Canadian Chamber of Commerce

Chambre de Commerce du Canada

2021 POLICY RESOLUTIONS

Positions on Selected 2021 National and International Issues

This booklet contains the final approved versions of all the resolutions adopted by the voting members of the Canadian Chamber of Commerce from October 27-28, 2021 at the Canadian Chamber's virtual Annual General Meeting.

Each resolution, once approved by a convention, has an effective lifespan of three years. The 2021 resolutions were discussed, amended and approved during debate, at which time accredited voting delegates from across the country considered a total of 67 proposals which had been drafted originally by local Chambers of Commerce, Boards of Trade and policy committees of the Canadian Chamber. In accordance with the by-laws, a majority of two-thirds of the votes cast was necessary to approve each resolution. Delegates approved 56 resolutions during the debates.

These resolutions will be brought to the attention of appropriate federal government officials and departments to whom the recommendations are directed. The method of presentation of each item will be determined by a number of factors, including subsequent events and legislation that may affect the subject matter, additional information that may become available, the timing of a presentation, etc. Throughout the year, members will be updated and advised of the action(s) taken on each of these positions by way of summaries and reports in Canadian Chamber publications.

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Agriculture

Supporting Farms of the Future

DESCRIPTION

To feed the world, we have to grow 10,000 years' worth of food in the next thirty years, which means agriculture producers worldwide must increase food production by 60 to 70 percent. This demand is met with finite resources in agriculture including people, land and investment coupled with the high costs of technological adoption and implementation, environmental and regulatory burdens and a lag in specialized education and skill development. The convergence of skills development, new technologies, regulatory and cost controls must all be coordinated to deliver an effective agriculture and agri-food strategy in order to develop the farms of the future.

BACKGROUND

In March 2016, the Federal Government's Advisory Council on Economic Growth (ACEG) was tasked by the Minister of Finance to provide policy directions for conditions needed for strong and sustained long-term economic growth. ACEG identified the agriculture and agri-food sector as one of six strategic sectors with "a strong endowment and untapped and significant growth potential. However, in order to be a key economic player in our growth, we must tap into our financial and social capital, human capital, natural capital, along with our built capital to build and implement sustainable practices, increase public awareness and trust and achieve food security for the future.
Environmental Considerations

Science and innovation have been key to the progress and growth in the Canadian agriculture and agri-food sector. Many new innovations such as crop varieties, livestock breeds and farm management practices have delivered health, environmental and economic benefits. A number of Canadian innovations have yielded significant improvements. Crop production to zero-till techniques and equipment have improved soil health and enhanced carbon sequestration globally. Improvements in animal genetics and feeding efficiency have reduced GHG intensity in animal protein production. In addition, many scientists are confident that farming can be adapted to build carbon into soils. Soil carbon building practices, loosely gathered under the term "regenerative agriculture," have been practiced for decades, or centuries in some places. However, there are barriers that keep more farmers from adopting these strategies, including higher costs for specialized equipment, and reduced return as these practices don't necessarily provide higher yields or demand premium prices in a global market where producers are price-takers.

More needs to be done to secure the ongoing delivery of sustainably produced nutritious food now and in the future. Science continues to unveil the complex relationships between soil-human-animal health and offer opportunities for lower risk, higher return, and quality food systems.

There has been increased attention and funding by the federal government for fundamental research and development and to support innovation and commercialization. However there needs to be additional funding and support for companies to scale up and commercialize innovations through an innovation marketplace, a private-sector-led growth fund, review and rationalization of innovation-focused government programing, a systems level approach to look at carbon offsets and conservation protocols, along with greater efforts to access talent through targeted immigration policies.

Human Capital: Education and Skills development

According to an RBC report, 600 fewer young people are pursuing agricultural careers each year, and the number of unfilled agricultural jobs is expected to increase from 63,000 in 2017 to 123,000 by 2020. Most of those empty jobs are in manual, unskilled labour, and are often filled by temporary foreign workers. We need to address barriers to working and investing in the industry and focus on not only skill development and redevelopment for career transitions but also early career development and awareness of the opportunities in agriculture, agri-food and agri-tech.

