arbitrary and punitive, and have never survived Canadian appeals under the North American Free Trade Agreement and the World Trade Organization.

In 2017, the U.S. imposed new import duties as high as 24 percent on Canadian lumber as part of its most recent trade action.²⁶ As time goes on, the cash tied up in duty deposits becomes an increasing threat to the viability of lumber producers in Ontario and across the country.

The Ontario forest sector accounts for 21 percent of the nation's forest industry employment, employing 172,000 people, and spurs \$15.5 billion in economic activity,²⁷ yet as one of the largest sectors contributing to our provincial economy, they are continually face insurmountable barriers with respect to U.S. border tariffs.

Supporting Ontario's renewable industry in a tangible way by providing the lumber sector with commercial loan guarantees, will help preserve the industry's credit and enable it to borrow against cash deposits so that litigation and costly duties cannot hinder the industry as in previous years.

The Federal Government has established a mechanism to help companies seeking to diversify their product line, make efforts to develop new markets overseas, help Indigenous communities and groups improve their performance and participation in forestry, and extend work-sharing agreements in order to minimize layoffs.²⁸

²⁴ Rahman, Osman, and Stephen Devadoss. "Economics of the US-Canada Softwood Lumber Dispute: A Historical Perspective." *The Estey Centre Journal of International Law and Trade Policy*, vol. 3, no. 1, 2002, pp. 29–45.

²⁵ Ibid.

²⁶ Baker, Peter, and Ian Austen. "In New Trade Front, Trump Slaps Tariff on Canadian Lumber." *The New York Times*, *The New York Times*, 25 Apr. 2017, www.nytimes.com/2017/04/24/us/politics/lumber-tariff-canada-trump.html.

²⁷ "Canada's Forest Industry: By the Numbers (35 Facts)." Canada Action, canadaaction.ca/forest-sector-by-the-numbers-economic-contribution.

²⁸ <https://www.nrcan.gc.ca/sites/www.nrcan.gc.ca/files/plansperformancereports/dpr/2018-19-DP-NRCAN-EN.pdf>

These programs may be helpful in provinces where lumber market diversification is an option, but for Ontario, whose natural market is the United States, the Federal programs are not realistic. Ontario's lumber producers need to have adequate liquidity to survive the U.S. lumber trade action, and to do that it requires support to maintain access to cash until the legal process is concluded.

Without the establishment of a Provincial loan guarantee program, many of our provinces' sawmills will not be able to finance deposits at acceptable rates without the support of the Provincial government. While such intervention may be claimed by the United States as a countervailable subsidy, such a finding could not have any impact for at least two years and, even then, would not calculate to anything detrimental to the government or the industry.

Keeping Ontario open for business means establishing a Provincial commercial loan guarantee program. As a natural resource-rich province, the government must do all it can to realise the success of our industries who are responsible in maintaining our forests for generations to come.

Recommendations

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

1. Establish an Ontario Commercial Loan Guarantee Program that supports the Ontario forest sector with working capital by:
 - a. offering loan guarantees to assist the industry in maintaining credit and borrow against cash deposits.
 - b. providing access to any Ontario lumber producer that has paid an anti-dumping tariff and countervailing tariff.
 - c. allowing the forest industry access to 75 percent of the paid anti-dumping and countervailing tariff through loans at a commercial rate comparable to current bank rates.

Effective Date: September 29, 2020

Sunset Date: September 29, 2023

O. Support Ontario's Growing Cannabis Industry

Submitted by: The Hamilton Chamber of Commerce and the Guelph Chamber of Commerce

Issue

Ontario's legal cannabis market has not reached its full potential for growth. Existing regulation inhibits market growth and efficiency in a number of ways. The Government of Ontario needs to focus public policy and investment efforts towards supporting this emerging industry by ensuring post-secondary training focuses on key skills required by the cannabis industry, by investing in post-secondary cannabis research, by considering edibles consumption lounges, and by permitting cannabis retailers and licensed producers to establish a commercial relationship with one another.

Background

Ontario's legal cannabis market is not meeting its full potential. Currently, Ontario has 24 cannabis retail stores serving a population of 14 million people. An additional 50 stores are expected to be operational by spring 2020. The Province of Alberta, in comparison, has opened over 300 cannabis retail stores, serving a population of 4 million people.²⁹ Provincial government estimates suggest Ontario's cannabis market could support up to 1,000 retail stores and create approximately 14,000 jobs in the retail sector alone.³⁰ Ontario had the highest cannabis sales of all other provinces in the first year of legalization, with a total of \$216 million in sales.³¹ This suggests the legal cannabis market is drastically underserved, allowing the illicit market to continue flourishing.

Ontario is home to about half of all Licensed Producers across Canada, employing approximately 6,000 Ontarians.³² To support this emerging industry, the Government of Ontario needs to focus public policy and investment efforts effectively in the key areas detailed below.

Now that THC-infused edibles and beverages have entered the legal market, cannabis consumption lounges for edibles (excluding smoking or vaping cannabis) in Ontario would create opportunities for investors, entrepreneurs, and existing businesses and, in turn, create jobs. The emergence of consumption lounges would provide adults with a safe, secure, and sanitary space to consume cannabis products. Consumption lounges also present an opportunity to act as a front-line resource for public education, thereby complementing the Province's efforts to educate consumers on responsible consumption, especially for new products they may be unfamiliar with.

