



Pre-Budget Presentation and Submission

Hon. Charles Sousa, Minister of Finance

Wednesday, January 31, 2018

Good morning Minister. My name is Ian Faris, and I am the President and CEO of the Ottawa Chamber of Commerce. I am joined today by Ms. Sueling Ching, the CEO of the West Ottawa Board of Trade. We are appearing today on behalf of our respective Boards of Directors and the more than 1,100 member businesses represented by our organizations.

We are working closely together to strengthen the voice of business in Ottawa and ensure the interests of the business community are represented on relevant matters at all levels of government. We collaborate with economic development stakeholders across the City and Province, with the goal of making Ottawa the best place to live, work and play... as well as to visit, study and invest.

Minister, we appreciate your openness in hearing from the business community in Ottawa. In addition to today's session, we enjoy a tremendous amount of support from, and access to your Cabinet and Caucus colleagues from Ottawa. They are strong partners in our annual Political Dialogue series, that allows businesses direct access to elected decision-makers. We certainly appreciate that some of them are in attendance today.

We would like to focus our remarks today, in providing some recommendations that will assist the business community in continuing to create growth and wealth creation in Ottawa and throughout Ontario. Governments of all stripes are fond of saying that small business is the backbone of our economy, the engine that drives it and the creators of a majority of new jobs – and we couldn't agree more.

This morning, we will also address the significant feedback that we have received from our members since the passage and January 1, 2018 implementation of Bill 148, the *Fair Workplaces, Better Jobs Act*.

Minister, I would hope that you would agree with us, that Business Confidence is critical to ensuring economic growth. It demonstrates that company owners and managers believe they operate in a jurisdiction where their business can grow; and signals that they're willing to invest in their enterprise and take risks to expand.

The *Ottawa Business Growth Survey* annually measures the Business Confidence level in the local business community. The most recent figures from 2017, provide a positive picture for Ottawa – with an index of 125 – an all-time high. With two straight years of increased confidence, it's clear that the sentiment is that the City's economic environment is improving. Much of this momentum can be attributed to projects like our new Light Rail Transit system, opening later in 2018; the significant investments made in multi-year projects such as the renovation of the Parliament Buildings; and hopefully soon, the development of the LeBreton Flats area – where we had a breakthrough agreement announced last week between the business proponents and the National Capital Commission.

As business advocates, we continue to work closely with the Government of Canada, the City of Ottawa and your government to ensure that these significant projects proceed and contribute to the economic fabric of our community. While these are very tangible projects, there are many other areas where your Government can work to assist businesses in coping with new costs being imposed upon them.

That brings us back to the issue of Bill 148. What we heard from our members, was a desire to have Chambers take a clear stand in relation to the significant impact and financial pressures imposed on Ontario businesses by this legislation. Your Government has made it quite clear that it values a minimum wage increase, and the Premier has even gone as far as to engage with individual businesses through the media. What we would like to focus on today, is the impact of the new minimum wage coupled with the sheer number of changes put forward in Bill 148. Simply put, the cumulative effects are staggering.

We feel there are a number of off-set measures that could go a long way in helping businesses manage such a sharp increase in the cumulative burden they face in running their operations.

Today, we are joining our colleagues from the Ontario Chamber of Commerce, and indeed individual Chambers from across the Province, to ask you to consider:

1. Phasing in Bill 148 over a longer period of time. One that will allow businesses proper time to prepare for such a steep increase in labour costs. According to the Ontario Chamber's own research, the new legislation will potentially place up to 185,000 Ontario jobs at risk, and we believe that this poses an unacceptable risk to the strength and resiliency of our members and to the local economy in all parts of Ottawa.

In terms of Tax measures that we feel will increase business competitiveness, we see three specific areas where your Government could make progress in helping to reduce the cumulative burden on Ontario businesses:

2. A reduction in the corporate income tax rate from 11.5% to 10% would reflect a commitment to business competitiveness; given the recent tax reform taking place in our largest export market, the United States;
3. A reduction in Ontario's marginal income tax rate - will increase the ability for a business to attract highly skilled talent – which is something that is crucial in a modern information based, digital economy looking to stem brain drain; and
4. A targeted reduction in the Employer Health Tax (EHT) – for those companies most impacted by minimum wage and labour and employment standards changes.

While we applaud your decisiveness in addressing the challenge of income inequality in our province, and while we strongly support your government's commitment to ensure that Ontario's growth is shared amongst all its residents, we are concerned that the political debate around this issue has created a counter-productive environment that has mischaracterized our province's incredibly hardworking small business owners.

We would like to see a recognition on behalf of your government that the implementation of this legislation is proving immensely challenging for Ontario's small business sector, and that your government is actively considering measures to help companies to mitigate the negative effects of Bill 148. With this year's provincial budget, your government has the opportunity to demonstrate its laudable aspiration to address income inequality while also proving its ongoing commitment to economic growth and the importance of a strong and resilient private sector.

The global economic landscape is changing quickly and the coming years promise to transform our businesses and our lives more profoundly than any prior period. There is much that is unknown and whole industries have the potential to emerge or disappear. Ottawa and Ontario will either flourish with opportunity or risk being left out. The key will be how we work together; communicate and achieve our common goals.

Thank you for your ongoing support of our business community and the members of the Ottawa Chamber of Commerce and the West Ottawa Board of Trade. Your team often engage our associations in new initiatives, consult us on priority issues and attend and support our events. We value our partnership with the Province, in our mission to create a prosperous Ottawa community. We are stronger together.

Thank you for allowing us to present this morning.