CANADIAN MANUFACTURERS & EXPORTERS

MANUFACTURIERS & EXPORTATEURS DU CANADA

Standing Committee on General Government
Bill 66, Restoring Ontario's Competitiveness Act Remarks

MONDAY, MARCH 18th, 2019
3:20pm to 3:40pm
Committee Room 2, Main Ontario Legislative Building, Queen's Park, Toronto Ontario

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Good afternoon, thank you for inviting us here to represent our 2,500 direct members and to discuss Bill 66, the Restoring Ontario's Competitiveness Act of 2018. Joining me today is Dennis Dussin, President of Alps Welding and the Ontario Advisory Board Chair for Canadian Manufacturers & Exporters (CME).

Manufacturing drives Ontario's economic activity, wealth generation and overall prosperity. The sector directly accounts for over 12 per cent of the provinces' GDP, with nearly $300 billion in annual shipments, $200 billion in exports and 770,000 jobs.

These numbers are significant. They tell the story of a sector that has stagnated in recent years, and with it, so to has the province's economy. That said, these numbers are also only part of the story. What is also important to note is the worrying drop in business investment not only in Ontario, but across Canada. Consider this, business investment fell by 2.2 per cent in the 3rd quarter and then again by 2.5 per cent in the 4th quarter of 2018, erasing almost all of the gains made since the economic recovery began after the 2008 Great Recession. In fact, GDP in business capital spending is now a full 13 per cent below its peak in the fourth quarter of 2014.

In our view, business investment and reducing the regulatory burden for manufacturers go hand in hand with each other. And, over the last several years, Ontario manufacturers have continuously identified the regulatory burden as being a significant impediment to investment in the province.

To understand this better, last year CME conducted a detailed consultation with Ontario's manufacturing sector. Our goal was to develop a plan that would double manufacturing output in Ontario by 2030. And, throughout our consultations, manufacturers made it clear to us that the regulatory burden has been troublesome in several ways, but one way truly stands out: the ongoing struggle for companies to comply with complex regulations is increasing operating costs.

At CME, we are focused on creating a regulatory system for manufacturers that is simple, transparent and predictable, aligns with business processes, is scientific and outcomes based, and supports growth. Given this premise, we generally support Bill 66. We believe it is a positive step to reduce costs, remove barriers from investment, and harmonize regulatory requirements with other jurisdictions. I would now like to highlight a few of the measures in the bill that are relevant to CME, why we support them, and to provide additional recommendations.

First, we welcome the repeal of the Toxics Reductions Act (TRA). We feel strongly that the repeal of this legislation will eliminate unnecessary regulations that are duplicative with the federal system and will result in better environmental performance for manufacturers. Our members have told us that the TRA has resulted in few if any reductions in the use of toxic substances and has not resulted in any incremental or societal benefits to the manufacturing sector. Moreover, the significant costs associated with the TRA that go well beyond simply reporting to one government of another with little added benefit has long been a concern of companies operating in Ontario. In our view, the Federal approach to assess substances and implement risk management plans, including in some instances outright bans, is the best approach to managing chemicals.

Second, we are pleased to see in the Bill that employers would no longer be required to post the Employment Standards Act (ESA) poster physically in the workplace but retain the requirement that they provide the poster to employees in some capacity. During our consultations, we had one member who told us that they got an unnecessary fine for basically having the almost exact same posters (both the online version and the physical version) physically posted within the workplace. This underscores the point that the requirement for having the same exact poster be posted within the workplace where instead it could be easily e-mailed to employees is unnecessary and adds an additional and unnecessary cost for doing business in the province.

Third, we welcome the government proposing a measure to stop requiring a new regulation whenever businesses and non-profits merge single-employer pension plans into jointly sponsored pension plans (JSPPs). CME is supportive of this measure because it removes one of the hurdles for these mergers that are designed to improve transparency, economies of scale and the sustainability of single-employer plans. In future regulatory burden reduction bills, however, other obstacles, such as the funding deficiencies and replication of the benefit formula need to be addressed as well.

Finally, we are pleased with the governments direction to protect industrial lands. Based on the consultation of our members, manufacturers have felt increasingly punished by regulators, especially at the municipal level, for “encroaching” on residential areas. As land values increase due to residential demands, companies are being pushed out of the area, or are looking to sell out as the land they are on is worth more than the operational investment. Moreover, even when manufacturers are not looking to sell out, tax assessors are assessing the value of the land under ‘highest and best use’ provisions, which changes the valuation to high density occupation that carries a much higher tax burden. We appreciate that the government has directed the Municipal Property Assessment Corporation (MPAC) to not speculate on what may happen in the future but to value the property based upon the current permitted uses. However, we are aware of a significant number of properties owned by our members where MPAC clearly returned assessed values based upon speculated future potential uses instead of current potential uses. As such, many manufacturers are still at risk of not receiving accurate industrial land assessments. Thus, we recommend that the government look at defining what class of properties are to be valued based upon their ‘current use’ as opposed to their ‘highest and best use’. We also strongly recommend an amendment to Bill 66 that includes a full repeal of the ‘highest and best use provisions’ in order to increase protection for current industrial lands and to reduce the costs on the property tax system and on industry.

We thank you for again for inviting us here today and look forward to working with the government on future regulatory reduction bills. As we look ahead, we must move towards creating a long-term cross cutting, principled approach to regulations that governs how the government and all departments approach regulatory policy. Looking at initiatives, such as implementing a Regulatory Bill of Rights would increase transparency, accountability and predictability for all regulations and in turn protect investment and provide a catalyst to help grow manufacturing in the province.

We look forward to the questions and discussion.