Ontario is home to 44 leading postsecondary institutions. Post-secondary institutions will need to continue to work with the cannabis industry to ensure courses and programs meet industry needs and an evolving regulatory environment. As an example, Niagara College launched an eight-month Commercial Cannabis Production program that focuses on large-scale crop cultivation, the federal regulatory environment around cannabis production, and business fundamentals, in addition to an experiential learning component

²⁹ Cain, Patrick. *As Ontario moves to open up cannabis retail, here's what we'll see next*. December 2019. Global News <https://globalnews.ca/news/6289867/ontario-cannabis-store-announcement-whats-next/>

³⁰ George-Cosh, David. *Ontario expects up to 1,000 pot stores, opens door to shopping malls*. November 2018. BNN Bloomberg <https://www.bnnbloomberg.ca/ontario-expects-up-to-1-000-pot-stores-opens-door-to-shopping-malls-1.1169064>

³¹ Statistics Canada. "The Retail Cannabis Market in Canada." December 11, 2019. <https://www150.statcan.gc.ca/n1/pub/11-621-m/11-621-m2019005-eng.htm>

³² Statistics Canada. "Labour Force Survey." November, 2018. <https://www150.statcan.gc.ca/n1/daily-quotidien/181207/t005a-eng.htm>

developed with over a dozen LPs.³³ With access to a strong talent pool, the cannabis industry can flourish in our province.

In terms of infrastructure, Niagara College established the Canadian Cannabis Research and Education Institute, which focuses on applied research and training in cannabis production and food and beverage innovation in partnership with industry. The University of Guelph is also investing in the development of the Guelph Centre for Cannabis Research (GCCR). The GCCR will be a home for cannabis research in Canada and provide opportunities for governments and academic researchers, in partnership with industry and associations, to perform collaborative and multidisciplinary research at a centralized facility. The centre aims to engage in a range of projects, including horticulture research to optimize production, yield, and quality. They are further developing cannabis strains targeting certain human and animal disorders, as well as processing and extracting essential oils to maintain medicinal properties. The GCCR's mandate includes training and enhancing the technical capacity of the cannabis industry.³⁴ To date, the University of Guelph has secured half of the funds needed to complete this 30,000 square-foot research venue. A lack of infrastructure funding hinders the ability of post-secondary institutions to build a talent pool for Ontario's cannabis industry.

The Ontario Cannabis Store (OCS) is currently the exclusive wholesaler and online retailer of legal recreational cannabis in the province of Ontario. The OSC is responsible for purchasing cannabis from licensed producers (LPs), setting the prices and markups, and distributing the product to retailers. This structure puts Ontario at a competitive disadvantage in cannabis, as conversations between retailers and LPs can take up to several months with this model.³⁵(1)

Permitting cannabis retailers and licensed producers to establish a commercial relationship with one another would allow LPs and retailers to negotiate their product mixes, along with the associated prices, terms and conditions. As an example, an LP would have the ability to make a deal with an independent retailer to establish a new product line and brand at an exclusive price to that boutique retailer. In turn, the retailer could support the LP by entering into significant, long-term, supply arrangements which would help the LP grow its business.

Recommendations

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

1. Consider the licensing of private consumption lounges for Ontarians to consume THC-infused edibles and beverage products.
2. Act as a convener by engaging the cannabis industry and postsecondary institutions, identifying the skills needed for current and future positions in the cannabis industry and developing a strategy highlighting the variety of education and employment opportunities related to the legal cannabis sector.

³³ Commercial Cannabis Production. 2020. Niagara College.
<https://www.niagaracollege.ca/environment/program/cannabis-production/>

³⁴ Armstrong, Kenneth. "First Nations cannabis company helping finance new U of G Cannabis Research Centre." December 3, 2018. GuelphToday.com. <https://www.guelphtoday.com/local-news/cannabis-research-centre-atu-of-g-expected-to-begin-construction-in-spring-1146589>.

³⁵ Rossi, R. and Beatty, P. *What's next for Ontario's cannabis industry?* December 2019. Toronto Sun.
<https://torontosun.com/opinion/columnists/opinion-whats-next-for-ontarios-cannabis-industry>

3. Develop a funding pool that allows post-secondary institutions to apply for capital needed to build new infrastructure, such as those underway at the University of Guelph and Niagara College, to attract research dollars, industry, and students and, in so doing, support the growth of Ontario's cannabis talent pool.
4. Permit cannabis retailers and licensed producers to establish a commercial relationship with one another by working collaboratively to create exclusive and unique products and wholesale pricing, within the broader framework of the OCS maintaining its oversight role as regulator.

Effective Date: September 29, 2020

Sunset Date: September 29, 2023

P. Make the Ring of Fire a Provincial Priority

Submitted by: Greater Sudbury Chamber of Commerce. Co-sponsored by the North Bay and District Chamber of Commerce and the Timmins Chamber of Commerce.

