CANADIAN MANUFACTURERS & EXPORTERS

ONTARIO MADE
FABRIQUÉ EN ONTARIO

MANUFACTURING NOW

Ontario Manufacturers' Platform for Prosperity

April 2022

TABLE OF CONTENTS

ABOUT CME

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Since 1871, we have made a difference for Canada's communities.

Fighting for the future of manufacturing in Canada. Helping manufacturers invest and grow at home and abroad.

From the first industrial boom in Canada, CME has advocated for and represented member interests. 150 years strong, CME has earned an extensive and effective track record of working for and with 2,500 leading companies nationwide. More than 85 per cent of CME's members are SMEs and collectively account for an estimated 82 per cent of total manufacturing production and 90 per cent of Canada's exports. As Canada's leading business network, CME, through various initiatives including the Canadian Manufacturing Coalition, touches more than 100,000 companies from coast to coast, engaged in manufacturing, global business, and their integrated supply chains.

CME MESSAGE

Manufacturers made the goods our communities needed during the pandemic. With the support of government, they shifted production to make medical devices, pharmaceuticals, and PPE. They ramped up production of everyday essentials like toilet paper and food. They did so despite historic disruption of global supply chains, absenteeism compounding pre-existing labour shortages, and global protectionism. And at the same time, they began investing in the future of our economy including electric vehicles, developing critical minerals, and a next generation of clean energy supply.

The essential nature of manufacturing and its strong contribution to funding critical services like healthcare and education has been strongly acknowledged recently by all political parties, at all levels of government in Canada. The actions have been strong – lowering taxes, directly supporting investment, focusing on workforce development, investing in infrastructure, attempting to reduce red-tape and the regulatory burden – all are called for and fully supported by CME and our network. These actions are having early positive outcomes with massive investments in new electric vehicle and battery production and transitioning to clean steel, to name just a few in recent months. However, despite the actions of governments and investments from companies, Ontario remains unprepared for what's next and unable to capitalize fully on future opportunities.

The most concerning trend is the persistent struggle to attract investment. Despite recent major victories for the province, we remain near the bottom of the OECD new capital to the sector. Over the past five years, the US received twenty-three times the investment that Canada did, while Mexico received ten times. Investment leads to increased manufacturing output, employment, exports, environmental performance, and prosperity. A lack of investment leads to outdated, inefficient, uncompetitive, and shrinking companies.

CME believes that Ontario has a bright future with great opportunities in manufacturing and exporting products to the world. Ontario is uniquely qualified to capitalize on global shifts including an aging and growing population, increasing sense of environmental and social responsibility, and ongoing technological transformations. These changes open new opportunities if the province is focused on the solutions and creating the right conditions for success. It will not happen by accident. Success will only happen if there is a strong partnership and shared goals between government and the sector.

That process starts during Ontario's 2022 election. CME is calling on all parties to support a strong manufacturing strategy for the province that prioritizes investment, innovation, and prosperity for all Ontarians. This strategy must enable Ontario's manufacturing sector to grow and thrive, not just today, but for years to come. CME's election platform is our detailed proposal to meet this objective. This is our time. Manufacturing now!

INTRODUCTION

INTRODUCTION

Workers need manufacturing, and so does Ontario. Here are just a few examples of why:

- **The sector employs close to 775,000 Ontarians, directly supporting their families and communities with stable, high skilled, and high wage jobs.**
- **The sector indirectly supports over 1.5 million more of the province's workers through its massive integrated supply chain.**
- **The sector's 36,200 manufacturing firms also directly generate over 12 per cent of the province's GDP and over three-quarters of its merchandise exports.**
- **Taking direct and indirect impacts into account, the sector's footprint amounts to more than 30 per cent of Ontario's economic activity.**

The aftermath of this pandemic has led to a strong demand for local, stable goods, for both businesses and consumers alike. There is a real opportunity for "friend-shoring" production, building more resilient North American supply chains, improving trade with allies, and using the world's transition to net-zero emissions as a competitive advantage for our businesses. Our sector, however, has been limited in capitalizing on this opportunity due to several factors.

Labour and skills shortages are the most pressing challenges facing manufacturers today. In a recent CME survey, we found that 75 per cent of manufacturers were having a more difficult time recruiting workers, with 82 per cent stating they had labour shortages. These unfilled positions directly impact the ability of those companies to invest and grow, undermining the province's economic potential.