There is an ageing population within agriculture that may not be interested in technology, however, agriculture is fast becoming a technologically driven-industry. With the development in machine learning, artificial intelligence and new innovative systems, there is an expanded opportunity for career development in innovation and agri-tech.

Additionally, there is an untapped opportunity to create agriculture programs, similar to trades, apprenticeship and health related programs. Such programs can provide theory, safety and science-based training and education through course curriculum, but then also integrate applied program training and specialization through immersive work experience. By modelling programs and creating incentives to target this specialized sector, industry and education can work together to create a suite of employable skills that enable students to gain the insight and experience to gainfully contribute to the agricultural industry and our economy into the future.

Technology and Innovation Cost Controls and Incentives

Around the world, modern farming is beginning to utilize technologies such as advanced sensors, imaging, remote monitoring, automation, robotics, artificial intelligence and blockchain. Alberta Innovates describes self-driving tractors, automated cultivators and robotic harvesters as current technology under development. Agricultural producers could yield substantially more yields while minimizing environmental impact by utilizing intelligent, automated systems.

Today, Canada's agri-food sector has low rates of technology adoption compared to other countries. Canada can remain competitive and benefit from bridging the gap between emerging technology and traditional farming methods, but unfortunately, Canada is lagging in the agtech race. Canadian farmers rely heavily on government supported funding for new technologies and processes and we are seeing that Canada's share of global agtech investment is less than either of India or Brazil.

According to an RBC Report, Canada could gain $11 billion in annual GDP by 2030 by closing the agriculture labour gap and accelerating investment in technology. This would bring agricultural GDP to $51 billion, making it bigger than automobile assembly and aeronautics combined.

While more than 80% of producers under the age of 40 report using technology; for those over 60, it's 57%. This is likely because it is largely felt that the current cost of technology adoption does not lead to the financial returns that would justify investment. Agriculture is a capital-intensive business and always has been, which makes it tough to compete in a new economy that thrives on software and puts an ever greater value on intangibles. Farmers' access to credit is also surprisingly low: Canadian agriculture has a 1.9% share of national commercial lending. The global average is 2.9%; in New Zealand, it's 14.1%. The capital intensity is one of the reasons so many operations stay family-owned and operated, and stands as a barrier to those seeking careers in agriculture.

Technology is apt to open agriculture opportunities to non-traditional sources of talent. If Canada can find new ways to commercialize technology, the country can cultivate the next generation of skills to go with it.

Regulatory Obstacles

Agri-food products have a long and multi-stage journey to market and agri-food issues naturally span across different departments within the government, which results in regulatory obstacles. Cross-departmental communication and collaboration is essential to triage and resolve these regulatory obstacles. Alignment between all levels of government can contribute to efficiency by eliminating or reducing the duplication of regulations.

In addition, many regulations for the agri-food sector are out of date, impeding investment, innovation and competitiveness. Modernization of regulations should focus on an appropriate balance of science and risk without unnecessarily impeding innovation. Our regulatory process must demonstrate that Canada's food is the safest, most sustainable and most nutritious in the world.

RECOMMENDATIONS

That the Government of Canada:

1. Create a systems level approach to creating programs that capture carbon offsets or carbon credits for carbon sequestering. Create a cohesive science-based strategy that addresses both the environmental regulations and the economy, evaluating emissions intensity alongside carbon sequestering and soil health.

2. Create job grants or an employment placement program for employers to encourage more work placements for students Encourage student placements by creating student tax credits for post-secondary students seeking employment opportunities in agriculture, agri-food and agri-tech. Promote career opportunities through grants for secondary and post-secondary institutions that provide agriculture, agri-food and agri-tech opportunities for students.

3. Modernize and synchronize regulations and frameworks to speed up approval times and help the industry adjust quickly to regulations around new technologies. Stimulate innovation, commercialization, investment, connectivity and data collection in agri-tech developments through taxation incentives for agri-tech developers and investors. Create taxation incentives or subsidies for on-farm agri-tech strategies, investment, adoption and implementation by producers.