Issue

The Ring of Fire is a transformative project for Canada. Provincial action is required to expedite the development of the Ring of Fire and ensure the economic and social potential of this multi-generational project is realized.

Background

The Ring of Fire is a mineral resource rich area of approximately 5,120 km² located in the James Bay Lowlands region of Northern Ontario. Since the early 2000s, significant deposits of copper, zinc, nickel, platinum, palladium, vanadium, and gold along with the first and largest deposit of chromite in North America have been discovered. Based on current projections, the Ring of Fire is estimated to hold more than \$60 billion in geological riches³⁶ with deposits being significant enough to sustain activity for a century.³⁷

The Ring of Fire is not only a Northern Ontario, but it should be a priority for all of Ontario as it will have far-reaching impacts across the nation. In the first ten years of the Ring of Fire development, all levels of government stand to increase their tax revenues by nearly \$2 billion, with the provincial government projected to accrue between \$700 to \$760 million.³⁸ In the long term, the provincial government is expected to receive \$2.34 to \$2.63 billion in taxes from the Ring of Fire.³⁹ Long-term benefits to Ontario's GDP (32 years) have been forecasted to range between \$16.8 and \$27 billion.⁴⁰ The Ring of Fire is also estimated to sustain over 5,500 full-time equivalent jobs annually within its first ten years, along with significant GDP increases and economic activity in multiple sectors.⁴¹ Benefits will not only impact the mining and mining supply sectors but will also generate economic opportunities within the manufacturing, construction, utilities, wholesale/retail, trade, and financial services sectors among others.

The Ring of Fire's polymetallic deposits are of global significance and have the potential to enable the diversification of Canadian exports – a shared goal of both the provincial and federal governments, and the business community. The Ring of Fire holds billions of dollars' worth of high-quality chromite, an essential metal in stainless steel production, demand for which is expected to increase in the years to come.⁴² China, the largest importer of chromite, accounting for 60 percent of global demand, has already demonstrated significant interest in the Ring of Fire.⁴³ The provincial government should promote the Ring of Fire's polymetallic deposits internationally as a significant investment and trade opportunity.

Further, the Ring of Fire has the potential to result in significant innovation gains in Ontario. Private sector actors for example are already developing innovative energy saving methods such as refining ferrochrome

³⁶ <https://www.oma.on.ca/en/news/index.aspx?newsId=02d35d94-38c9-4daa-953e-996cf3469ec0>

³⁷ "Beneath the Surface," Ontario Chamber of Commerce, 2014, pg. 1.

³⁸ "Beneath the Surface," Ontario Chamber of Commerce, 2014, pg. 15.

³⁹ Ibid.

⁴⁰ "Beneath the Surface," Ontario Chamber of Commerce, 2014, pg. 11.

⁴¹ "Beneath the Surface," Ontario Chamber of Commerce, 2014, pg. 12-14.

⁴² <http://kwgresources.com/ring-of-fire-railroad-chromite-supply-and-demand-roskill/>

⁴³ <http://kwgresources.com/global/>

using green and low-cost natural gas rather than electricity. The provincial government should work with Indigenous groups and private sector actors to spur environmental innovation and explore technologies that can reduce energy costs and help make exploration in the Ring of Fire more efficient. Recent announcements by the province on further exploring the potential of small modular reactors is a step in the right direction, and such technology can be tested and applied in projects such as the Ring of Fire.⁴⁴

The Ring of Fire has endless economic opportunities but will only be successful if community needs are addressed. In August, 2019, the province decided to end the regional framework agreement with nearby Indigenous communities, and proceed instead with a series of bilateral agreements.⁴⁵ In Budget 2019, the federal government committed significant funding toward skills training and building Indigenous capacity, both critical investments needed for the Ring of Fire to succeed; the provincial government should match such initiatives. These communities will require access to continuous skills and educational programs to build capacity in management, finance and regional/community-based infrastructure planning in order to participate in decision-making and resource development and to prepare community members for potential job opportunities.

Now is the time for the provincial government to scale-up efforts and work jointly with the Government of Canada, Indigenous communities, and industry to capitalize on the window of opportunity and advance this project forward. Following conversations with industry stakeholders and federal government representatives, the chamber has learned that the Government of Canada is willing to partner with the province on developing the Ring of Fire, but it requires the province to prepare a funding proposal for the project. The Premier has advocated in recent months for the necessity of cross-government collaboration following a contentious election, and such a funding proposal could be an example of such a partnership.

The Ring of Fire has been referred to as a “game changer,” and “the most promising mining opportunity Canada has seen in a century.” The Ring of Fire also offers a unique opportunity to be a template for the development of natural resources in remote and isolated locations alongside Indigenous communities. This type of framework can serve to help inform resource development across the country.

The Ring of Fire should be treated as a national priority and communicated to all federal government departments as such.

