

WINDSOR-ESSEX REGIONAL Chamber of Commerce

2008 ONTARIO PRE-BUDGET PRESENTATION (January 17, 2008)

1. Among the commitments from our campaign platform, which areas do you think should be the first priority as we look ahead to the 2008 Budget?

The Windsor-Essex Regional Chamber of Commerce believes that the most important priority for the Government in 2008 is to foster a healthy business environment able to fuel a sustainable and diversified economy. Therefore our region's challenges the government to start immediately implementing the commitments highlighted in the campaign platform for a "Stronger Ontario", i.e:

- Creating an Environment for Job Creation in Today's Economy
- Attracting the next generation of jobs (high knowledge/technology/low skill to high)
- Build strength from diversity (drawing from and attracting the best talent from around the world)

Of all commitments in the Liberal platform we urge the government to focus on the following in 2008:

1. Help Ontario business stay competitive (by eliminating the capital tax for manufacturing, reducing provincial property tax rates and reducing the red tape burden)
2. Continue to balance the budget and pay down the provincial debt
3. Establish the Investment Ontario Inc – an agency modeled on successful efforts in Ireland with a view to secure new jobs in the province
4. Increase support for the Innovation Demonstration Fund to help bring new technologies and create new jobs in Ontario
5. Expand funding for the Next Generation Jobs Fund to \$1.15 billion to support job creation in areas of great potential for Windsor Essex and Ontario; provide the necessary support to companies to take advantage of this program;
6. Build strength from diversity and develop a framework in Ontario that will allow the fast integration into the labour force of 140,000 newcomers relocating to Ontario each year.

2. What can the Ontario government do to continue to foster economic growth and job creation in the province?

The Ontario government has to recognize the significant impact of increasing global competition, combined with a strong Canadian Dollar on Ontario

businesses. Key reforms to ensure the competitiveness of Ontario businesses include:

1. Helping the manufacturing sector as a key economic development priority
2. Improve the Windsor-Detroit Border crossings and related infrastructure (Make the necessary decisions to enable the immediate development of a third border crossing and border supporting regional infrastructure leading to the border crossings). Infrastructure deficiencies and uncertainty are holding back decisions for investment in our region.
3. The immediate elimination of the capital tax for all businesses
4. Comprehensive tax reform, including a reduction in the business taxes, accelerating depreciation for investments in new capital and productivity enhancing technologies
5. Re-evaluating the Ontario provincial sales tax
6. Creating new industry-specific incentive programs for businesses to reinvest capital in Ontario
7. Seeking out public private partnerships to expedite investment and growth

3. Are there any programs or services the provincial government provides that are no longer needed?

These priorities are from the Ontario Chamber who suggest the elimination of inefficient government programs and services should be subject to a comprehensive project/program evaluation. The Ontario Chamber of Commerce urged the Ontario government to commit in its 2007 budget to undertake cyclical program evaluation reviews for its public programs and services with a view to eliminate inefficient spending. Our Chamber agrees with the OCC.

Among frequently cited programs in Chamber Provincial Budget surveys were:

1. Child care tax credit for families with reasonable incomes
2. Government administrative costs, including wages and pensions supported from taxpayer contributions
3. Redundant agencies and ministries with overlapping mandates
4. Legal aid programs
5. Immigrant/refugee programs
6. Some health services that could be shifted from public to private operation
7. The WSIB system
8. An overhaul of the welfare system to motivate individuals to enter the labour force etc.

The Chamber urges the Ontario government to embrace program/project evaluation as a superior decision-making tool on program spending.

4. The Ontario government has continued to call on the federal government to work on a manufacturing strategy and EI reform. Should Ontario continue to press its case for 'fairness for Ontario'? If so, how?

The Chamber would like to stress the importance of having a manufacturing strategy as a high economic priority for Ontario and calls for sustainable improvements. To help the manufacturing sector the Government of Ontario should:

1. Reduce the taxes manufacturing businesses pay in Ontario,
2. Establish new manufacturing-specific incentives such as refundable tax credits and investment tax credits for manufacturing companies
3. Reduce red tape for manufacturers
4. Accelerate depreciation for investments in new capital and productivity enhancing technologies
5. Increase training and labour cost offsets to employers
6. Simplifying R&D compliance,
7. Create an energy strategy that would contain the cost of doing business in Ontario and make the Province more competitive
8. Conduct an economic study on Ontario manufacturing advantages and to demonstrate how we compare to the rest of the world

In terms of fairness our Chamber supports the Ontario Chamber of Commerce calling for alternative solutions based on a set of seven established principles one of which is:

1. Provinces that receive equalization should not have a higher fiscal capacity than non-recipient provinces.
2. Provinces that benefit from equalization should not have higher per capita program expenditures than the average of contributing provinces.
3. Measurement standards to determine outcomes must be put in place.
4. Equalization growth rate should not be higher than the average real economic growth rate.
5. Discretionary transfers from the federal government should be allocated on a per capita basis.
6. All alternative financing solutions including Tax policy initiatives should be employed.
7. Clearly define areas of Federal and Provincial jurisdiction. Provinces should commit to spending equalization funds/transfers on public services at a reasonable level.

It is only through a principled approach – with the intent of creating a stronger, more prosperous federation, that we can move forward successfully on this issue.