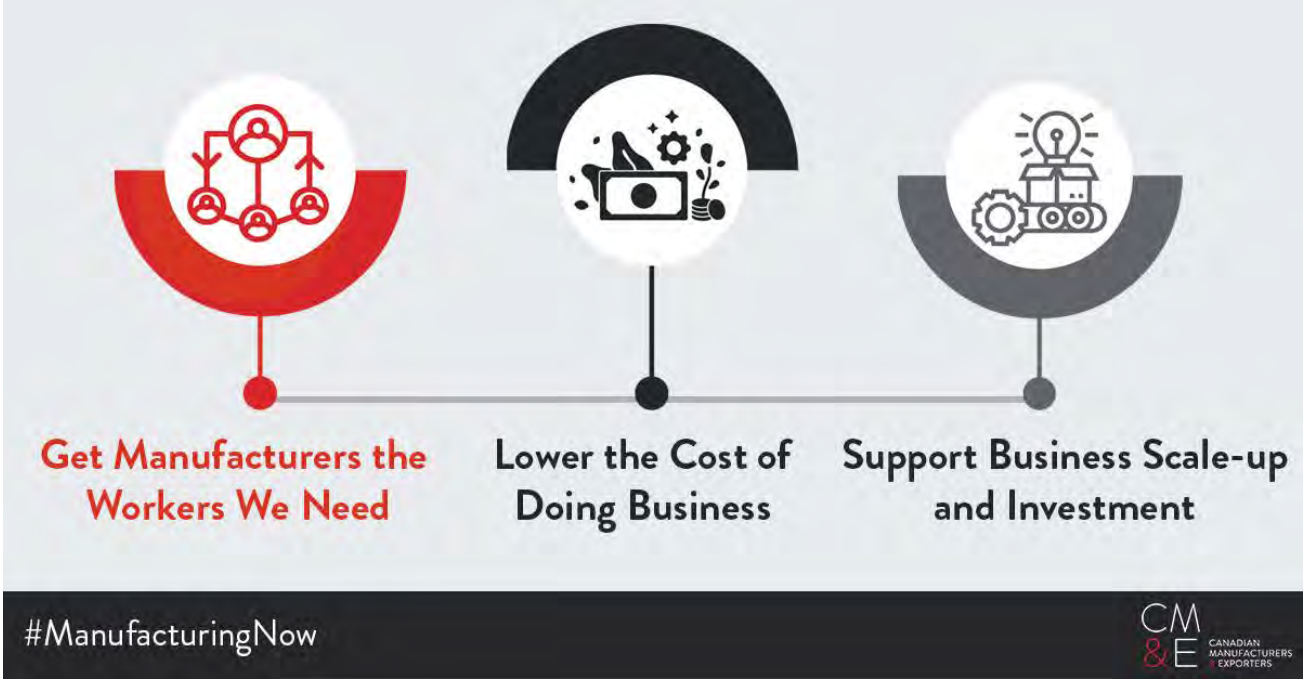
Ontario remains a high-cost jurisdiction; electricity rates are among the highest in North America, regulatory processes can be uncertain, and combined taxation provides no competitive advantage to our businesses. The cost pressures are compounded by the highest inflation rate and some of the highest property values in the country.

This is the consequence of long-term underinvestment compared to OECD competitors and highlights the importance of having a comprehensive advanced manufacturing strategy to get our fair share of OECD manufacturing investment – equating to $18 billion annually for Ontario.

As Ontario seeks to turn the page on the COVID-19 pandemic, manufacturers need predictability. They need to know that workers will fill shifts and vacancies, and that key inputs like electricity and land will be available at a competitive price. They also need to know they can grow, seize opportunities in the net zero economy, and commercialize innovative products without being held back by red tape.

We are calling on all political parties and the elected provincial government to commit and work from day one to deliver a comprehensive advanced manufacturing strategy that secures 2 per cent of OECD manufacturing investment by the end of the decade, and includes the following critical components:

1. **Get Manufacturers the Workers We Need;**
2. **Lower the Cost of Doing Business; and**
3. **Support Business Scale-up and Investment.**



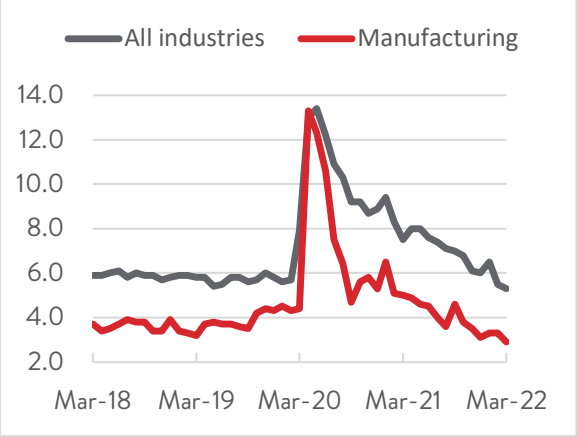
1. GET MANUFACTURERS THE WORKERS WE NEED

