

The Empire Club Presents

THE HONOURABLE BRAD DUGUID ONTARIO MINISTER OF ECONOMIC DEVELOPMENT, EMPLOYMENT AND INFRASTRUCTURE:

OPPORTUNITIES AND CHALLENGES FACING ONTARIO'S ECONOMY TODAY AND INTO THE FUTURE

May 4, 2015

HEAD TABLE:

Distinguished Guest Speaker:

The Honourable Brad Duguid, Ontario Minister of Economic Development, Employment and Infrastructure

Guests:

Ms. Tina Arvanitis, Vice President, Government Relations and Communications, Ontario Energy Association; Director, Empire Club of Canada

Mr. Steve Baker, President, Union Gas Limited

Mr. Andrew Bevan, Principal Secretary, Office of the Premier of Ontario

Mr. Pelino Colaiacovo, Managing Director, Morrison Park Advisors

Mr. Ted Griffith, Senior Consultant and Principal, Campbell Strategies; Vice President, Empire Club of Canada

Mr. Bob Huggard, President, Ontario Energy Association

Mr. Terry Nemeth, Vice President, Public Sector Sales for Ontario, TELUS

Mr. Norm Ryckman, Director, Market Development and Sales, Enbridge Gas Distribution

Mr. James Scongack, Vice President, Corporate Affairs, Bruce Power

Mr. Tim Smitheman, Manager, Government and Public Relations, Samsung

Renewable Energy Inc; Director, Empire Club of Canada
Councillor Michael Thompson (Ward 37 Scarborough Centre), Chair, Toronto's
Economic Development and Culture Committee, City of Toronto

**Welcome Address by Ted Griffith, Vice
President, Empire Club of Canada**

We are going to be going directly into the speech this afternoon, so right now I would like to introduce our guest speaker. Please, welcome Mr. Bob Huggard, President of the Ontario Energy Association. Bob will formally introduce our guest speaker. Thank you.

**Introduction, Bob Huggard, President,
Ontario Energy Association**

Thank you, Ted, and, good afternoon, everyone. The OEA is pleased to be a co-presenter of today's program, and so it is my privilege to introduce our keynote speaker today, the Honourable Brad Duguid, Ontario's Minister of Economic Development, Employment and Infrastructure, as well as the minister responsible for the Accessibility for Ontarians with Disabilities Act.

The minister is not only a familiar face to all of you in this room. He has been a strong presence at Queen's Park and in political circles throughout the city and country for a long time. While work and politics are big parts of his life, Minister Duguid's passions extend far beyond the world of

Queen's Park. He is a passionate hockey fan, who enjoys all levels of hockey played around the GTA just as much as an NHL game. The minister has invested a lot of time in his love for hockey this past season, as part of the travelling cheering section for the Toronto Jr. "A" Canadiens, for whom one of his sons is a forward. We are a bit of competitors: I was with the Toronto Marlies for a while, so we will talk about that later.

As we think about Minister Duguid and his impressive political career, perhaps, we should consider his time at Queen's Park the way we would think of a talented professional hockey player who only continues to improve his craft over time. Minister Duguid's previous cabinet posts are impressively varied and speak to the confidence two successive premiers have placed in him.

He has served as Minister of Training, Colleges and Universities; Minister of Economic Development, Employment and Infrastructure; Minister of Aboriginal Affairs; and, notably, as Ontario's Minister of Energy, where he completed a key piece of policy important to many in this room—Ontario's first long-term Energy Plan. His success in these roles and the continued confidence the Liberal team at Queen's Park places in him underscores why Minister Duguid is a strong voice at the cabinet table and that he is willing to fight for the things he believes will make this province a more prosperous and compassionate place for all Ontarians.

With that, ladies and gentlemen, please, join me in welcoming to the stage the man tasked with continuing to help grow our strong provincial economy, Minister Brad Duguid.

The Honourable Brad Duguid

Bob, thank you so much. That was one of the most creative introductions I think I have ever had. I do not know if you want your speaking notes still because I might start going onto yours if we are not careful, and I have to tell you that, before I go any further, my Parliamentary Assistant and the MPP for Ottawa/Orleans—Marie-France Lalonde is here somewhere. There she is. Please, give her a round of applause. She has a small business background, so she gets where a lot of you folks in this room are coming from. And she is a very, very strong Parliamentary Assistant and helps me in just about everything I do when it comes to our business initiatives, so Marie-France, thank you, for joining us today. And Bob, I did not know we would be talking about hockey, but I could spend the next hour talking about it if you want. Playoffs are here, and we could start talking about hockey a little bit, or we could start talking about the economy.

