



Remarks of Dennis Darby, President & CEO of CME

Standing Committee on Finance and Economic Affairs – April 25

CHECK AGAINST DELIVERY

Good afternoon members of the Finance Committee.

Thank you for inviting me to speak today on behalf of Canadian Manufacturers and Exporters (CME).

As you know, Ontario's manufacturing sector is a key contributor to the economic success.

It employs over 750,000 workers and contributes over \$270 billion to the provincial GDP. However, by 2018 employment in Ontario's manufacturing sector declined by over 300,000 workers from 2004. Over this period, the competitiveness of the sector was negatively impacted by the high cost of doing business, gaps in skills training programs, and a lack of business investment.

Long-term negative trends like this are not overcome easily. While we are encouraged by the number of large projects announced with support from both the Provincial and Federal governments, our surveys of SMEs show that they are the least prepared, or able to adopt those technologies we need them to employ to compete successfully as we transition to a new greener economy.

That is why CME welcomes the government's proposal to introduce the new Ontario Made Manufacturing Investment Tax Credit in the 2023 Budget. This new 10 per cent refundable Corporate Income Tax credit for capital investments in buildings, machinery and equipment used in manufacturing or processing will help Ontario manufacturers grow, innovate, become more competitive and create jobs.

The tax credit will encourage existing businesses to expand their operations and attract new investments to the province, preparing them to seize the opportunities offered by the new wave of investment by our supply chain leaders, from established Stellantis in Windsor, Honda in Alliston, Arcelor Mittal Dofasco in Hamilton to newcomers like Volkswagen in St. Thomas and Umicore in Kingston.



The tax credit will also act as an interesting complement to CME's Ontario Made program, which promotes locally made products and helps consumers identify and purchase them. The program has registered over 14,000 products from over 3,700 manufacturers since its launch in July 2020. By investing in Ontario-made innovation and technology, we can ensure that more products are made right here at home, providing more options to our consumers, more resilience to our supply chains and more prosperity for all.

CME also believes that the Ontario Made Manufacturing Investment Tax Credit is another positive step in securing this manufacturing renaissance we have all been talking about lately.

To accomplish this, we will need a comprehensive approach. As we have seen, financial incentives are important for manufacturing investment. In a global competitive environment, we must be relentless in maintaining competitiveness versus other jurisdictions, like the US.

But financial supports are not everything. Even more important is government coming at the table with industry and other society stakeholders to ensure supports remain connected to industry needs.

Earlier today, we got one more serious indication of its Ontario's long-term commitment to our sector, with the establishment of the Advanced Manufacturing Council – something that CME has been asking for many years. This council will inform a comprehensive strategy for our sector, and help secure our gains for the long term.

By working together with the members of the Council, we can help further develop and inform the supports and programmes like the Ontario Made Tax Credit.

We are confident that this support will help manufacturers of all sizes to grow and prosper and continue to be the source of great jobs and careers for almost one million Ontarians.

Thank you for your attention and I would be happy to answer any questions you may have.