GET MANUFACTURERS THE WORKERS WE NEED

CONTEXT

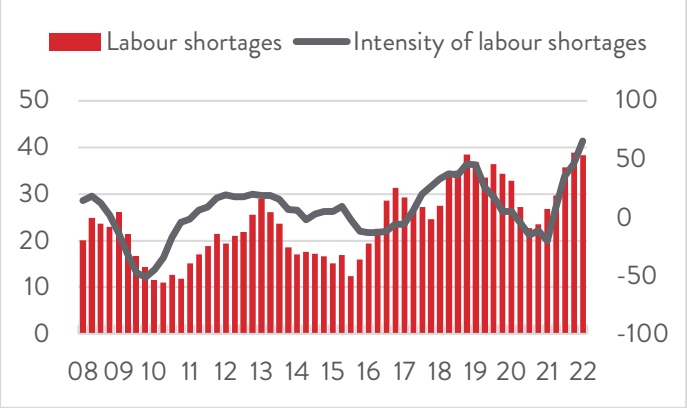
Ontario manufacturers had 30,700 job vacancies in the fourth quarter of 2021, with a record low unemployment rate. As high as this number is, it is the tip of the iceberg. Not included are jobs that are required by manufacturers to expand production and fill the needs of tomorrow's economy. Skill shortages range from shop-floor labourers to skilled technicians and senior executives, and act as serious impediments to growth.

Figure 1. Unemployment Rate (Per Cent)



Source: Statistics Canada, CME

Figure 2. Labour Shortages in Manufacturing



Source: Bank of Canada, Business Outlook Survey—Fourth Quarter of 2021

Credit is due to the current government for abolishing the ineffective Ontario College of Trades and removing regulatory impediments for the credentialling of professionals trained in other provinces or abroad. But the persisting record-high vacancies point to the importance and urgency of sustained and comprehensive action by industry and government. In a CME survey conducted earlier this year, manufacturers once again cited the availability and cost of labour as the biggest hurdles to relocating or scaling-up production in Canada.

Solving this problem will pay dividends to individuals and governments, as OECD research shows that for every dollar invested by governments in educating a typical student, more than one dollar is likely to be returned to government in the form of extra personal income tax revenue alone.

ASKS

ESTABLISH AN INTEGRATED LABOUR FORCE STRATEGY

We must better integrate the various initiatives and agencies currently working to alleviate labour shortages. For example, there are currently 26 regional workforce development agencies in Ontario funded by the provincial and federal governments, but these agencies do not provide an end-to-end perspective and action plan.

An integrated labor strategy can better leverage existing initiatives and resources. It can provide both immediate and long-term benefits to the manufacturing industry, as well as other industries, to prioritize initiatives, maintain agile supply chains, and attract future investment. The aim is to maintain an end-to-end perspective – from education to workforce attraction, from hiring and retention to upskilling and re-skilling. This strategy should (i) put employers in the driver seat by implementing tax and immigration changes that directly benefit them and (ii) enable the recruitment of more diverse workforces.

1. Establish an integrated labour strategy to fill labour shortages today and train the workers of tomorrow. This should begin with childcare and continue through life-long training that is responsive to the needs of employers.

PUT EMPLOYERS IN THE DRIVER SEAT

While provincial governments have made multiple skills-related announcements in recent years, a lot of the funding currently resides with programs and institutions, not the employers themselves. Uptake is limited due to employers' uncertainty about whether their efforts navigating government administration will be rewarded with more employees who will stay with their business.

The solution begins by setting up government funded Regional Industry Councils bringing together employers, academia, students and others to design regionally adapted solutions.

Companies can be incentivized to invest directly into their training through the tax code. A general training tax credit could be available to any company that invests in training — whether the training is provided internally or externally. In contrast to a grant, a tax credit would be more universal, but could remain targeted to achieve desired training outcomes. Another important benefit of this type of credit is that the training it helped fund would be more closely tied to company needs. As Ontario seeks to attract talent in a North American context, it must keep up with jurisdictions like Quebec, Michigan and Kentucky that have established similar incentives.

Regardless of domestic efforts to increase the talent pool, immigration will continue to play a key role to fill labour needs. Ottawa granted access to 43,461 economic immigrants in Ontario for the year 2021, only 6,750 of which were allocated through the Ontario Nominee Program. Clearly, the efforts to provide local input into immigration do not match the scale of demand.

