

No parade yet for the electricity file

By: **Sandra Dueck, Policy Analyst, Greater Peterborough Chamber of Commerce**

About 30 members of the Peterborough Chamber of Commerce were treated to a frank discussion about energy with the provincial Minister of Energy recently. During the 90 minute lunch session, sponsored by Torbram Electric Supply, Minister Glenn Thibeault spent about 15 minutes going over the history of the energy file and how Ontario arrived at its current situation.

Many of our member businesses indicate that hydro has become the second or third largest expense. Chair of the Board Jim Hill said, "Energy, electricity rates and the workings of the energy system have been constant topics of discussion at our chamber policy committee table. Energy is one of the main issues impacting business competitiveness in Peterborough. We were glad to be able to host the Minister of Energy and learn more about the government's plans moving forward."

The Peterborough Chamber of Commerce works closely with the Ontario Chamber of Commerce (OCC) on these types of policy issues and as the OCC Business Confidence survey found, "22 per cent of OCC members believe that a reduction in electricity costs would have the greatest impact on their organization's health and growth," said Andrew Thiele, Policy Analyst at the Ontario Chamber of Commerce. "While a further 51 per cent of businesses ranked it among their top three concerns. To ensure Ontario



remains competitive, electricity costs is therefore a top priority for the OCC."

Minister Thibeault told the crowd that investments in energy infrastructure upgrades have had the most impact on electricity bills and admitted that the communication on that point was not very clear.

Interestingly, the Peterborough Chamber of Commerce wrote a Policy Resolution in 2016, which was approved at the Ontario Chamber of Commerce AGM, asking that the government make public the full breakdown of the cost-drivers behind electricity distribution and generation and how investment decisions since 2003 have impacted electricity cost.

The decision to remove coal from the energy supply mix was also highlighted by Minister Thibeault and has resulted in zero smog days in two years. During the question and answer period, Minister Thibeault emphasized that the recent deal with Avista in the northwest United States will not have an impact on customer rates in Ontario.

Further questions were asked about Hydro One's customer service

record, to which the Minister replied that the company has achieved significant savings and has agreed to no longer complete winter disconnections or require security deposits for business. When pushed for further details, the Minister acknowledged that more needs to be done and the company is working on doing just that.

The Minister was also questioned about the continued increase in generation when conservation initiatives and power use is not peaking anywhere near the amount generated. The Minister's response was that the province has needed to build capacity to ensure there are no more blackouts or brownouts and also because Pickering Nuclear will be decommissioned in 2024 (pending regulatory approval) and the refurbishment of Darlington Nuclear will bring capacity off line as well.

With many businesses and cottagers in the Peterborough area, the Minister was also asked about a seasonal distribution rate and how that could impact those customers.

Overall, under the Fair Hydro Plan businesses should see between 3-4% decrease in prices and most

Time of Use (TOU) business and residential customers will see a 25% reduction in bills.

For Chamber members such as Dynacast, who were able to take advantage of the expanded Industrial Conservation Initiative (ICI), the impact will be real as electricity is their third largest business cost.

The Minister wrapped up his time by saying his government didn't get all of the policies correct around the green energy file and understands that by no means will there be a parade in their honour over electricity; however, the government does recognize there is still a long way to go.

As a Chamber representing over 900 businesses employing around 25,000 people, we are looking forward to seeing the province's long term plan for energy. In a letter submitted to the province during the consultation phase we asked for several considerations including that the Ministry look at energy through the lens of the small to medium-sized business owner working to keep people employed who simply want a system in the future that is predictable, transparent and reliable.

Major tax changes in the works for corporations

The Department of Finance Canada is considering major changes to how corporations are taxed. The proposed rules could have a significant impact on many Canadian businesses: potentially raising taxes, increasing the administrative burden on SMEs and heightening the impact on family-run businesses.

On July 18, Finance Canada launched a consultation on how "tax-planning strategies involving corporations are being used to gain unfair tax advantages." The document contains proposed policies to close these "loopholes". There are four key changes that will affect business:

- 1. Sprinkling income using private corporations:** Preventing a business owner from unfairly transferring income to family members who are subject to lower personal tax rates. In certain circumstances, owners would have to demonstrate that wages and dividend payments are "reasonable".
- 2. Multiplying the Capital Gains Exemption:** When an individual sells a small business, the first \$850,000 of capital gain is exempt from taxes. The government wants to prevent tax planning structures that enable multiple family members to use their exemptions.
- 3. Reducing the tax deferral advantage on portfolio investment inside a corporation:** Currently, an owner can accumulate portfolio earnings inside a corporation and pay corporate income tax rates. The owner defers paying personal income or dividend taxes until the money is taken out of the business. The government is considering alternatives that would reduce this tax advantage.
- 4. Converting a private corporation's regular income into capital gains:** The government wants to tighten the rules to prevent certain tax planning structures, but it is open to more favourable treatment for genuine family business transfers.

To provide feedback on these proposed changes email: sandra@peterboroughchamber.ca

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Local distiller up for provincial award

Congratulations to Persian Empire Distillery and Liquor Store on your nomination for Beyond Borders, Small Business category through the Ontario Chamber of Commerce's Ontario Business Achievement Awards.

The Beyond Borders, Small Business

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Award recognizes a small-sized business (1-50 employees) that has implemented export strategy that has positively affected its bottom line.

Persian Empire is one of two finalists in the category. The awards will be handed out in Toronto at the end of November.

More: persianempire1.com

Raising money and raising homes

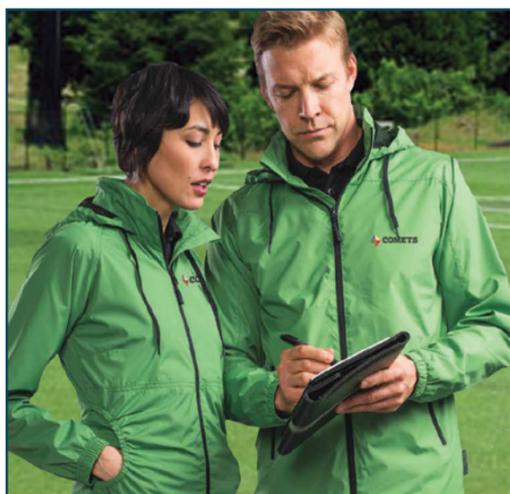
The Silver Bean Cafe raised \$1,198.55 in four hours in sales for Habitat for Humanity Peterborough & Kawartha Region.

Congratulations!
More: habitatpeterborough.ca

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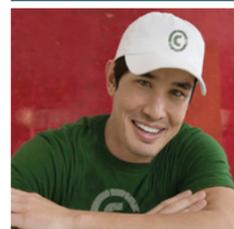
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