My concern is I did not know till I got here that I would be at a table with Union Gas, Enbridge, the Ontario Energy Board, Bruce Nuclear—it sounds like I should be talking

about energy today. And I have got to tell you, I did not have energy in my speaking notes at all, so, let me just start out by saying energy is one of the most important sectors in our economy, and you cannot talk about the economy if you are not talking about energy. But that is a speech for another day because it deserves a whole complete speech unto itself, Duncan, so no worries: I still love energy, and I am a former energy minister, so that is something that you carry with you. Trust me, you carry it with you the rest of your life, one way or another.

I am delighted to be here, speaking here at the Empire Club. I do not think I have had this opportunity before. It really, really is a privilege. Some of the influential speakers of our time have graced this podium. And I think of some of my personal heroes—Pierre Trudeau, who just was my true hero and somebody who motivated me and inspired me to go into this business in the first place and Sir Winston Churchill—stood at this podium as well. I assume it was a different podium in those days, but it was still the Empire Club. It goes back a hundred years, so what an honour it is to be able to speak to you here today.

I have got to tell you that I often think about how I am going to open up and what kind of joke can I tell or something like that, but it is May 4th. We are at the Empire Club on May 4th, so you are starting to get it, and just as Yoda said to the young Jedi, let me also say to all of you—altogether now—may the 4th be with you and our economy!

So in keeping with the Empire theme, let me quote directly from the movie, which I think most of you will have seen—you are all old enough to have probably seen it in the original production, when Yoda said—to I believe it was a young Luke Skywalker—“this one a long time have I watched. All his life has he looked away to the future, to the horizon, never his mind on where he was.” As God as my witness, I never thought I would ever be able to quote Yoda in a business speech anywhere! But today is appropriate, and I think it works.

I may not have done Yoda justice today, but the quote in some ways does convey where Ontario’s looking to when it comes to our next generation economy because, as you all know, we are never standing still. We are always looking forward. Always looking for ways to compete in today’s fiercely competitive global economy. In fact, the three pillars of our government’s economic strategy reflect exactly that. We are investing in our people, and you know that. We are investing in building modern infrastructure, a key component of our last budget, and we are building a dynamic business environment which is also truly, truly important. And the good news is it is working. Not only have we created 424,000 net new jobs since the global recession, Ontario remains number one in North America when it comes to attracting foreign direct investment and that is for the third straight year. That tells me something. It tells me we have a plan in place and that plan is working.

Now, a testament to the work we are doing to make the right investments in our people, is the fact that we have the highest level of post-secondary attainment anywhere in the OECD. That has helped us build one of the most skilled and educated workforces anywhere in the world today, and what that does is it ensures that we can compete with any jurisdiction anywhere in the world. Add that to our efforts to make Ontario an innovation leader, and that is a pretty unbeatable combination.

We are also making unprecedented investments in our infrastructure. Ontario must have reliable infrastructure in order to compete in today’s modern economy. Ontario workers do not want to spend needless hours going to and from work in their cars as they commute to and from work. Gridlock is costing Ontario billions of dollars, as clogged roads impact our ability to move our people around and our ability to move goods around our province. You know, it is really easy for politicians—and I see my friend Han Dong here as well, the MPP Han, please, stand. I am sorry; I just noticed you are here today.

Let me see how I weave this into my speech. Han and I and Marie-France, as politicians, we have seen politicians for generations talk about infrastructure. It is easy to talk about infrastructure. What we need are governments that are willing to make the tough decisions to fund that infrastructure and build that infrastructure. In the past few weeks, you have seen that we have made some very

tough decisions so that our government could build the infrastructure our province and our economy needs to be competitive. In all, we will invest \$130 billion into roads and bridges and core infrastructure. And, yes, we will expand natural gas across this province to communities that need it. We will do that over the next ten years. That is a record investment for Ontario; that is a record investment right across Canada. We are able to do that by taking the advice of a business expert, a gentleman by the name of Ed Clark, and we are unlocking the value that has been wasted in retaining 100% Hydro One ownership.

Let me talk a little bit about Ed Clark with you for a second. He served as a deputy minister in Ottawa. He is one of the most respected business leaders anywhere in North America. Now, during my time in office—and it has been 20 years now—one thing I have learned is that when you are dealing with complex issues, the number one thing you can do is get the best possible advice. And that is what we have done by bringing Ed Clark on. The second thing you have to do—and this is important—is you have to have the courage to take that advice, and sometimes it does take political courage to do the right thing, to do what is best.