As Ontario re-negotiates its immigration agreement with the federal government, which expires in November 2022, the focus should be on increasing the number of economic immigrants and ensuring those immigrants match the needs of employers. The government must also continue their work of foreign worker credential recognition which facilitates transition into Ontario's workforce for newcomers.

2. Create government funded Regional Industry Councils that bring together employers, academia, students, and others to plan out the skills training needs of the local manufacturing economy.
3. Establish a tax credit to offset workforce training and development costs for new hires in the first five years on the job.
4. Work with the federal government to modernize and increase economic immigration and expand efforts to recognize credentials of foreign trained workers.

RECRUIT MORE DIVERSE WORKFORCES

Manufacturers stand to gain by acting on the factors impeding the workforce participation of women, new Ontarians, and Indigenous peoples. Those factors include a longstanding cultural bias that values university education over the skilled trades. Parents, educators, youth, and women are too often unaware of how much the manufacturing industry has evolved with modern-day innovative, clean, and technologically advanced operations.

In 2018, CME launched the Women in Manufacturing (WiM) initiative, which aims to create an additional 100,000 jobs for women in Canadian manufacturing by 2030. In support of this target, CME organizes plant tours, hosts a yearly Women in Manufacturing Success Forum, creates gender-diversity awareness tool kits for manufacturers, and shares stories of women in manufacturing. While this is a good start, more funding is needed to support the promotion of women in manufacturing.

"... being a role model is so important. Having women see me and how I can maneuver through and I am integrated, that to me is important. It is the only way women can really say, 'I can do this!"

- *Angela Pappin, Chief Transformation Officer, ArcelorMittal Dofasco North America, and Chair of CME's Women in Manufacturing Advisory Committee*

Early exposure is critical to ensure that students can make informed decisions about future career pathways. A lack of interest in STEM subjects at age 10 is unlikely to change by age 14. Young Ontarians' involvement in the workplace, especially women, may also be diminished by the fact that many have children and do not have access to lower cost childcare, which would allow them to work.

CME welcomes the recent funding agreement between Canada and Ontario and asks that both governments continue working together to fully implement it and ramp up capacity to ensure availability.

In addition, a concerted effort should be placed on recruiting and upskilling Indigenous peoples with outreach and support systems to eliminate the systemic barriers they continue to face.

5. Increase awareness of manufacturing as a career option and provide entry level training for under-represented groups - youth, women, new Ontarians, and Indigenous peoples.

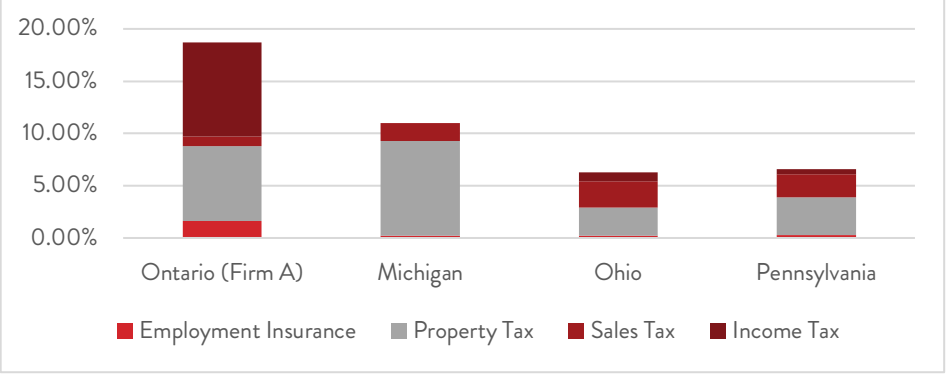
2. LOWER THE COST OF DOING BUSINESS

LOWER THE COST OF DOING BUSINESS

CONTEXT

Through measures like business tax reductions, WSIB rebates, lowering the business education component of property tax, and introducing a Comprehensive Electricity Plan, the Ontario government has acted to reduce costs and improve certainty for businesses. While very helpful, those measures did not fully close the gap with our competitors. Other North American jurisdictions spare no efforts to attract companies with low corporate tax rates, property tax abatements, and other generous subsidies directly aimed at new and expanding firms. Those policies continue to drive investments away from Ontario.