Recommendations

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

1. Recognize and promote the development of the Ring of Fire as a project of provincial and national economic and social significance across all sectors;
2. Partner with the federal government to immediately begin negotiations on a cost-sharing agreement to fund infrastructure needs in and around the Ring of Fire;
3. Begin to work without delay with the federal government, industry and community partners to build capacity and community readiness of Indigenous communities so that they may take full advantage of resource development in the Ring of Fire;
4. Actively promote the Ring of Fire, along with other mining projects, in the global arena as a trade and investment opportunity; and

⁴⁴ <https://news.ontario.ca/opo/en/2019/12/premier-ford-premier-higgs-and-premier-moe-sign-agreement-on-the-development-of-small-modular-reacto.html>

⁴⁵ <https://www.cbc.ca/news/canada/thunder-bay/regional-framework-ends-1.5261377>

5. Partner with the federal government, the private sector, and Indigenous communities to explore innovative technologies and R & D opportunities to reduce energy costs and create efficiencies in the Ring of Fire.

Effective Date: September 29, 2020

Sunset Date: September 29, 2023

Q. Establish a Business Energy Audit Program

Submitted by: Mississauga Board of Trade

Issue

When the Ontario Government ended the Cap & Trade system, it cancelled a number of energy conservation programs that were funded through this tax. The business Energy Audit program was one of those casualties. However, the program was very successful and encouraged businesses to perform an energy audit and use the findings to implement energy conservation programs.

Background

The Ontario Government has stated that it intends to help Canada meet the Paris 2030 greenhouse gas emission reduction targets through programs that will help residents and businesses reduce their GHG emissions.

In order to develop a successful plan for GHG emission reduction, a business needs an energy audit performed by a qualified contractor in order to use the findings to implement an energy conservation plan.

In the past, the Government has funded up to 50% of the cost of an energy audit as an incentive to get businesses to retain a consultant and complete the audit.

Recommendation

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

1. Establish an Energy Audit program for businesses and fund up to 50% of the cost of the audit to a business through a grant.

Effective Date: September 29, 2020

Sunset Date: September 29, 2023

R. Building Ontario Back Through a New Advanced Manufacturing and Industrial Strategy

Submitted by: Sault Ste. Marie Chamber of Commerce. Co-sponsored by: Greater Kitchener-Waterloo Chamber of Commerce, North Bay & District Chamber of Commerce, Windsor-Essex Regional Chamber of Commerce, Guelph Chamber of Commerce, Brampton Board of Trade, Orillia District Chamber of Commerce, Tillsonburg District Chamber of Commerce, and Burlington Chamber of Commerce

Issue

The emergence of the Covid-19 pandemic has brought to light the erosion of the industrial and advanced manufacturing capability of Ontario. Over the past decades, the growing reliance on imports of goods and the decline of domestically produced goods has exposed the vulnerability of our economic underbelly and an ability to aggressively respond to health crisis like the Covid-19 pandemic.

Furthermore, President Biden's executive action to enforce the 1933 Buy American Act and a series of executive actions to enforce Buy American rules places Ontario's economy at great risk.

Ontario must reverse the decline in its ability to produce high skilled, high earning jobs and the economic benefits that come from a strong and growing advanced manufacturing and industrial sector. Moreover, government must provide the appropriate conditions and support to assist industry, particularly those in Energy Intensive Trade Exposed (EITE) industries, in decarbonization efforts. Ontario needs a long-term strategy to advanced manufacturing and industrial capabilities and competitiveness.

Background

One of the by-products of the COVID-19 pandemic is that suddenly people are paying attention to where things are actually manufactured. Ontario was left scrambling for medical equipment, relying on goods that are manufactured halfway around the world, an approach that has mobilized a temporary shift in production in many manufactures to meet domestic need.

Like many regions in the world, Ontario shut down large parts of their economies to contain the COVID-19 virus, and while economic activity stopped, most manufacturers continued to operate. In some cases, many manufacturers ramped up or shifted production in response to the crisis to make more food, personal protective equipment, and other health care products. But because firms have also had to contend with implementing physical distancing measures and weaker than normal demand, the industry's overall production has still declined sharply and have yet to return to pre-pandemic levels.

Manufacturing remains a key part of Ontario's economy. The sector has experienced structural changes in recent decades but is still a major driver of investment, innovation, and employment in the province. The government will need a strategy to support manufacturing and industrial competitiveness and the sectors continued role in opportunity and prosperity in Ontario. An effective manufacturing strategy will need to tackle (1) costs, (2) market access, and (3) talent.

Ontario firms are growing less competitive and thus missing out on the opportunities that expanding local and global economies provide. Canadian manufacturers and industrials are losing market share at home and abroad. Our foreign competitors are taking an increasing share of new and existing customers and as the US expands the Buy America policy and reduces exceptions Ontario must seek remedies and build a strong strategic direction or as a result lose opportunities to create jobs and grow shared economic prosperity in Ontario.

Related to these challenges, Canadian industry will experience significant competitiveness issues due to Canada's carbon pricing regime, if left unmitigated. Carbon prices will increase from \$30 per tonne in 2021 to

up to \$170 per tonne by 2030, which will substantially drive up the cost of final industry products. Direct capital support, investment in industrial carbon mitigation research and transition support are necessary to balance competitiveness and achieve Canadian carbon reduction targets.