As you know in Ontario, we are very, very fortunate to have a premier in Premier Wynne who has that political courage; and she has demonstrated that in the budget that we have recently released in the last few weeks. Let me be very upfront about this: Broadening ownership in Hydro One

has not and will not be easy politics for us, but the business argument that Ed Clark has made is absolutely irrefutable, so we are taking Ed Clark's advice. We are making a smart business decision to maximize the value of Hydro One, and we are investing and building up our infrastructure to make us more competitive. That is the right thing to do in this province at this time. It is a courageous thing to do, but it is something that is going to help us build that next generation economy, so I am very proud to be working with the premier and a government that is moving in that direction.

Now, we all know that Ontario was hit hard by the recent recession. I believe that one of the reasons that Ontario is outpacing other jurisdictions is the fact that we have built our strategy by taking the advice of our business community, and we have done that on a continual basis. That has enabled us to build a very strong climate for investment, and it is the reason we are number one in North America when it comes to foreign direct investment.

Let me share with you a few tangible examples of where we have done that. As a government, we have actually been through twelve budgets, and in the lead up to every single one of those budgets, we have heard this nagging voice from the left saying every single time, "Raise corporate taxes. It is the answer to everything. It will solve all of our problems." I am really proud to be able to tell you today that 12 out of 12 times we have shot that uninformed voice down because it is wrong, and it is misguided. A competitive

tax environment is absolutely crucial to maintaining our competitive edge when it comes to attracting investment, when it comes to creating jobs, and when it comes to growing our economy. The fact is a strong economy is really a prerequisite to building a strong society and a great quality of life for ourselves and our families. So, today, I want to assure you, that our government is still very much committed to keeping our competitive advantage as the jurisdiction with the lowest effective corporate tax rates in North America—something that gives each and every one of the corporations, small and large businesses in this room, a competitive advantage.

Now, what does that mean to your bottom line? Well, for example, for an average Ontario company, that means you are paying a full 13.5% *less* than your American neighbours in taxes. That is real savings for your company. That is a significant competitive advantage. You know, I do not think we do a good enough job in talking that up both inside Ontario and outside Ontario. I think we really need to talk about that more. We need the world to know that we have that low tax environment here in Ontario. And so, today, I assure you that as long as we are the government, we will not be swayed by those voices to the left. We will remain committed to ensuring Ontario maintains our competitive tax environment. I really feel passionate about that, and I know Councillor Michael Thompson does as well—he is nodding his head in front of me. I am going to talk about

Michael in a minute.

I want you to know as well that we continue to listen very closely to what our business community has to say. Your advice is extremely important for us; for example, we have heard loud and clear that our business community is very, very passionate about the need for us to get our fiscal house in order, and it should be a priority. I want to assure you that it is. We have taken action, and we are making great strides on our path to balance. Ontario's fiscal situation is improving. For the third year in a row, we have beaten all of our deficit targets, and I am proud to say that we are not balancing the books on the backs of our businesses; and we are not balancing the books on the backs of Ontario's families either. What we are doing is we are making smart fiscal decisions, and we are managing our spending decisions. That is how to do it. So we are taking your advice. We are tackling our deficit in an aggressive way but in an intelligent way. And we will succeed.

Let me share with you another example of how we are effectively working in partnership with our business sector. Businesses in Ontario have helped to grow our exports for many, many years, but they are asking for help in doing that. They want to access some of those emerging markets. The Ontario Chamber of Commerce has been an effective champion in encouraging small and medium sized businesses to think globally; and so, in partnership with the Ontario Chamber of Commerce, we have developed a

growing global strategy which will help small- and medium-sized businesses identify and access global markets, which is really, really critical. Through the Jobs and Prosperity Council, we have brought together the best and the brightest from our business sector, and we were told that accelerating the deductions for investments in machinery and equipment was the most effective way to encourage investment in productivity improvements. We listened, and we acted on that recommendation, and I am pleased to report that this year's budget extends that program for another ten years. This will provide \$265 million every year to encourage investments that will lift up our productivity and make Ontario companies more globally competitive. Through the Better Business Climate Act, we are working very closely with the Toronto Region Board of Trade to strengthen the Ontario clusters, which we see as a great competitive advantage. I want to thank the Toronto Region Board of Trade for their leadership in this area and for helping to drive forward with our government on this very important strategy.