Figure 3. Total Tax Burden as Percentage of Net Income for a Capital-Intensive Manufacturer



Sources: Tax Foundation, CME

In a CME survey released in March 2022, almost a third of respondents cited the inability of Canadian suppliers to compete on price as an obstacle to move sourcing of components and raw materials to Canada, even despite historic disruption to overseas supply chains. While the availability and cost of labour remained top of mind, other top challenges to relocating or scaling up production in Canada included the cost of taxation (mentioned by 20 per cent of respondents), government regulations (19 per cent), cost of industrial lands (19 per cent), and energy costs (12 per cent).

"In order to foster a thriving economy that creates high-quality jobs, funds infrastructure and social programs in a highly competitive environment, the government must focus on reducing the after-tax costs of doing business in the province. This includes a modern refresh of the business tax system to improve efficiency, spur investments in innovation, productivity, technologies, skills, and capacity businesses need to grow."

- Winston Woo, Executive Director of Tax and Pensions, AGS Automotive and Tiercon

ASKS

ACT DECISIVELY ON CLEAN AND AFFORDABLE ENERGY SUPPLY

In its most recent Planning Outlook, the Independent Electricity System Operator (IESO) recognized Ontario as entering a period of sustained demand growth driven by electrification of our economy. Demand is expected to grow by almost 2 per cent per year from 147 TWh in 2023 to 202 TWh in 2042 – a jump of 35 per cent. This assessment is certain to be a low-end estimate as it did not factor in more recent game changing industry and government investments in clean steel and new production mandates for electric vehicle manufacturing. At the same time, nuclear refurbishments, and retirements, as well as expiring contracts, are creating medium-term capacity shortfalls.

Electricity rates applied to industrial customers in Ontario remain too high versus our direct North American competitors. The Government of Ontario made important progress on this front through its Comprehensive Electricity Plan, transferring above-market costs of non-hydro renewable energy, such as wind, solar and bioenergy, from the rate base to the province – a welcome move to stop the unsustainable increases we had seen over the last few years. However, a survey of hydro bills conducted by Hydro-Quebec in 2021 showed the average rate paid for a large power customer (monthly consumption over 3.06 M kWh) was 9.45 cents per Kilowatt/Hour in Toronto versus 8.21 cents in Detroit, 8.12 cents in Chicago, and only 5.24 cents in Montreal.

To ensure Ontario has the resources it needs to power the transition, action must begin now to ramp up energy production for renewable energies (hydro, nuclear, hydrogen) with a deliberate, cost-conscious approach. As past experiences with energy contracts have shown, no green energy production will be sustainable if it jeopardizes affordability.

6. Ensure adequate clean energy supply at an affordable cost to support large scale transition by industrial supply chain leaders, including proactive development of new nuclear, hydro and hydrogen capacity.

CONTINUE THE REFORM OF INDUSTRIAL PROPERTY TAXES

Ontario's tax burden continues to act as a disincentive for investment in our trade-exposed manufacturing industries. Property tax rates can account for half of the total tax burden on business investment in Canada's major cities, but they are often not factored in calculations of marginal effective tax rates (METR) on capital investment. This tends to overstate this traditional measurement of competitiveness. Based on modelling developed by the US Tax Foundation (relating to tax applied to a modelled mature capital-intensive manufacturer) and compared with the tax burden applied to a sample CME member operating in Ontario (referenced as Firm A in figure 3 above), the total Ontario tax burden was 18 per cent of pre-tax profits, versus 11.3 per cent in Michigan, 6.3 per cent in Ohio, and 6.6 per cent in Pennsylvania.

One quick and easy way to improve this situation is to finalize the phasing out of the Business Education Tax (BET), an obsolete tax that no longer contributes to funding the school system, and disproportionately burdens business properties. Targeted property tax abatements would also contribute to level the playing field. Finally, Ontario should reconsider the four-year valuation cycle which causes drastic shifts in taxation, is unnecessarily complicated and is not responsive enough to economic conditions that affect real estate values. This would promote welcome stability to investment planning.

7. Reform industrial property taxes by (i) abolishing the Business Education Tax, (ii) aligning rates between commercial and industrial properties, (iii) adopting an annual property tax assessment cycle to avoid large fluctuations in rates, and (vi) introducing 50 per cent property tax abatements for manufacturing business expansion.

CONTINUE TO STREAMLINE REGULATION

In 2018, the Government of Ontario committed to reduce costs from regulatory red tape by $400 million and introduced quarterly legislation to accomplish this objective. This is a welcome initiative. As new rules are created to reflect the changing nature of our economy, old ones must be constantly reassessed for relevance.