NOTES

[1], [2], [3], [4], [5], [6], [7], [8], [9], [10], [11], [12], [13]

[1] Rob Saik (2019), Food 5.0: https://www.robertsaik.com/presentations.html
[2] Agri-food includes agriculture, fisheries and aquaculture and food and beverage processing.
[3] The Canadian Agri-Food Policy Institute (2018), Barton Forward: optimizing Growth in the Canadian Agri-Food Sector: https://capi-icpa.ca/wp-content/uploads/2018/06/CAPI_Barton_WhatWeHeardReport_Eng.pdf
[4] Washington Post 'Planting Crops and Carbon, too': https://www.washingtonpost.com/graphics/2021/climate-solutions/climate-regenerative-agriculture/
[5] https://capi-icpa.ca/wp-content/uploads/2018/06/CAPI_Barton_WhatWeHeardReport_Eng.pdf
[6] RBC Thought Leadership (2019), Farmer 4.0: How the coming skills revolution can transform agriculture: http://www.rbc.com/economics/economic-reports/pdf/other-reports/Farmer4_aug2019.pdf
[7] Alberta Innovates, The Future of Farming: https://albertainnovates.ca/impact/newsroom/the-future-of-farming/
[8] Canada's Economic Strategy Tables, Agri-Food – The sector today and opportunities for tomorrow (Interim Report) (Spring 2018).
[9] RBC Thought Leadership (2019), Farmer 4.0: How the coming skills revolution can transform agriculture: http://www.rbc.com/economics/economic-reports/pdf/other-reports/Farmer4_aug2019.pdf
[10] RBC Thought Leadership (2019), Farmer 4.0: How the coming skills revolution can transform agriculture: http://www.rbc.com/economics/economic-reports/pdf/other-reports/Farmer4_aug2019.pdf
[11] RBC Thought Leadership (2019), Farmer 4.0: How the coming skills revolution can transform agriculture: http://www.rbc.com/economics/economic-reports/pdf/other-reports/Farmer4_aug2019.pdf
[12] https://capi-icpa.ca/wp-content/uploads/2017/04/Canada-as-an-Agri-Food-Powerhouse-Strengthening-our-Competitiveness-and-Leveraging-our-Potential-2017.pdf
[13] https://capi-icpa.ca/wp-content/uploads/2017/04/Canada-as-an-Agri-Food-Powerhouse-Strengthening-our-Competitiveness-and-Leveraging-our-Potential-2017.pdf

Digital Economy

Growth Engine Digital Media Industry

DESCRIPTION

Canada is home to a thriving digital media industry, recognized as a world leader in video game development, animation and visual effects. The breadth of Canada's expertise in the digital media sector also encompasses areas such as web design, social networking, education, healthcare and advertising. The Canadian TV/Film industry has three main revenue generating sectors: Live Action; Video Effects (VFX); and Digital Animation. There are three world-class digital media clusters in Montreal, Toronto and Vancouver, as well as other vibrant centres throughout the country. Centres encompass a comprehensive range of development studios and support services.

BACKGROUND

Statista.com shows Ontario, Quebec and BC continuing to lead the country in TV and film production volume with minor activity in New Brunswick, Alberta and Nova Scotia. 2019-2020 production volume is $9.3 billion. (1) 83% of videogame companies are Canadian-owned and controlled. 17% of all companies are foreign-owned. [1], 86% of employment in the industry is in foreign-owned companies; 14% of employment is in Canadian-owned companies. 5% of the leading videogame companies in Canada provide 90% of the employment.

The film/TV sector continues to contribute significant amounts to GDP in Canada through production spending in the range of $8-9 billion per year over the 2018-2020 period, based on the findings outlined in Profile 2020: Economic Report on the Screen-based Media Production Industry in Canada which show that the Canadian production sector generated $9.32 billion in production volume, $12.24 billion in GDP and created 224,500 jobs across Canada between April 1, 2019, and March 31, 2020.The video game development centres are similar to film/TV, again, primarily in Vancouver, Toronto, Montreal, and other larger cities like Edmonton and Calgary. ESAC's (Entertainment Software Association of Canada) 2019 report found a 20 per cent increase in GDP contribution over 2017. [statistics from 2020-2021 pandemic to date are unreliable as an industry measure and the impacts of working from home in the industry will call into doubt data from both 2020 and 2021.] Of this $4.5 billion, an estimated $2.6 billion comes directly from the game industry, with the remaining $1.9 billion accounted for through indirect and induced impacts. Overall, there are 692 active gam development studios in Canada - up 16 per cent from 2017.