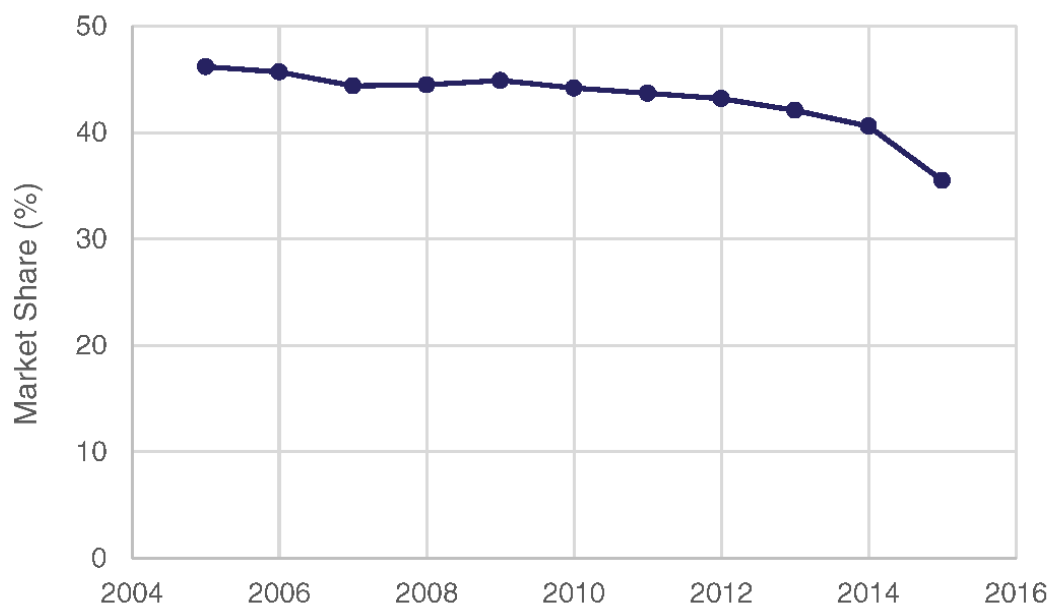


Figure 1. Canadian share of Canadian manufacturing market from 2005-2015. Source: CANSIM Table 304-0014 and Innovation, Science and Economic Development Canada and Trade Online

To reverse this trend Ontario must develop a next generation advanced manufacturing & industrial strategy that would include aligning policy and spending priorities. In consultation with stakeholders, the strategy should focus on encouraging those investments that will increase productivity and innovation, encourage growth of firms, and diversify exports.

Recommendations

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

1. In collaboration with stakeholders, develop and implement a long-term modern advanced manufacturing and industrial strategy, founded on the principles of continuous improvement, that focuses on increasing investment through reducing production costs, supports innovation and technology adoption with the goal of increasing value-added exports.
2. Introduce a trade strategy that targets reshoring of manufacturing capacity to Ontario and strengthens North American competitiveness.
3. As part of the long-term strategy, work with academic institutions, public and private, to develop advanced manufacturing and industrial curriculum to address the skills shortages.
4. Leverage areas of competitive strength and Ontario's value proposition.
5. Continue to build the "Ontario Made" brand by modernizing the legislated and voluntary expansion of government and public-private partnership procurement tools to evaluate and consider selection of Ontario suppliers.
6. Promote with the Federal Government the concept of adopting a "Buy North American" plan, to avoid complicating supply chain linkages between the two countries and Mexico to ensure government procurement markets do not seriously hurt our precarious economic recovery.

7. Reinforce the historically strong diplomatic relations between Ontario and the United States to maintain open market access.
8. Provide the appropriate conditions and support to assist industrial decarbonization efforts in collaboration with all levels of government to establish Canada's clean industrial advantage.
9. Provide support for the manufacturing sector's automation initiatives, which allows manufacturers to compete with offshore production, as well as grow their operations and create more domestic jobs.

Effective Date: May 5, 2021

Sunset Date: May 5, 2024

S. Making Ontario a Leader in Circular Economy

Submitted by: Guelph Chamber of Commerce

Issue

COVID-19 has highlighted the importance of increasing Ontario's economic resiliency. The circular economy model offers a way to build back our economy inclusively while helping the private sector transition to more sustainable approaches. Building on the provincial government's [Ontario Made](#) program and producer responsibility waste diversion strategies, we need to build an economy that maximizes value from our natural and produced resources, promotes innovation, reduces waste, and lowers costs for taxpayers. Ontario has a tremendous opportunity to lead North America in the creation of a robust circular economic ecosystem with the potential to revive our manufacturing sector, disrupt legacy industries or create new ones.

Ontario should make the development of a circular economy a priority of our economic recovery to ensure Ontario businesses can maximize the value from our resources while leading the way in environmental responsibility.

The government should make it a priority to support the development of circular businesses approaches in the following sectors, which are believed to hold the greatest potential for circular business models:

- Agriculture and AgriFood
- Plastics and manufacturing
- Construction

Background

Looking beyond the current take-make-dispose extractive industrial economic model, a circular economy aims to transform how we manage resources from design to manufacture to primary use to repurposing of materials afterwards.

The key objectives of the circular model are to preserve and enhance natural capital, optimize resource yields and foster system effectiveness by revealing and designing out waste.⁴⁶ Circular economies invite businesses to capture waste streams for one industry and turn them into value streams for others. Circularity has the added bonus of driving business efficiency, value creation and innovation while reducing environmental impacts.

