

For Immediate Release
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Task Force recommends ambitious actions to realize Ontario's prosperity potential

Toronto -- Ontario has the potential to achieve prosperity that matches results in the most vibrant economies in the world if its governments, businesses and individuals act on a set of ambitious recommendations made by the Ontario Task Force on Competitiveness, Productivity and Economic Progress. The recommendations for all of these groups aim to stimulate investment in capital and people and to encourage more innovation and upgrading in the province.

This group of industry and academic leaders, chaired by Roger Martin, Dean of the Rotman School of Management, was established in 2001 to stimulate business, governments, and educational institutions to increase the pace of innovation and competitiveness. That will ensure that our standard of living continues to rise.

In its Third Annual Report, *Realizing our prosperity potential*, the Task Force shows that Ontario's prosperity ranking remains at 13th place among a peer group of 16 North American jurisdictions consisting of the 14 most populous US states, Quebec and Ontario. The Task Force continues to urge Ontarians to aspire to close the prosperity gap with the peer group. "The encouraging news is that the amount by which we trail the median of this peer group has dropped from the peak of \$4,811 per person in Gross Domestic Product (GDP) in 2000 to \$3,061 in 2003," said Martin. "But much of the improvement is because the economies in the peer states have had sluggish performance over the last three years, while Ontario's performance hasn't changed much."

The Task Force argues that Ontario can close the prosperity gap and realize its full economic potential. The key to this is higher productivity – the increased capability of Ontarians to add more value to the physical, human, and capital resources in the province. Last year, in its Second Annual Report, the Task Force concluded that more investment is an important element in raising productivity. This year's report sets out areas where that investment is required. For businesses, it means larger investments in machinery, equipment and software; for governments, it means striking the right balance between spending on current consumption, such as health care and social services and investing for future prosperity, such as infrastructure and education; for individuals, it means investing more in themselves, such as in higher educational achievement.

"We've identified some challenges facing us – but we haven't come across significant roadblocks to matching the performance of these peer states," said Martin. "Our work shows that Ontarians recognize the importance of global competitiveness, innovation, risk taking, and other factors so necessary for achieving prosperity." To build on these positive attitudes, the Task Force sets out the need to reduce the tax burden on capital investment. It urges Ontarians to achieve higher levels of education. And it calls for accelerating the integration of immigrants into the economy so that they – and all of us – benefit from the skills and knowledge they bring.

The Task Force also observes that Ontario's market structures provide inadequate specialized support and competitive pressure to firms and individuals. Ontario's industries are not benefiting from the kind of specialized support – such as university/industry collaboration and specialized research and training

- that creates world-class advantage for companies and workers. Nor does Ontario have the structures that fuel the intense competitive pressure that comes from strong firm rivalry and sophisticated and demanding customers. Without this pressure to succeed, Ontario's firms and industries will not strive to be counted among the best in the world.

The Task Force is concerned that, while Ontario has the potential for economic growth, its situation could deteriorate if we do not act now. Martin said, "We need to avoid a vicious downward economic spiral of under investment, reduced productivity, reduced capacity to invest, further reduced productivity and the resultant restriction in our standard of living. Instead, we can create a virtuous circle by investing more and strengthening structures to increase productivity and prosperity."

Through its recommendations the Task Force is encouraging businesses, governments, and individuals to work together over the next few years to realize Ontario's prosperity potential for generations to come.

The complete report can be downloaded directly from:

<http://www.competeprosper.ca/task/ar2004.pdf>

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About the Task Force

The creation of the Task Force on Competitiveness, Productivity and Economic Progress was announced in Ontario's April 2001 Speech from the Throne. Roger L. Martin, Dean of the Joseph L. Rotman School of Management at the University of Toronto, is the Chairman. The mandate of the Task Force is to measure and monitor Ontario's competitiveness, productivity, and economic progress compared to other provinces and US states, and to report to the public on a regular basis. Members of the Task Force were announced on October 17, 2001. See www.CompeteProsper.ca for further information.

About the Institute for Competitiveness & Prosperity

The Institute is an independent not-for-profit organization established in 2001 to serve as the research arm of Ontario's Task Force on Competitiveness, Productivity, and Economic Progress. The Institute and the Task Force are supported through the Ministry of Economic Development and Trade.