Tax Credits – Competition

The main competitors for digital media production work are interprovincial and international. [2], Most foreign jurisdictions have some production tax incentives to compete for work that is internationally distributed. Markets and demand are growing due to streaming video on demand (SVOD) services like

[1] Entertainment Software Association of Canada (ESAC) the national games industry contributes $3.7 billion to Canada's GDP.https://www.statista.com/statistics/441481/video-game-company-canada/

[2] Internationally Canada's most significant competitors are from the US, Malaysia, Singapore, China, France and India. In the US the jurisdictions that compete directly with BC by state are the 'Big 5': California, New York, Texas, Florida and Georgia. These states all have substantive tax incentive systems similar to BC's designed to compete against Canadian incentives from mostly BC and Ontario. On a per capita basis BC's industry rivals both California's and New York's which are the two largest US markets.

Netflix and Amazon. Most provinces compete against lower offshore labour costs with provincial and federal incentives.

In recent years provincial governments have placed a significant focus on retaining jobs and revenues in the industry as markets become more international and competitive. All three sectors that drive the digital media sector industries are experiencing similar impediments to expansion due to talent shortages and industry capacity issues. Not enough skilled workers are available to produce content in all segments.

This makes tax policy issues even more relevant, i.e., government participation in how the industry grows or stagnates based on its tax incentives. [3],

Education – Immigration - Investment

Digital media is a $22 billion industry in Canada that supports more than 120,000 creative jobs, making Canada one of the foremost investment destinations for global digital media companies. [4],

Canada offers the lowest business costs in the G7 for digital entertainment. Studios in Canada benefit from the most competitive tax environment among G7 countries. Financial incentives available to digital media firms account for the cost advantage. [5],

1. Canada's digital-games industry is the third-largest in the world, in terms of the size and quality of its talent pool and of its technical resources.

2. Canada's animation and digital-effects industry is a key part of the country's digital economy and is world-renowned for its innovation and creativity.

3. Canada has employment issues: skilled workforce retention, upskilling, reskilling and job entry.

4. Talent shortages create upward pressure on salaries for intermediate and senior staff. Entry level positions are available, but local digital media schools don't graduate enough Canadians, and many need additional training to be employable, leaving the industry continuously short of skilled labour.

5. 30-50% of students receiving training in Canada's private digital media school network are international students who cannot legally enter the workforce after graduating.

[3] Tax credits to the Film/TV and Videogame industry are not subsidies. Since 1992 Film/TV tax incentives have created $6 billion in spending on domestic productions and have attracted and imported over $20 billion in foreign capital to the provincial economy for production service work, creating an economic impact of over $60 billion in BC.
[4] Canada Media Fund 2017
[5] KPMG, Competitive Alternatives 2016 - Ibid points 1-6

Work produced with less experienced talent may not meet the benchmarks required by major studios and marquee clients. This shortfall has led to filling skills gaps with intermediate and senior talent recruited internationally or outsourcing parts of productions overseas. [6],

Cost Competitive

According to KPMG, video game development studios based in Canada typically enjoy a 23.8% cost advantage when compared to their US-based counterparts.

How to Grow the Industry in Canada

If Canada is to maintain its key position in the global Film/TV and videogame sectors and retain and create thousands of new jobs, an optimized tax credit program is required to incentivize new growth and investment. With such an enhanced program in place, the size of the industry, and the prospect of creating new jobs in the coming five years is a realistic goal. [7],