Circular economy solutions are being adopted internationally by governments and businesses to help reboot economies after the COVID-19 pandemic and transition to a more resilient system with social and environmental accountability. Some of the lasting benefits include substantial net material savings and reduced exposure to price volatility; increased innovation and job potential; as well as increased resilience in both the ecological and economic systems.⁴⁷ Circular principles can be applied to just about every sector of the economy, from clothing to computers, compostable packaging to cars.

⁴⁶https://www.ellenmacarthurfoundation.org/assets/downloads/government/EllenMacArthurFoundation_Policymakers-Toolkit.pdf (p22)

⁴⁷https://www.ellenmacarthurfoundation.org/assets/downloads/government/EllenMacArthurFoundation_Policymakers-Toolkit.pdf (p. 23)

Canada's federal government is taking cues from international circular success and is promoting circular economic policy as an approach to bolster the transition to a cleaner economy.⁴⁸ In 2019, the City of Guelph and the County of Wellington were awarded \$10 million through Infrastructure Canada's Smart Cities Challenge to develop Our Food Future, Canada's first circular food economy. Guelph-Wellington is one of the first industrialized communities in the world to apply a circular approach to the food system. A circular food system aims to eliminate waste by keeping as much energy, nutrients and materials as possible cycling through the system—and generating value as a result. It looks at everything from how we produce food to how we distribute, sell and consume it. The Our Food Future initiative brings together approximately 127 core stakeholders, including local government, community groups, businesses, industry associations, NGOs, academia, institutes, public agencies and utilities. In its first year, Our Food Future helped launch almost 50 innovative circular companies, with dozens of additional entrepreneurs from across the province looking for support to launch circular businesses. In 2021, collaborators in the Our Food Future initiative are piloting and testing a suite of programs and technologies to support businesses that can help Ontario become a leader in the sustainable economy of the future.

Circular Economy (CE) principles and policies have clear and compelling contributions to make in rebuilding Ontario's economy in resilient, sustainable, and inclusive ways.

Recommendations

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

1. Leverage existing CE programs to attract new business and investment by marketing Ontario globally as a centre for CE innovation.
2. Mandate an existing provincial agency or Ministry to lead both provincial government Ministries and agencies as well Ontario municipalities to set the right conditions that enable CE opportunities to flourish. Empower the provincial lead to create, implement, and promote province-wide standards, goals, benchmarks, and best practices on the implementation of the CE. Among the said goals should be:
 - Promote the development of business models, circular business clusters and resource management systems that keep products and materials in the economy at their highest possible value.
 - Create economic incentives that reward innovation.
 - Invest public money and stimulate private sector investment to develop the skills required to create CE opportunities.
 - Foster responsive public-private collaboration across value chains to remove regulatory barriers, develop new policies and align existing ones.
3. Commit to providing stable funding and/or tax incentives for CE initiatives both at a provincial and municipal level. Such funding should, when possible, be reasonably tied to outcome-based measurements.
4. Promote the adoption of those initiatives and technologies which have been proven to be replicable and scalable throughout the province.

Effective Date: May 5, 2021

Sunset Date: May 5, 2024

⁴⁸ <https://www.canada.ca/en/services/environment/conservation/sustainability/circular-economy.html>

T. Supporting Smaller (local) Vendors: Embed community benefits clauses into public contracts and remove irrelevant disqualifiers

Submitted by: Belleville Chamber of Commerce. Co-Sponsored by: the 1000 Islands Gananoque Chamber of Commerce, Carleton Place & District Chamber, the Greater Kitchener/Waterloo Chamber of Commerce, Prince Edward County Chamber of Commerce and the Quinte West Chamber of Commerce

Issue

In Ontario, there is a legal precedence to exclude preferential treatment to local suppliers by public sector organizations (including municipalities). This supports the open bidding process, transparency and generally optimizes a “lowest bid” award that benefits the taxpayer and is fiscally responsible and recognizes the public sector must minimize costs to achieve modest budgets and keep taxpayer increases low. However, RFPs for public sector organizations may include inadvertent disqualifying conditions that impede or exclude smaller, local companies from submitting proposals to projects they are inherently qualified to compete with. The plea has been to argue legal precedence and support local, though it may be more practical to open the bidding process based on a review of pre-qualifying conditions.

Background

Community benefits clauses require suppliers contracting with a public sector body to meet specific conditions or criteria, such as local hiring, subcontracting to social enterprise or paying a living wage to secure the contract. Contracting authorities can develop the criteria on their own, request that a potential supplier propose what it can reasonably deliver or work together to determine what community benefits will be imposed through the contract. In some cases, communities impacted by the project are also consulted in developing the criteria, though few jurisdictions have publicly released materials that demonstrate to what extent this occurs in a consistent way across departments and projects. In a few cases, jurisdictions set thresholds at which the clauses must be considered in the pre-procurement stage (e.g., Initial RFI and RFQ necessary), which helps to provide additional direction and clarity for contracting authorities. Generally, higher-value contracts — which are typically awarded to large suppliers with greater capacities — are targeted for community benefit clauses. Or abstract pre-qualifying criteria are placed within the RFI that limit the ability of a local supplier to even present a proposal or bid.