One area of sensitivity is securing new lands for large economic projects. The recent upswing in our housing market continues to create pressure on industrial lands, leaving little margin for new developments. According to a real estate outlook report published by JLL, the average sale price for industrial assets in Canada was over $212 per square feet in Q4 of 2021 (a 20 per cent year-over-year increase over the previous year). This highlights the importance of government action to ensure timely and affordable access to development sites and avoid policies shrinking the supply of industrial lands.

About two years ago, the Minister of Municipal Affairs & Housing designated a series of employment areas in the Greater Golden Horseshoe as Provincially Significant Economic Zones (PSEZs). However, one-third of the employment zones in Toronto lying south of Highway 401 were omitted.

This has caused uncertainty for several Toronto manufacturers who require a stable land use platform to make long-term investment decisions and should be corrected in a revised PSEZs framework.

8. Maintain the current pace of regulatory modernization (ie: quarterly legislation), with a specific focus on improving the predictability of requirements and streamlining processes that directly impact investment decisions such as securing land for development.

CONTINUE TO INVEST IN EFFICIENT TRANSPORTATION NETWORKS

Much has been said lately on the obstacles manufacturers face to keep goods, parts and materials moving through integrated global supply chains. Those obstacles are real, and Ontario should continue to work with industry and the federal government to secure critical trade infrastructure and corridors. The recent adoption of Bill 100 protecting international crossings was especially welcome as it expressed a firm commitment to prevent disruptions like the Ambassador Bridge blockade in February.

But we must also be mindful of the infrastructure linking our regions and cities. In large urban centers, frequent public transit and uncluttered highways are needed for workers to travel the last mile separating them from their livelihood efficiently and affordably. In more remote areas, roads and highways, such as the one currently planned to connect the Ring of Fire are essential to unleash the potential of Ontario's Critical Mineral Strategy and secure key inputs to build electric vehicles.

Investment in all infrastructure types is essential to battle congestion and support productivity and growth in the future.

9. Protect and invest in transportation infrastructure such as public transit, international crossings roads and highways to allow for the reliable and efficient movement of goods and people.

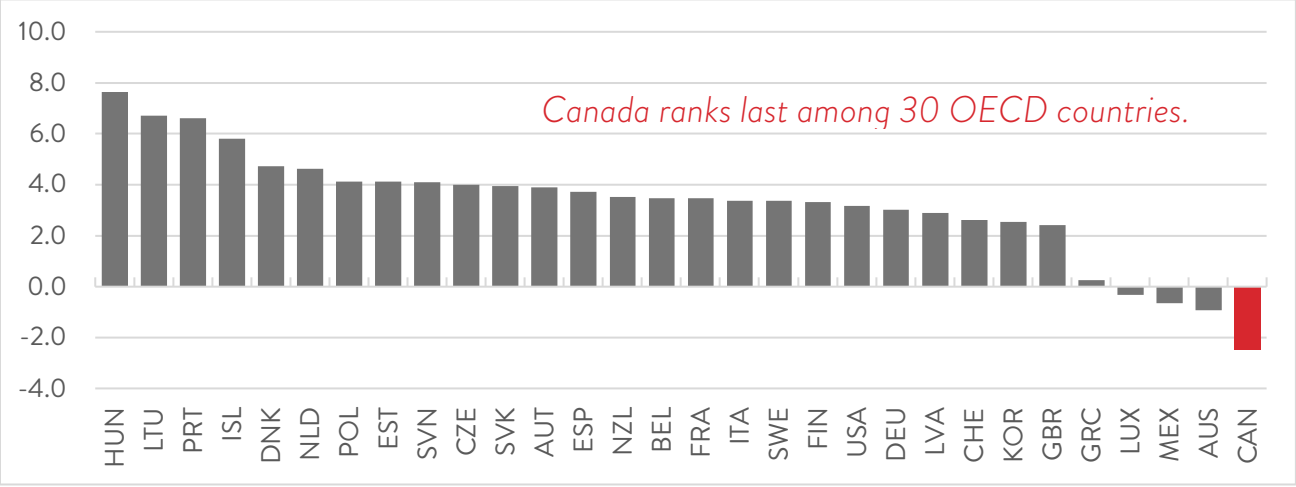
3. SUPPORT BUSINESS SCALE-UP AND INVESTMENT

SUPPORT BUSINESS SCALE-UP AND INVESTMENT

CONTEXT

In 2021, manufacturing sales in Ontario reached $310 billion, the third highest level on record. Four industries together are responsible for over half of the province's sales: motor vehicle and parts, food product, chemical, and primary metal. Ontario is far and away Canada's largest manufacturing province, accounting for 45 per cent of the country's manufacturing output and about half of its manufacturing exports. While impressive on the surface, there are serious problems behind the headline numbers. Output and exports of Ontario's manufactured goods have grown at much slower rates than in other industrialized countries, and this is largely due to a steady decline in investment that started in the early 2000s. In fact, US manufacturing investment in 2020 was more than 30 per cent higher than its level in 2005, whereas it was one-third lower in Ontario.