Let me give you another example of our willingness to seek good advice and act on it. We have seen, since November, \$4 billion in investment in Ontario's auto sector. And, while the sector is experiencing record sales, the fact is that the global auto industry is becoming increasingly competitive, and we need to step up our efforts to retain and attract more investment. I recently sat down with CAPS,

a group made up of near our entire auto sector, and they unanimously recommended that Ontario consider creating an expert auto advisor. This will ensure that we have the inner industry intelligence we need to inform our efforts to land future auto mandates. And I am pleased to say, once again, that we are taking the advice of our business partners, and I am looking forward to implementing that advice very soon.

Here is something else that I have heard from our business community, and I have heard this throughout the years right across our province: While you appreciate our efforts to build a competitive economy, sometimes what governments need to do is to simply get the heck out of the way. Our government is working in an unprecedented way to reduce regulatory burden. To date, we have changed or eliminated 80,000 regulatory burdens. That is about 17% of our regulations that we have gotten rid of, and we are on track to save businesses \$100 million by 2016/2017.

The Better Business Climate Act also requires our government to report on our reductions in business burdens on an annual basis, so that is going to hold our feet to the fire and future government's feet to the fire when it comes to this. Now, this was not something we thought up on our own. This was something we received, advice we heard from the Canadian Federation of Independent Business. I think some of them are here today, at one of the tables. And we responded to their request by taking this action, and

they have reciprocated by responding to our requests and our action by raising the province's business rating on their annual report card across the country to a B+. I think that is tied in the country with one other province as the top marks in the country. Now, to be honest, when I came home from high school with a B+, my parents would say, "Brad, that is not bad. That is pretty good, but we think you can do better." Well, I want you to know that I think Ontario, too, can do better. Our Open for Business strategy has been a global best practice in reducing unnecessary regulatory burden, but I think we can do even more.

My assurance to you today is that we are going to expand our Open for Business strategy with new initiatives that will positively impact businesses here in Toronto and right across our province. First, we are going to look into creating a Red Tape Challenge for Ontario. This would be modeled after the successful UK program, which featured an online forum that invites businesses to engage with government in a meaningful way on how to reduce regulatory burden. Let me tell you why I think this is important. You know, when it comes to our discussions with the business community and our efforts to reduce regulatory burden, I tend to talk to many of the people in this room: Stakeholders, direct representatives of industries, the companies, the bigger companies themselves, but I do not get an opportunity to reach out across the province to every business person in this province that wants to engage with us. This opportunity,

this new program, will give us an opportunity to do that. This initiative opens up our efforts to all Ontario businesses who wish to engage. By engaging online, the government is able to source knowledge and feedback from any sector in any corner of our province in an open and transparent way. Now, it is going to take some time to get this program up and running, but this idea really excites me because I think it is going to be an extremely valuable program here in Ontario, as it has been in other countries around the world. Now, the second action that we will be taking is something that I and others have been thinking about for a very, very long time. One of our challenges in staying competitive is the fact that we have three levels of government in this country, with three levels of bureaucracy, and three levels of regulation, and I know that that drives some of the businesses in this room absolutely crazy. From inspectors to accountability reporting requirements, businesses tell me that there is plenty of duplication between our different levels of government. The number of contacts a small business has to make with government each and every day, week or year, makes me wonder sometimes how they can carry on their day-to-day businesses. Politicians have often talked about trying to sort through these inter-governmental regulatory burdens, but, until today, I have yet to see any real progress made on this.

Well, today, we have a wonderful alignment between a provincial government determined to reduce unnecessary

regulatory burden, and a new city of Toronto mayor in John Tory, who shares that passion. And so, today, I am pleased to announce a brand new proposal to create for the first time, a joint working group between the province of Ontario and the city of Toronto to explore, identify and reduce unnecessary regulatory burden. I think it is about time that we did that.

And this is the start of what I would call a new Ontario “red-tape reduction partnership.” I really am excited about this, and I want to give you an example of how that would affect a small business. You look at a small business like a dry cleaners; they are required to report the use of chemicals to all three levels of government. This adds three times the necessary burden to small businesses, and this duplicate of reporting is the kind of thing we are talking about. It may not be seen as important to us here today, but to that dry cleaners, that takes them away from their core business. I mentioned Michael Thompson. He is the councillor for Scarborough Centre and the Chair of the Economic Development and Culture Committee for the city of Toronto. Michael, I have worked with you for many, many years. You are a fantastic voice here in the business community. I want to thank you and Mayor Tory for working with us on this initiative. Michael, please, stand up and, please, give Michael a round of applause. It is this kind of partnership that really makes a difference in this city. And Michael, we are going to work together, and we are going to reduce

that regulatory burden, that inter-governmental burden that drives the folks in this room absolutely crazy. We are also going to include a representative from the Association of Municipalities of Ontario because while this is starting out as a Toronto-Ontario initiative, the things that we learn when we come to the table will often be things we can extrapolate right across this province, so we will have a representative of AMO sitting there with us and looking for ways that we can spread the good ideas that we come up with right across Ontario.

