

# Backgrounder

## A Plan to Strengthen the Federal–Provincial Relationship

November 6, 2019

Ontario believes there is an opportunity for a renewed relationship with the new minority federal government to build better public services, create an environment that fosters entrepreneurship and economic growth, and make life more affordable and prosperous for people. Ontario stands ready and willing to work on important shared priorities, including building critical infrastructure for the future such as the all-new Ontario Subway Line, breaking down barriers to trade, encouraging immigration, and investing in health care, education and other vital public services.

### Federal–Provincial Fairness

The Province is calling on the federal government to do more to make federal-provincial transfers work better for the people of Ontario, who deserve a system that is fair, adequate and flexible and that supports fiscal sustainability.

EY Canada’s 2018 line-by-line review reported that the people of Ontario send \$12.9 billion more in tax dollars to Ottawa than what the province receives, equivalent to the amount Ontario expects to pay this year alone to service its debt. The review also found that federal transfers are inadequate to meet the growing costs of delivering quality services to the people of Ontario. In today’s competitive economy, the people of Ontario deserve a system that recognizes the province’s priorities.

As a first step, Ontario Premier Doug Ford, along with all Premiers, has called on the federal government to increase funding to the Canada Health Transfer by an annual escalator of 5.2 per cent.

### Infrastructure Funding

The Province is making significant investments to improve infrastructure and better connect people to places. In this effort, the federal government can play an important role. Ontario needs the federal government to commit at least 40 per cent funding towards provincial and municipal priority projects including the four new subway projects in the Greater Toronto Area (GTA): the Yonge North Subway Extension, the three-stop Scarborough Subway Extension, the Eglinton Crosstown West Extension and the all new Ontario Line.

The transformative and lasting benefits to transit riders, the regional economy, and the environment associated with these projects are undeniable and the government believes them to be of national importance.

To date, Ontario has nominated over 350 infrastructure projects to the federal government, under the Investing in Canada Infrastructure Program, to get people moving and grow the economy.

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## Jobs and Skills Training

To match the needs of a growing economy, Ontario is enhancing jobs and skills training and taking measures to ensure there are enough job-ready graduates equipped for the jobs of the future. Ontario and other provinces have requested robust, equitable and flexible federal investments through provincial and territorial governments to support strong labour markets.

## Supporting Business Growth and Competitiveness

Ontario is working to help businesses create jobs, attract investment and bring prosperity to every corner of the province. Ontario is calling on the federal government to work with the Province to strengthen internal trade, including support to modify the Canadian Free Trade Agreement to address barriers, and removing federal exceptions under the agreement.

## Fighting the Carbon Tax

Ontario supports addressing climate change and reducing greenhouse gases through a Made-in-Ontario Environmental Plan and calls on the federal government to end the carbon tax. By cancelling the cap-and-trade carbon tax, the government improved affordability and enabled Ontario households to save \$275 on average in fuel and other costs in 2020. The federal government's carbon tax, which was imposed on April 1, 2019 adds 4.4 cents per litre to the price of gasoline in Ontario. This will rise to 11.1 cents per litre by April 2022.

## Standing Up for Ontario's Farmers

Ontario is acting to address the trade disruptions that have hurt its farmers and affected all Ontario exports, particularly pork, beef, grains and oilseeds. The government has also sought the federal government's support in securing new export markets for the meat sector through the Canadian Agricultural Partnership.

## Promoting Ontario's Forestry Industry

Forestry is an important sector in Ontario, especially in the province's northern and rural communities. On September 5, 2019, a NAFTA Chapter 19 dispute panel determined that there is no evidence that Canada's softwood lumber industry has harmed United States softwood producers and has given the U.S. International Trade Commission 90 days to reassess their complaint. The government will continue to strongly defend its softwood lumber industry, communities and workers, and will continue to work closely with the federal government and other Canadian provinces on this unwarranted dispute.

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## Funding for the Université de l'Ontario français

The government recognizes the contribution of the Francophone community to the province's social, cultural and economic development and wants to ensure French-speaking students have access to postsecondary education that is aligned with labour market needs.

Ontario is working with the federal government to establish the Université de l'Ontario français to address the needs of about 622,000 Francophones in the province. The governments of Canada and Ontario have agreed through a signed Memorandum of Understanding to share the start-up cost for the university, with the federal share not exceeding 50 per cent of the total cost incurred by Ontario.