It is time to find our voice for Manufacturing and Business in Ontario!

By Jocelyn Bamford
Who are we and what we represent

We are a grass roots non partisan industry group concerned about the preservation of manufacturing in Ontario

Over 3000 employees plus their families

Indirect 6000 employees through suppliers
Critical Issues

Never before have we seen such an unprecedented cost imposed by the government. All departments seem to be working in isolation.
Our Issues

Business in Ontario forced to survive in an uncompetitive environment in Ontario as a result of poor government policy.

Issues: Electricity pricing, cap and trade and changing workplace legislation.
Facts about SME Business

- SME’s constitute 28 percent of the GDP
- How many people work for SME’s in Canada?
- In 2015, the Canadian private sector employed over 11.6 million people,
- Small businesses =70.5 percent (8.2 million) of private sector employment.
- Medium-sized businesses employed 19.8 percent (2.3 million)
- Large businesses employed 9.7 percent (1.1 million) of the private sector workforce.
- SMEs employed 90.3 percent (10.5 million) of the private sector workforce, highlighting the important role SMEs play in employing Canadians.
Just the facts-GDP Canada

Canadian 2016 GDP by Industry "Chained 2007 dollars"

- Real estate selling, managing, renting and leasing
- Manufacturing
- Mining, quarrying, and oil and gas extraction
- Finance and insurance
- Construction
- Health care and social assistance
- Public administration
- Wholesale trade
- Retail trade
- Professional, scientific and technical services
- Educational services
- Transportation and warehousing
- Information and cultural industries
- Admin. & support, waste management and remediation
- Utilities
- Accommodation and food services
- Other services (except public administration)
- Agriculture, forestry, fishing and hunting
- Arts, entertainment and recreation
- Management of companies and enterprises
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<td>Professional, scientific and tech services [54]</td>
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<td>Educational services [61]</td>
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<td>6.10</td>
<td>5.79</td>
<td>5.60</td>
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<td>Health care and social assistance [62]</td>
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<td>7.08</td>
<td>7.04</td>
<td>6.99</td>
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<td>7.68</td>
<td>7.80</td>
<td>7.42</td>
<td>7.22</td>
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GDP by province 2016

Real GDP by Province, 2016 (percentage change*)

Alberta, Newfoundland, Saskatchewan, New Brunswick, P.E.I., Quebec, Nova Scotia, Manitoba, Ontario, British Columbia

* based on 2007 $
Sources: The Conference Board of Canada; Statistics Canada.
Electricity charges

Hydro rates have increased at a faster rate than anywhere else in North America.

Toronto Hydro rates have gone up 72% from 2006.

There is no transparency in Global Adjustment charges.

From April to May, the Global adjustment charge saw a nearly 100% increase, with some manufactures bill increasing by $10,000 in one month.
ONTARIO’S ELECTRICITY COSTS

The Global Adjustment is an extra charge designed to cover the contract prices paid to power generators, such as renewable energy generators, and the cost of conservation programs. It is projected to cost Ontario electricity ratepayers $9.4 billion in 2015.

ELECTRICITY CHARGE
Cents per kWh

GLOBAL ADJUSTMENT COST
Billions of dollars per year

* projected

SOURCE: AUDITOR GENERAL OF ONTARIO

THE CANADIAN PRESS
One Members May Hydro Bill

- Power used: $5,041.00
- Global Adjustment: $15,485
- Other charges: $9,578

Total Bill: $30,104
One Members July Hydro Bill

Power used $6,160
Global Adjustment $23,022
Other charges $10,890

Total Bill $40,072
There Was No relief

ICI program for a select few companies only
For Coalition Members each year is worse than the Last Class B customers pay extra. Global Adjustment is going through the roof.
CAP AND TRADE
GREEN HOUSE GASES GLOBALLY & IN CANADA

GLOBAL EMISSIONS

- 24% China
- 15% United States
- 10% European Union
- 2% Canada
- 49% Other*

CANADIAN EMISSIONS

- 23% Transportation
- 28% Other**
- 21% Oil and natural gas producing sector
- 12% Electricity
- 4% Pipelines and refineries

*Includes Russia, India, Japan, and Australia.

