

PRESENTATION TO MPP MITZI HUNTER
ASSOCIATE MINISTER OF FINANCE
Thursday, January 25, 2016 - Art Gallery of Hamilton

The Flamborough Chamber of Commerce (FCC) is delighted at the opportunity to share some thoughts with you as the Premier Kathleen Wynne Liberal government addresses the significant financial challenges Ontario is facing.

The FCC is a small (about 220 active members) but feisty chamber committed to being the ‘Voice of Business’ in that wonderful ‘community of communities’ that we know and love as Flamborough. My name is Arend Kersten and I am delighted to represent the FCC today in my role as its Executive Director.

We note that you are particularly interested in hearing our views regarding *‘what more the government can do to create jobs and grow the economy while eliminating the debt’* (emphasis added).

As a preamble, let me say that the FCC has studied the ‘draft’ pre-budget submission as prepared by the Ontario Chamber of Commerce (OCC) and it is generally in agreement with its conclusions. We understand that the OCC will formally present its final thoughts on the next provincial Budget to the Ontario government next month.

After we received - and accepted - your invitation to participate today, I invited the members of the FCC Board of Directors (BOD) to provide some thoughts I could share today. In the interests of time, let me share just two responses.

1. Terra Greenhouses Limited is a Flamborough success story. In addition to its headquartered location in Waterdown, it also has massive garden centres in Burlington, Hamilton, Milton and Vaughan. Here is what the chief financial officer of Terra shared with us:

“One huge thing from my perspective is the implementation of the ORPP. I am completely aware that this is a very sensitive issue for the provincial government however since comments were asked for by Ms. Hunter (let me add mine).

“When the ORPP is implemented, it will create a new five to six figure expense item on Terra’s income statement. Now, given the decline of the US dollar and the general uneasy position that our economy is in, if I’m adding a six figure expense item—that is not even remotely tied into creating new revenue—then the only way to keep things constant is to then eliminate a six figure expense item. The easiest way (purely speaking in terms of finance) to make everything balance will be to eliminate a job or jobs. While we don’t take eliminating jobs lightly, most companies have a financial formula to which they must adhere to and Terra is no different”.

You may recall the FCC also shared its concerns about the ORPP at an earlier meeting with you

at this venue. We also know that Premier Wynne confirmed her commitment to the implementation of the ORPP earlier this week. ***We can only hope that the implementation of the ORPP isn't the 'job killer' that many businesses fear it will be.***

2. Another comment came from Brenn-B-Farms. Known mostly for its potatoes and vegetables, this fourth-generation family operation farms some 1,800 acres in rural Flamborough and counts the top five retail chains in Ontario among its many customers. Here is what the president of Brenn-B-Farms told me:

“I couldn't agree more - and echo - Terra's (ORPP) comments.

“In addition to this, I know the NDP party is hard at work in Alberta trying to push the minimum wage up past the \$14.00/hour level, which - considering the state of the oil industry - may never see the light of day now. However, should this come to fruition, I fear Premier Wynne would be less than 24 hours in implementing the same minimum wage in Ontario. My point is - raising the minimum wage in Ontario to \$14.00 per hour or more will NOT create jobs!

“Additionally, the government seems very good at creating policies that continuously make it more difficult to compete domestically and globally (in all industry). Then it hires a bunch of new employees to help deliver new programs or enforce new legislation (something that is never 'business friendly'). Then it proceeds to pat itself on the shoulder for creating 'new' jobs. These are not the type of jobs that will truly jump start the economy!

“I wish I had more creative solutions to help. But it seems to be more important to me to address an inevitable upcoming issue that will have a direct impact on businesses that completely contradicts the government's desire to ***“create jobs and grow the economy, while eliminating the deficit.”***

In the limited time I have left, let me share some specific recommendations for your consideration:

1. It seems Premier Wynne is determined to proceed with the ORPP 'come hell or high water.' But it is **NOT** too late. Please, please, please reconsider.

2. A number of studies have concluded that the remuneration for employees in the public sector is much higher than that of the private sector. We know that public service unions are very powerful in Ontario. But the government should take immediate and concrete steps that would result in more comparable remuneration packages between the public and private sectors.

3. In keeping with the above, the government should place a higher priority on ‘alternative service delivery’ and ‘public private partnerships.’

4. If the government is truly interested in *creating jobs and growing the economy while eliminating the debt*, it **MUST** do more to reduce the ‘red tape’ regulatory burden. Immediately!!

5. Just this morning, the Fraser Institute shared some thoughts about Ontario’s debt load. What follows are some excerpts:

“This year, Ontario is projected to run its eighth consecutive budget deficit, which will be approximately \$7.5 billion. And since 2007/08, it will have racked up an additional \$141.7 billion in government debt.

“Notably, a non-discretionary expense item in the budget that is set to grow quickly is the cost of servicing the province’s \$298 billion debt. Over time, the government’s fiscal decisions can cause the debt to rise or fall but in the short term, the government has little control over the growth rate of debt servicing costs. And it’s not a trivial component of the budget: ***Ontario’s debt servicing costs this year are projected to be more than \$11 billion or nine percent of overall government revenue.***

“Ontario’s large and growing public debt burden represents a threat to the province’s long-term economic health. But it also has immediate costs for taxpayers. All of the money spent servicing government debt is money unavailable for public services such as health care or education, or for reducing the tax burden borne by consumers and businesses, which has grown in recent years.

“The rapidly increasing cost of servicing Ontario’s debt will take away money that could more productively be spent on other priorities, and will make it that much harder for the provincial government to keep its promise of balancing the budget by 2017/18”.

The bottom line?

Our research indicates that the accumulated provincial debt currently stands at over \$20,000 per capita. And that’s not even taking into account what the accumulated federal debt is.

To make a point, please allow me to close on a personal note.

My wife Dianne and I hope to celebrate our 48th wedding anniversary this coming September. We have been blessed with three incredible daughters who wisely chose three good men to marry. Together they have given us 10 of the best grandchildren in the entire universe – ranging in ages seven to 24.

The debt legacy we collectively have placed on our grandchildren – over \$200,000 in our family’s case – is totally unacceptable. Something needs to be done. NOW!

There is much more I could share. Let me just end here. Thank you for the opportunity to share our thoughts. I would be glad to attempt to answer any questions you may have.