Now, when you think about it, is that not a refreshing change? Is that not refreshing to see how challenges can be addressed when you have a premier and a mayor, when you have a provincial government and a city government able to work together to build a strong economy? I think that is so refreshing to see! And, Michael, I thank you and the mayor, and I thank our premier for making that happen. It really is great. I think it is great for these folks to see as well.

As most of you here are aware, this is my second tour of duty as minister of economic development. I want to share with you this. If there is something, one thing I can be remembered for, I hope it would be this: That by the time my role as economic development minister is done, that I was a minister who listened to the business community, who understood the challenges of competing in an increasingly competitive global economy, and it took every action to build the most competitive, business-friendly jurisdiction

anywhere in North America. That may be ambitious, but I firmly believe that we have an opportunity today to do just that. So let us start today.

My ultimate goal is to make Ontario the easiest place in the world to do business. According to most economists, Ontario is poised to lead our country in growth over the next number of years. I firmly believe that Ontario has potential to be North America's powerhouse economy, and I see no reason why we cannot reach that goal. But for this, we will need to continue to work together to strengthen and build up our business clusters. From ICT to agrifood; from cleantech to aerospace and, of course, to energy; from bioscience to financial services; from auto to advanced manufacturing—these are all sectors that we rank in the top two or three in North America.

We will also need to work together to invest and mobilize our talent. Not just our global leading university and college graduates—as great and talented as they are—and not just our skilled trade workers who are among the best anywhere in the world, but also those sectors of our talent that are often overlooked: People with disabilities and Aboriginal communities. We will need to work together to have the courage to not only commit to modernizing our infrastructure, but to taking the necessary steps to fund those critical investments. We will need to work together to make Ontario the easiest and friendliest place to build and invest; and we will aggressively tackle and eliminate

unnecessary red tape and regulatory burden. We must do this to maintain the fact that we want to have one of the most competitive economies anywhere in the world. And to do that, we must maintain our competitive advantage of our low corporate tax advantage. Together, we can and we are building a globally competitive economy that will serve our aspirations today and that each and every one of us here in this room and across this province will be absolutely proud to pass on to future generations.

Once again, may the fourth be with you, and, thank you, all, very, very much for joining us here today. Thank you.

**Note of Appreciation, by Steve Baker,
President of Union Gas**

Minister, on behalf of the Empire Club of Canada and the Ontario Energy Association, I just want to thank you for joining us here today. Your speech was very informative, very engaging, and I dare say, certainly, very passionate. You know, you may not have built a lot of energy-related references in your remarks—although, I did hear a couple—but you started with four things that I think are equally applicable not just to the business environment, but to the energy sector: You talked about the government’s focus on people, on infrastructure, on improving our competitive position, and last, but certainly not least, on reducing regulatory burden. And I know in the energy sector all four of those things are stuff that we focus on each and every day, so your remarks were very, very appropriate.

Most importantly, I wanted to take the opportunity to thank you for really being the voice around the cabinet table in terms of all of us that are here today, all the businesses that are here and represented. I know that is very, very appreciated. So, ladies and gentlemen, please, join me in a round of applause, again, for Minister Brad Duguid.

Concluding Remarks, by Ted Griffith

Thanks Steve. Now, this is about the end of us getting in the way of your lunch. I never like to be the man who has to do that, so, quickly, we are going to wrap up and get to our lunch.

I would like to thank the *National Post*, as our print media sponsor, and, thank you, Van Valkenburg, for providing our audio-visual facilities.

I would ask you each to consider becoming a member of the Empire Club of Canada. It is, as I say, a 112-year-old organization. When you are a member you get advance notice for luncheons, advance opportunity to buy tickets, a discount on tickets, and, most of all, this year we have a special promotion between now and the end of the year: If you become a member, between now and the end of our season, at the end of June, we are going to buy your lunch. We will give you a free lunch ticket, and then you will be all set up to enjoy the next season coming up, when we will have some great speakers coming up, including the Governor of the Bank of Canada and a couple of people with whom I have already spoken that might be in this room, but I will not announce their names because we have not got the date yet. We have a great season coming up in 2015/2016, so, please, join us and become a member and receive all the benefits.

Thank you very much, and I think we need to have lunch.