**Agriculture, emission intensive and trade industries, and waste.

Source: Environment Canada 2015 & World Resources Institute 2012
GREEN HOUSE GASES IN ONTARIO MANUFACTURING
Law firm Stikeman Elliot, in its Cap-And-Trade Highlights, estimates the annual cost to small manufacturers will be $136,000 per company next year increasing to $720,000 annually by 2030. Utilities have estimated a 3.4 cent per GJ to the cost of natural gas: an increase at minimum of 15%
REQUIREMENTS FOR GOVERNMENT ACTION

• Given the climate in the U.S. and the small amount of global GHG and the fact that Ontario industry currently sits at 15% below the 2020 GHG levels what mitigation strategies are available for all levels of manufacturing.

  ▪ The government must understand the impact of cap and trade to SME business and develop a strategy for business to retain business in Canada in light of U.S. tax reforms
JUST WHEN WE THOUGHT IT COULDN’T GET WORSE...

Ontario Government introduces Changing Workplace legislation
CONCERNS

- Cumulative effect on overall payroll
- Cost of the program to competitiveness
- Changes to unionization requirements
  Including change to card based certification,
- %, temporary workers inclusion in certification
- 10 additional personal leave days impact on business operation
- Equal pay for equal work.
When business are forced to pay $15 to an employee on day one they then have to adjust all the other wages in an order to be fair. For many SME business’s the effect on their bottom line would be disastrous.
ONE BUSINESS OWNER WROTE

The cost on our payroll would be about $625,000. We didn’t make $625,000 last year. Simple math states after a year we will be out of business unless we move to the US. That same business owner wrote “I’m guessing about 100 people would be put out of their homes if they lost their job.”
FEDERAL TAX REFORM

Not enough Study
Unfairly impacts SME and family business
Succession of companies to the next generation unfair
Not focusing on the intended area
TIMING ISSUES

- A four programs in one year. No time to cope
- No cross ministry or government impact analysis
RECOMMENDATIONS TO THE GOVERNMENT

- Strategic plan to maintain and attract manufacturing in Ontario and Canada developed in concert with industry

- Industrial rate for electricity that is competitive with the U.S. state rates

- Renegotiate the contract with solar and wind contracts. Give excess power to the industrial base

- The electricity operators need to get the operations cost in order. Benchmark other jurisdictions

- Tax rebate for investment on a broad spectrum to SME manufacturing. Examples: new equipment, training costs, certification, ERP system, lean to mitigate cap and trade costs

- Accelerated write off similar to the U.S and Germany

- There needs to be a bold statement in support of manufacturing from the government. Growth and expansion of manufacturing and business needs to be a pillar of government strategy
RECOMMENDATIONS TO THE GOVERNMENT

• Greater transparency is needed with respect to cap and trade and electricity costs (e.g. separate line item for cap & Trade costs; Costs embedded in the global adjustment charge that appears on the electricity bill should be clearly detailed and communicated).

• Combined heat and power information and help with research, identifying which companies would qualify and if this would be effective to reduce GHG’s

• Tax rebate for 3 years to mitigate the cost of Bill 148 changing workplace legislation

• Exemptions for items in Bill 148 that prevent the normal flow of production, for example as are afforded to large automotive assembly plants and as are afforded to regional and local municipalities

• Rescind the bill 148 union rules allowing the sharing of personal employee information based on the demand of 20% of staff and return the percentage to 40%
PROGRAM STRATEGIES

- All programs must be equitable to all business in Ontario.
- Programs need to be broad-based; there is no one-size-fits-all solution for manufacturing.
- End to invitation-only grants.
- Acknowledging issues with global adjustment and how green energy will not solve this.
- Help us be competitive.
SUMMARY OF ISSUES

• Second largest GDP province in Canada is Ontario.
• Ontario has policies that are damaging to its second largest GDP sector which is manufacturing.
• How do you think this will end?
We are at a tipping point

High electrical costs have driven thousands of manufacturing jobs from Ontario.

