

VIA EMAIL

April 26, 2018

Mr. Eric Rennie, Clerk
Standing Committee on Finance and Economic Affairs
Legislative Assembly of Ontario
99 Wellesley Street West, Room 1405, Whitney Block
Toronto, Ontario
M7A 1A2

Re: Bill 31 (Budget Measures, 2018)

Dear Standing Committee Members and other MPPs considering Bill 31:

On behalf of our 42,000 small- and medium-sized business members in Ontario, we welcome the opportunity to comment on Bill 31 (Budget Measures, 2018).

In a recent CFIB survey, small business owners ranked the provincial debt (71 per cent) and deficit (68 per cent) as the top two priorities for the next government to address. Balanced budgets are extremely important to small business owners, who know that today's deficits are tomorrow's taxes.

While we understand the laudable goals behind the increased spending, we disagree with the method government has proposed to achieve them: returning to significant, ongoing deficits.

Compounding the government spending issue is the Auditor General's pre-election report claiming that the government's projected deficit numbers for the next three fiscal years are off by \$5B (\$11.7B versus \$6.7B), \$5.6B (\$12.2B versus \$6.6B), and \$6B (\$12.5B versus \$6.5B). While we understand accounting practices are being disputed, the size of the discrepancies between the Auditor General's and Ontario government's projected deficit numbers are raising red flags in the small business community.

We are also deeply concerned that the province is choosing to mirror the immensely unpopular federal tax changes. This move will restrict access to the small business tax deduction for many Ontario small business owners, penalizing them for saving for economic downturns and future investments in their business. It also fails to recognize the significant contribution spouses make to starting and running a small business.

We urge the government to reconsider their decision to follow the federal lead and maintain access to the provincial small business tax deduction for all small business owners in Ontario.

The proposed changes to the Employer Health Tax (EHT) stand to increase costs for many Ontario business owners. We are concerned that these changes will penalize people for owning multiple businesses, especially franchise owners, despite each business operating independently of the others. Many small businesses were pushed over the EHT threshold as a result of the minimum wage increase to \$14, and even more will exceed the EHT threshold at a \$15 minimum wage. We urge the government not to proceed with these changes, and to increase the threshold and reduce the EHT rate.

Last year was an exceptionally difficult one for the province's small business owners. In addition to incoming higher Employment Insurance premiums and Canada Pension Plan payments at the federal level, out-of-control hydro costs were crippling businesses. Then, with no consultation or warning, the government introduced a plan to reach a \$15 minimum wage within an unprecedented short timeframe, while simultaneously introducing sweeping reforms to labour relations and employment standards legislation. Many of our members have been struggling with the added costs of not only the increased minimum wage, but also paid personal emergency leave days, extended vacation timelines, and a new statutory holiday pay formula.

In our pre-budget deputation and written submission, we called for the 2018 Budget to include measures to adequately mitigate the drastic cost increases to Ontario small business owners as a result of Bill 148 (Fair Workplaces, Better Jobs Act, 2017).

The budget provides some measures that would be generally positive for small business, including removing the Debt Retirement Charge from commercial hydro bills and elements of the Jobs and Growth Plan. However, our biggest concern lies with what is not there: meaningful mitigation measures to help offset the significant payroll cost increases created by Bill 148.

Finally, we are closely monitoring the government's proposal (Schedule 30, Bill 31) to require "every person who carries on a prescribed business in Ontario to record and report sales transaction information using an electronic cash register". We are concerned about the potential cost impact on small businesses and the extent of enforcement measures. As this proposal would take effect by proclamation at a date to be determined in future, we look forward to participating in consultations on this important matter.

Thank you again for the opportunity to share our thoughts on government finances as you consider Bill 31.

Sincerely,

Original signed by

Julie Kwiecinski
Director of Provincial Affairs, Ontario

Original signed by

Ryan Mallough
Senior Policy Analyst, Ontario