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Ontario's plan: destroy jobs, save the planet

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Here in clean, green Ontario, where the ambitions of our government know no bounds, a bright new year has dawned. Gasoline is likely to rise by 4.3 cents a litre. Your hydro bill is going up. You'll pay more for natural gas, too. But don't feel blue. You are helping save the planet. All of these higher costs are part of the government's new cap-and-trade scheme, a vast multibillion-dollar enterprise that is designed to cut greenhouse-gas emissions by redistributing *[http://www.theglobeandmail.com/news/national/ontario-set-to-tackle-climate-change-with-cap-and-trade-launch-on-jan-1/article33440779/]* tons of money to big emitters in California and subsidy-seekers here at home.

Unfortunately, the timing is terrible – especially for an increasing number of small- and medium-sized business owners, who can't figure out how to make a living here any more.

Jocelyn Williams Bamford is vice-president of Automatic Coating, a small, specialty manufacturer based in Scarborough, Ont., that employs 75 people. "Our electricity costs are through the roof," she told me. The reason is something called "global adjustments" – a fee to cover the cost of green energy and conservation programs that is unrelated to the actual cost of electricity itself. Companies like hers are facing staggering hydro bills of $30,000 or $40,000 a month – mostly because of government investments in green energy that Ontario doesn't need and can't use.

The Lunch: The watchdog sinking her teeth into Ontario's environmental missteps *[http://www.theglobeandmail.com/report-on-business/careers/careers-leadership/how-ontarios-environment-watchdog-plans-to-makewaves/article29032192/]*

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Now comes cap and trade. That will hurt even more. Larger companies will be required to buy pollution allowances, but smaller ones will just get whacked with extra costs. How much? An estimate by law firm Stikeman Elliott puts the tab at $136,000 a year for starters, rising to $720,000 by 2030. But in fact no one knows what the costs will be or how the billings will work. Large emitters will initially get breaks to allow them to adjust. Small businesses will get none.

"The Ontario government is making sure it will be impossible for manufacturers to compete in a global market," says Byron Nelson, whose company, Leland Industries, employs about 220 people in two Canadian plants to make fasteners for global export markets. "We've expanded a lot over the last number of years, but doing business here is so damn hard." Most companies like his have invested heavily to reduce emissions, with great success. But the government doesn't care. The next plant he opens will be in Illinois, where electricity costs are about half of Ontario's – and where somebody actually listens to people like him.

These companies are exactly the kinds of businesses that everybody in the world is desperate to attract – innovative, globally competitive firms with high-skilled jobs. They are increasingly important to what remains of manufacturing in Ontario, much of which was wiped out by China and other low-cost countries. Yet Ontario's government seems determined to drive them off. Automatic Coating, which is a supplier to the U.S Navy, is being constantly courted by U.S jurisdictions that want to lure it south of the border. U.S. jurisdictions have been begging the company to move south. "We want to stay here but we feel like we're being pushed out, " Ms. Bamford says. "We honestly don't know whether to pick up and leave or stay and fight."

Things are better in Alberta – sort of. Rachel Notley's carbon-pricing scheme, which also comes into effect this week, is everything that Ontario's is not. It is comprehensible and transparent. You may not like it, but at least it makes sense. Ontario's scheme is hopelessly opaque, and offers endless opportunities for mischief. Major details (such as how to count emissions cuts) have yet to be worked out. Business people are astonished that such a half-baked scheme is actually going ahead.

Ontario's Liberals are delusional. They actually believe that they can re-engineer industry and society and even the climate itself. Fortunately, the voters are catching on. Premier Kathleen Wynne's approval rating stands at a miserable 14 or 15 per cent. Ontarians go to the polls next year. The Conservatives can win simply by sitting back and letting people open their hydro bills every month.

Everybody wants to do something about climate change. The challenge is to figure out whether the costs we're imposing on ourselves are reasonable and fair compared to our competitors. We should also keep in mind that fossil fuels still supply *[http://oilprice.com/Latest-Energy-News/World-News/Exxons-2040-Outlook-Fossil-Fuels-Arent-Going-Anywhere.html]* around 80 per cent of the world's energy demand – and the same will be true in 2040, no matter how much we choose to kneecap ourselves.

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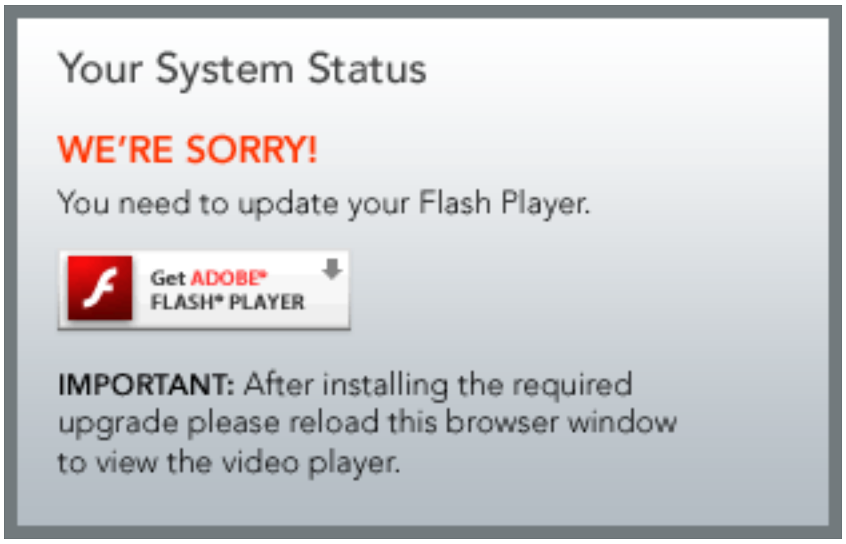

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