Ontario’s soaring electricity bills have driven numerous factories out of the province according to a new report from the Fraser Institute, leading to a loss of nearly 75,000 manufacturing jobs since the end of the 2008 recession.

Ontario will have to hike taxes or cut spending to meet fiscal targets, watchdog warns.

High hydro rates contributing to manufacturing decline.
WHY ISN’T GOVERNMENT LISTENING?
WHAT IS MISSING?

• We don’t speak up!
• We are not organized
WHO’S POWERFUL IN ONTARIO
MARGARET WENTE
Why the teachers’ unions rule

The Globe and Mail
TERRY M. MOE
The Staggering Power of Teacher’s Unions

Hoover Institution
JIM STANFORD
Canada Shows The Power of Unions
Economist with UNIFOR
THE NARRATIVE ON BUSINESS

Getting at the ‘bad actors’

In practical terms, the proposals in Bill 148 level the proverbial playing field. Local businesses that operate in a lawful, ethical and transparent way, and pay their people fairly well will feel little if any impact from Bill 148.

Bob Delaney MPP Mississauga-Streetsville Source bobdelaney.com
Ottawa’s tax reforms don’t go far enough: Editorial
CRA pursuing criminal charges against Panama Papers tax cheats
ATTITUDE OF GOVERNMENT TOWARDS BUSINESS

- Narrative of business being bad and needing to be controlled instead of a partner
- Shift from consultative approach to détente to serfdom
- There has been no counter narrative - We just stay silent
- We need to change the paradigm
- We need to tell our stories
What Makes Our Government the Way It Is?

Our government is here for us. It represents the people in a community. That means the policies and laws of our government must reflect the values of all the people in that community.

The many Voices of Canada

One of the responsibilities of a government is to listen to the voices of the people. There are many different groups of people in a community, and the government must try to represent as many of these groups as possible.
WHO IS MISSING?

Hint: The one that pays for it all: Business
Paradigm shift
We’ll take all of you! Enjoy economic prosperity, a solid workforce, and a business-friendly environment. I guarantee NO West Virginia leader will treat a company like this. We value our employers.”
4 PHENOMENON IN MANUFACTURING DUE TO POOR POLICY

- Companies leave
- Companies close
- Companies sell
- Companies grow elsewhere
"I used to be up and coming, now I'm down and going!"
MOST RECENT ONTARIO CASUALTIES

- Stone Mill Bakery-Sold to International company
- P & G Brockville-Moving to the states
- Thyssenkrupp elevator-Moved to the states
- Butcher Engineering-Bankrupt
- Leland Industries-growth in the States
- Suranti growth to the United States
“All that is required for evil to triumph is for good men to do nothing.”

Edmund Burke
WHAT BUSINESS NEEDS TO DO

• Get organized
• Unite together as a voice
• Get the general public on side
• Hold town halls for your employees so they understand the damage this legislation can do to business in the province and the effect on their jobs
• Have government want to work with us
THE POWER OF THE PARADIGM SHIFT

“When government fears the people, there is liberty. When the people fear the government, there is tyranny.”

Thomas Jefferson
Less government in business and more business in government.

— Warren G. Harding —
“It’s been said that government doesn’t create jobs, business does. For the most part this is true. But government creates the environment in which business can excel and expand.”

Christine Gregoire ~ American Politician
WHAT OTHER COUNTRIES ARE DOING FOR THEIR INDUSTRY

• U.S. focus on reviving Manufacturing
• Italy: “hyper depreciation” 150% depreciation deduction (i.e. total tax depreciation of up to 250% of the cost) for new assets acquired for the technological transformation of enterprises, under an initiative known as the Industry 4.0 plan
Government's view of the economy could be summed up in a few short phrases: If it moves, tax it. If it keeps moving, regulate it. And if it stops moving, subsidize it.

— Ronald Reagan
WHAT WE NEED TO DO!

“When you can't make them see the light, make them feel the heat.”

Ronald Reagan
JOIN US!
We invite you to visit our Facebook page!

Coalition of Concerned Manufacturers of Ontario
We invite you to visit our Website!

www.ccmoo.ca
A year from now, you will be glad you did.,

Email: Jocelyn@automaticcoating.com