Figure 4. Non-residential investment in OECD (2015-19, Constant Prices, CAGR, Per Cent)



Sources: CME, OECD

There are many reasons to explain this longstanding trend, but business leaders often cite the absence of visible and predictable incentives to explain why major investment opportunities bypass Ontario for the United States. As the experience of other jurisdictions demonstrates, this trend can be reversed if governments provide the right signals for the investment community.

ASKS

CHAMPION ONTARIO MANUFACTURING

Supporting Ontario manufacturing must begin at home, and the COVID-19 pandemic was a powerful demonstration of this fact. Early in 2020, as countries around the world engaged in a brutal competition over the procurement of personal protective equipment (PPE), the Ontario Together Fund leveraged the industrial ingenuity of Ontario manufacturers to deliver medical equipment such as masks, gowns, hand sanitizer, and ventilators when they were most needed. It also led to the launch of CME's Ontario Made program in the summer of 2020, which has grown to feature more than 12,300 products from over 2,700 manufacturers. The program not only offers a searchable product database for consumers to make more informed purchasing decisions but provides a platform for businesses in Ontario to connect more easily with each other and purchase Ontario-made goods.

> "We find that manufacturing businesses tend to do a poor job with advertising online, so we found it very difficult to find a specialty manufacturer of food machinery. With Ontario Made, we were able to make a local connection and will spend $250,000 here instead of in the USA."
>
> - Bliss Dough, a manufacturer based in Guelph, Ontario

The launch of Supply Ontario as the province's procurement hub was the next logical step, supported by CME's members, to sustain this movement in the long-term. However, the agency will not be fully operational before 2024. Following the example set by US programs such as the Defense Advanced Research Project Agency (DARPA), which is credited for world-changing innovations such as the creation of the Internet, CME believes Supply Ontario can play a key role to develop our innovation ecosystem and establish Ontario as net exporter of new technologies.

On March 3, 2022, the *Building Ontario Businesses Initiative Act* received Royal Asset, establishing a preference for Ontario businesses in the procurement of Ontario ministries and broader public service. A few weeks later, a Life Science Strategy was introduced and the *Personal Protective and Equipment Supply Production Act* introduced a requirement for the government to maintain a stockpile of PPE and other critical equipment sourced from local sources, where feasible.

While the details of those initiatives remain to be seen, they potentially carry significant benefits for Ontario businesses, if implemented correctly. When announcing its own buy local procurement policy earlier this year, the Quebec government estimated it could increase local purchases by $1.5 billion and Quebec GDP by $420M annually when fully implemented in 2026. Using estimates from Quebec as a guide, an increase in local purchases of roughly $3 billion could lead to a $1 billion annual increase in Ontario's GDP.

10. Expand the Ontario Made program by making it permanent, increase funding to broaden its reach, and link to provincial procurement.
11. Accelerate the establishment of Supply Ontario as Ontario's procurement hub, broaden its scope to include more areas of provincial procurement, and provide support for it to focus on new product development.

TRANSFORM LOCAL RESEARCH INTO PRODUCTION

Canada's business expenditures on R&D (BERD) as a share of GDP are well below the OECD average. That would remain true even if expenditures doubled over night. In a 2021 report by The Conference Board of Canada, Ontario was given a C grade (down from a B in 2020), and Canada as whole ranked 11th out of 16 peer countries on this metric. This performance is not a foregone conclusion. While there are structural features of our economy that create obstacles - businesses are smaller on average, and our manufacturing base is more heavily skewed to industries that are not traditionally R&D intensive, other countries have been able to improve their performance by introducing visible and predictable tax incentives.

Given these disturbing trends, Ontario's Innovation Tax Credit (ITC) should be completely redesigned as it is based on outdated federal definitions that are over 40 years old, and it is set at such a low rate that it only offsets income tax on the equivalent federal credit. Following the example of similar incentives in the US, this tax credit should apply to capital expenditures as well, not just to wages or direct overhead expenditures.

Another helpful measure would be a new 'Ontario-Made' tax credit of 50 per cent on net profits relating to production in the province. Applying such a credit to all new production – not just production on new investment - would go a long way to addressing the long-standing issues businesses have faced with commercialization and scale up. To be effective, the benefit should be valid for a five-year period, on most production, as companies often take years to generate profits following new product launches.