The pandemic has created an increased sensitivity to moving between regions and has emphasized an interest in supporting local. This may also be an opportunity to revisit the regulations and legislation that prevent overt local favoritism in addition to ensuring discriminating pre-qualifying conditions are removed.

Primarily, a local company that has shown a real effort to re-invent itself during the trying times of COVID-19 should be afforded a boosted seat at the table when it comes to local request for proposals. Sustainable and responsible business builds resiliency into every role in the industry — creator, distributor and advertiser. Sustainable and responsible business encompasses both environmental considerations (e.g., minimizing operational waste, energy and water use) and social considerations (e.g., human rights, labour rights, inclusion and diversity). Even before COVID-19, the industry’s commitment to sustainability left much to be desired. (Source Building Back Better: An Action Plan for the Media, Entertainment and Culture Industry WHITE PAPER JULY 2020)

Recommendations

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

1. Allow municipalities (and any public sector organization) to adopt the evidence of the impact of community benefits and social procurement policies in awarding points to businesses who value and include these tools in RFP proposals.
2. Allow municipalities (and any public sector organization) to consider a “tie-breaker” analysis in the event of two identical bids to favour the local bidder.
3. Allow Pre-qualifications to be reviewed to ensure they do not favour non-local suppliers or disqualify a local supplier from bidding on non-related conditions
4. Develop more regional contracting “portals” that can help larger bidders who win the work look for local contractors to assist the project.

Effective Date: May 5, 2021

Sunset Date: May 5, 2024

U. The Case for Levelling the Field

Submitted by: 1000 Islands Gananoque Chamber of Commerce. Co-sponsored by: Greater Kitchener Waterloo Chamber of Commerce and Belleville Chamber of Commerce

Issue

In the province of Ontario, we have been seeing an increase in the amount of bonusing that is offered to attract employees into public sector positions; limiting the capacity of small private businesses to hire accordingly and provide affordable services to their clients/customers. This is having a significant impact on private suppliers in health & childcare services and has been exacerbated amid a pandemic as both sectors are stretched beyond capacity.

Background

In the private sector, costs are passed on to the end user; in the public sector, these are passed on to the taxpayer. When skills are required by both public and private sector for similar services, the public sector has an unfair competitive advantage in terms of attracting employees with their compensation packages – often supported by collective agreements. Signing bonuses in the public sector, ultimately paid for by the taxpayer, jeopardize the ability of private organizations to attract similarly skilled employees because the cost must be passed on directly to the end user. This is particularly prevalent in areas of child & health care where both public and private services are critical to economic stability, health and welfare.

There are many cases where public services have been privatized and many others where public and private sectors work together. For example, smaller municipalities contract out duties such as snow removal, waste collection and recycling while their public works crews can concentrate on other frontline infrastructure.

Labour shortages continue to impede the capacity of both public and private sectors to serve their communities and clients/customer's needs. Competition for both skilled and unskilled workers impact every sector but there is a looming challenge where these skill sets are required in both public and private sectors. While the idea of providing incentives and signing bonuses is often appreciated by prospective employees and represents profitability in private companies – when this tactic is used by publicly funded organizations, it puts private business in direct competition for employees that are also often compensated at levels driven by collective agreements with hourly rates beyond the capacity of smaller, private companies.

During the pandemic we have seen small steps taken by our provincial government to assist in certain sectors such as Personal Support Workers. In September of 2020, the Ministry of Health and Ministry of Long-Term Care launched a new Personal Support Worker (PSW) Return of Service Program in partnership with Ontario Health.

The objective was to help Ontario's Long-Term Care and Home and Community Care sectors recruit newly graduated PSWs as they were and are greatly needed. The sector has seen a workforce shortage as the aging population is growing, however the pandemic has made the situation more challenging. The PSW Return of Service Program will provide a \$5,000 incentive to PSWs who graduated on or after April 1, 2020 in exchange for a six-month commitment in a Long-Term Care home or Home and Community Care agency.

Although progressive in nature, this is but a drop in the bucket when it comes to municipally funded long-term care homes and hospitals. Personal health and childcare support workers have not been considered essential and this impact both the public and private sectors. These jobs are generally lower paying positions in the private sector, because the costs for services are passed on directly to the end user. With both home

and childcare critical to support seniors living at home or young parents in the work force, this puts extreme pressure on the private sector to keep their fees affordable.

Often, we are witnessing a shortage of workers not just at private care homes but in the local home building associations, skilled trades and policy and marketing sectors. As the need for individuals to pivot to a new normal of assisting the growing government bureaucracy, we are seeing many small private employers left with an uneven playing field with regard to the amount of hiring bonuses that they can offer to compete for the best workers. The past “brain-drain” we used to see with skilled people leaving Canada for better-paying jobs in Europe and the U.S, we are now seeing a dynamic shift of people abandoning private jobs to join the public service. Although we want the best at all positions to serve our community, we should always look for ways to ensure our private businesses do not have to compete.

