

## **Windsor & District Chamber of Commerce Let's Expand the Economic Development Tool Box**

### **Issue:**

Many communities and businesses in Ontario do not have the necessary economic development tools to compete in a global marketplace.

### **Background:**

During the Mike Harris era, the Provincial Government got out of the business of providing subsidies to business. It was seen as corporate welfare and it was decided that the market should determine winners and losers - that the business of government is to set the most competitive environment possible by addressing such things as cutting red tape and reducing the tax burden on the private sector.

During this time the Ontario Development Corporation was wound down and contributions to individual businesses became a thing of the past.

For the most part the Chambers of Commerce were in support of this approach, and would remain so except for the fact that we were surrounded by jurisdictions that did not follow suit - they retained and have continued to provide a full variety of incentives to business to encourage capital investment and job creation.

In a review of incentive programs in jurisdictions across North America in the late 1990's, it was found that every state (or the municipalities in that state) and most Provinces had a myriad of incentives available to individual businesses to encourage the investment of capital and the retention or growth of jobs.

When Premier Eves took office a change was made in recognition of this reality of global competition for jobs - specifically in the Automotive Sector and the OAIS (Ontario Automotive Investment Strategy) with its \$500 million investment fund was initiated. To date Ontario's successful automotive investment plans have leveraged more than \$5.5 billion in new automotive investments in the province and anchored thousands of well-paying, high-value jobs for Ontario workers.

Following on the success of this model, the Provincial Government has launched the Northern Ontario Prosperity Program and Fund, providing targeted support to Northern Ontario communities. This link outlines a recent announcement including a one time conditional grant of \$1.75 million and a \$3 million loan from the Northern Ontario Heritage Fund Corporation. This secures a \$35 million investment and 140 high-skilled jobs. <http://www.ontariocanada.com/ontcan/page.do?page=5948>

In mid December, the McGinty Government continued building on this success with the Advanced Manufacturing Investment Strategy, (AMIS) providing a \$500 Million loan fund for high order mezzanine financing for large business. The eligible projects must be

investing a minimum of \$50 million and can attract up to \$10 million through this program. <http://www.ontariocanada.com/ontcan/page.do?page=5944>

We acknowledge and appreciate that there are also some grants available for innovation and research and development through the Ontario Centres of Excellence and tax credits for Apprenticeships.

However, given the recent shedding of jobs in the manufacturing sector and the international competition being faced by the small and medium sized enterprises (SME) in Ontario, we would like to encourage the Government of Ontario to provide support to small and medium sized businesses that would aim to generate investment, job retention and expansion and trade in the sector in which some 97% of jobs are created.

The Province has the benefit of observing best practices from other North American jurisdictions. Among the leading jurisdictions is the State of Michigan, which provides tax and other business incentives that are delivered by municipalities in areas that are deviating from the state norm or are distressed by economic decline. Ontario needs to expand the economic development toolbox for such communities in its own jurisdiction.

## **RECOMMENDATIONS:**

### **The Ontario Chamber of Commerce urges the Government of Ontario to:**

1. Establish economic indicators that measure community distress – indicators could include communities in which the current unemployment rate is above the Provincial average or alternately, those communities in which 30% of current employment is sourced from a dominant industry and provide an ‘economic report card’ on these indicators by geographic area.
2. Provide targeted funding through the provision of low interest loans or grants and/or the creation of Diversification Funds (for cluster development) to communities that exhibit distress from these established economic indicators.
3. Expand the tool kit for local Economic Development agencies that allow communities to level the playing field with competing jurisdictions and the global marketplace.