12. Reform the Ontario Innovation Tax Credit (ITC) by uncoupling it from outdated federal definitions and broadening eligibility.
13. Introduce an Ontario Made Production Tax Credit of 50 per cent of net profits for new production in the province during the first five years of production.

CAPITALIZE ON THE NET-ZERO TRANSITION

While much of the current policy focus is rightfully on helping companies invest in new carbon reduction technologies as a pathway to meet carbon emission targets, we must not lose sight of the economic development opportunities that are emerging from the transition to net zero. CME believes that Ontario is well positioned to lead the country and become a world leader in clean technology production. Not only would this help in our transition to a low-carbon economy, but it would also boost our exports and economic prosperity. Global demand for such products is set to increase sharply in the coming years, with sales possibly reaching $2.5 trillion as soon as 2022. With the right supportive framework, Canadian clean technology businesses will be in a prime position to grow and capture more than its fair share of this global demand.

To fully capitalize on this opportunity, a shift in mindset must happen at all levels of government. Simply taxing activities that are environmentally undesirable will, in the end, have a detrimental impact on both the environment and the economy. Higher costs for energy, infrastructure, transportation, and regulatory compliance will erode profitability and therefore the ability of companies to invest in the new technologies that are required to make further progress in reducing emissions. For this reason, a manufacturing strategy should introduce tax incentives and support programs to sustain investments and encourage manufacturing growth.

14. Introduce tax incentives for manufacturers with all emissions profiles to support carbon emissions reduction and investment in commercialization of clean technologies.

15. Implement an effective and targeted SME transition strategy, with a specific focus on global supply chain competitiveness, connecting businesses to existing government supports and providing further incentives.

INCENTIVIZE TECHNOLOGICAL ADOPTION

Given the current weak investment environment, capital expenditures in Ontario's manufacturing sector have been on a downward trend since 2000. That means the industry's ability to produce goods has been diminishing, impacting future production capacities as well as the modernity of the overall capital stocks.

In its 2022 Budget, the Government of Newfoundland launched a 10 per cent Manufacturing and Investment Tax Credit that will allow their businesses to make much needed investments in equipment to modernize operations. A similar measure should be adopted in Ontario, as it would directly support competitiveness as well as the transition to net-zero.

16. Introduce a Capital Investment Tax Credit to accelerate company adoption of new technologies.

ASKS – GROWING ONTARIO'S MANUFACTURING SECTOR TOGETHER

ASKS

By working together, we can achieve our goal of securing 2 per cent of OECD investment by the end of the decade and ensuring that Ontario gets its fair share - $18 billion per year.

GET MANUFACTURERS THE WORKERS WE NEED

1. Establish an integrated labour strategy to fill labour shortages today and train the workers of tomorrow.
2. Create government funded Regional Industry Councils bringing together employers, academia, students, and others to plan out the skills training needs of the local manufacturing economy.
3. Establish a tax credit offsetting training costs for new hires in the first five years on the job.
4. Work with the federal government to modernize and expand economic immigration.
5. Increase awareness of manufacturing as a career option and provide entry level training for under- represented groups - youth, women, new Ontarians, and Indigenous peoples.

LOWER THE COST OF DOING BUSINESS

6. Ensure adequate clean energy supply at an affordable cost to support the transition to net zero, including proactive development of new nuclear, hydro and hydrogen capacity.
7. Reform industrial property taxes.
8. Maintain the current pace of regulatory modernization (i.e.: quarterly legislation), with a specific focus on improving the predictability of requirements and streamlining processes that directly impact investment.
9. Protect and invest in transportation infrastructure such as public transit, international crossings roads and highways to allow for the reliable and efficient movement of goods and people.

SUPPORT BUSINESS SCALE-UP AND INVESTMENT

10. Expand the Ontario Made program by making it permanent, improve funding to broaden reach and link to procurement.
11. Accelerate the establishment of Supply Ontario as Ontario's procurement hub, broaden its scope to include more areas of provincial procurement, and provide support for it to focus on new product development.
12. Reform the Ontario Innovation Tax Credit (ITC) by uncoupling it from outdated federal definitions and broadening eligibility.
13. Introduce an Ontario Made Production Tax credit of 50 per cent on net profits for new production in the province during the first five years of production.
14. Introduce tax incentives for manufacturers with all emissions profiles to support carbon emissions reduction and investment in the commercialization of clean technologies.
15. Implement an effective and targeted SME Net Zero transition strategy.
16. Introduce a Capital Investment Tax Credit to accelerate company adoption of new technologies.

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