Fair competition provides the best service across all economic sectors. It has been generally unacceptable for government to compete with private industry to provide cost-subsidies to consumers that have been funded through taxpayer dollars. It is now time to consider bonusing within the public sector an element of unfair competition.

Recommendations

The Ontario Chamber of Commerce urges the Ontario Government to:

1. Connect incentives to scholarships, bursaries, or repayment of loans to the graduate upon proof they’ve been hired in their field.
2. Strike a task force to study best practices in closing the wage gap within certain segments in the private sector and what’s driving recruitment and retention within industries to encourage people to enter into a sector for career options.
3. Direct the Ministry of Labour, Training, and Skills Development to increase their grant offers for potential funding support for:
 - Dependent Care
 - Travel (certain distance away from in-class training)
 - Living Away from Home (only when required)

Effective Date: May 5, 2021

Sunset Date: May 5, 2024

V. Vaccine Manufacturing in Ontario

Submitted by: Greater Kitchener Waterloo Chamber of Commerce and Cambridge Chamber of Commerce

Issue

The procurement of COVID-19 vaccines for the residents of Ontario is a major challenge. Increasingly, medical experts and other stakeholders are advancing the argument that Canada urgently requires domestic development and manufacturing capacity.

Background

On January 8, 2021, the Wall Street Journal reported that while Canada was quick to order vaccines, the nation was falling behind many developed-country peers in terms of distribution. On January 6, Canada had vaccinated 0.5 percent of the population compared to the United States at 1.6 percent.

By February 19, the Bloomberg Vaccine Tracker reported Canada ranked 41st globally when measuring vaccines per capita, behind not only the U.S. and U.K. but also Serbia, Poland, Morocco, Germany, Romania and Spain. While Canada is still ahead of Japan, that country has not begun its vaccination rollout. Contrary to Canada, Japan plans to produce 90 million doses of the AstraZeneca vaccine domestically.

Even when accounting for population size, the U.S. had inoculated five times more people per capita than Canada and administered nearly 60 million doses of vaccines, compared to just over a million in Canada.⁴⁹

Dr. Alan Bernstein, a prominent member of the federal government's COVID-19 Vaccine Task Force, told numerous Canadian media outlets in late January that the pandemic should be a wake-up call to create our own domestic manufacturing capacity. Emerging variants of the novel coronavirus provide prospects for second and third- generation vaccines which could be required for several years.

Campbell Clark, a regular columnist with the Globe and Mail, wrote in early February that we now know why Canada needs a domestic vaccine manufacturing industry. He cited explicitly the experiences of Providence Therapeutics, a Calgary-based firm that last spring was at the same stage of vaccine development as Moderna. They did not get the financial backing to “run the same race” with the firms that are now in production. Clark also agreed with Bernstein that a new pandemic or new strains of COVID-19 will require new vaccines.

At one time Canada and other leaders in the global economy could depend on the normal flow of goods across international borders and subsequently secure vaccines. However as noted above our vaccination rate is falling behind our peers and both the federal and provincial levels of government are asked to be accountable on procurement practices and policies. Scarce vaccines do not move freely across borders.

Multiple strains of COVID-19 and the potential for other viruses present the scenario that vaccine manufacturing may not only be an economic and health care option but rather an imperative. On January 21, 2021, Next Generation Manufacturing Canada (NGen), the advanced manufacturing supercluster, announced that Providence Therapeutics will receive significant funding for vaccine research and support of manufacturing capabilities.

Sir John Bell, Oxford University professor of medicine supervising the development of the AstraZeneca-Oxford vaccine, noted to CTV News that the United Kingdom went from zero to their current manufacturing strategy of repurposing facilities in less than ten months. They started from nothing and are in a strong position as some countries decided to depend on others, a strategy that was perhaps proven wrong.

⁴⁹ <https://www.bloomberg.com/graphics/covid-vaccine-tracker-global-distribution/>

Bell, a Canadian, indicated Canada should consider vaccines as a health security issue and suggested we are overly dependent on the United States.

On February 2, 2021 Prime Minister Trudeau announced an agreement with Maryland-based Novavax to produce vaccines at a facility in Montreal potentially starting at the end of 2021. Asked if Canada missed an opportunity, Dr. Bell stated the reality is if you do not have enough vaccine, you know it and you need to get on with it.

On February 3, 2021, Premier Ford noted that “with the uncertainty surrounding a steady supply of vaccines, it’s clear we need to start production of COVID vaccines right here in Canada. We have some of the best pharmaceutical companies in the world, yet we are relying on foreign vaccine manufacturers. This needs to change.”

There are more pharmaceutical companies in Ontario than any other Canadian province with approximately 1,900 life sciences firms that employ 60,000 people and generate over \$38 billion in annual revenues. The pharmaceutical sector alone is responsible for \$25 billion and 28,000 employees.

Recommendation

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

1. Immediately appoint a Task Force, composed of officials from the Ministries of Health and Economic Development, Job Creation and Trade, academia, and a majority of members in senior executive positions at Ontario-based pharmaceutical manufacturers and research firms, to expeditiously develop a strategy for provincial vaccine development and manufacturing.

Effective Date: May 5, 2021

Sunset Date: May 5, 2024