- In mid-size cities in Canada, the high-tech sector is growing at 30% biennially.
- Given the regional pattern of employment in Canadian cities, local mid-size cities would get approximately 510 of the 6,800 new NOC 5241 jobs forecasted for digital animation and video effects.
- If regional and location distant tax credits were optimized to double the 7.5% estimate that would equate to 1,020 jobs for each region.
- If spread over the digital media sector's three main silos this would mean 300+ new jobs for each of digital animation, video effects and videogame production sectors.
- With average studio sizes for medium or large-sized studios this means 7-10 new studios, making mid-sized Canadian cities contend for a top 10 animation production cluster in North America.
- If the same math of 7.5 % and a target of 15% of the total 21,900 jobs is calculated, the local regions would see 1,640 and potential for 3,280 new and replacement jobs occur in each region. Many of the requirements for this kind of job growth are in place in many regions to support parts of this forecasted growth for the area. [8],

[6] For example, up to 20%-30% of staffing at some major BC digital animation studios is recruited internationally to meet the needs of Most foreign staff must qualify via Express Entry due to the nature of production contracting in the Film/TV industry and Canadian work experience requirements.
[7] BC, and particularly Vancouver, houses the world's largest cluster of production services for digital media sectors for streaming video content development, VFX, digital animation and video game production. As in Ontario and Quebec, approximately 1 in 5 of the 150,000 high tech jobs in each province is attributed to the digital media sector (~15,000 jobs per province). Digital media is a major contributor to any regional jobs plan and if properly supported creates high paying long-term jobs.
[8] There are about 20 VFX and digital animation studios that employ the bulk of content production staff in BC. In digital animation, 80% of the animators in the province work at DHX, Sony, Bardel, Atomic Cartoons, Rainmaker-WOW Entertainment Unlimited, and Animal Logic Titmouse. In VFX, there are 5,000 VFX artists working in BC at Digital Domain, Industrial Light & Magic, MPC, Zoic, FuseFX, CineSite, Image Engine, Stargate, Hydrualx, UMedia, COSA and Sequence. All maintain larger studios in Vancouver.

A Healthy Industry in Canada

- A 2018 report by the Canadian Media Producers Association says production volume in the country reached an all-time high of $8.38-billion in 2016-2017.

- BC has always been in the top three provinces for film and TV production. Last year its volume hit $2.991-billion, just ahead of Ontario with $2.977-billion. Quebec, with its thriving French-language industry, placed third with $1.754-billion.

Home Grown Media Skills Training

Many local and trades colleges across Canada offer two-year 'Classical Animation' programs that graduate up to 20 animators per year. Universities offer a 4-year Bachelor of Media Studies that produces 20-30 graduates per year. Senior secondary school districts are pairing up with leading animation schools to provide dual credit 'Foundations of Animation' curriculum. 3D and VFX curriculum is being rolled out across the country.

Finally, in-migration from the larger regions and cities and from international sources bring talent to every region in the country. This supports new studios which can be set up in smaller regions, making up for the lack of regional talent.

During the pandemic of 2020-2021, the industry struggled with work-from-home strictures, as well as numerous office closures and on-set protocols. Shrinkage in industry numbers was inevitable, and over the eighteen months from September 2021 to December 2022, better data will reflect industry adaptation and growth rates.

Conclusion

The digital media industry is a significant economic driver in Canada with no signs of slowing down in future if incentivized. With this growth Canada can set up additional infrastructure necessary for this industry to lead globally across all its sectors, strengthening provincial economies.

- Tax credits for the Film/TV sector in Canada are administered provincially and greatly incent growth.

- Tax credits generally for basic labour are 35% for domestic productions, and 28% for foreign productions.

- The regional tax credits average 12.5% and 6% respectively.

- A distant location tax credit of 6% is applicable to both domestic and foreign production work when performed outside of the large municipal centres.

- These provincial Film/TV tax incentives can be stacked and include a 16% federal tax credit for qualifying provincial labour for the Videogame, mobile, online and VR/AR productions.

- An average 30% training tax credit is paid to a provincial-based individual registered in an approved training program. The tax credit is capped at 3% of the corporation's qualified labour expenditure and must be accessed in conjunction with the basic tax credit and is only currently available for domestic productions that provide training specifically to Canadians.

- For the videogame industry the tax incentive system is simpler. Interactive Digital Media Tax Credit (IDMTC) is 17.5% for qualifying labour for interactivity content: Videogames, Educational software, Edutainment products, Simulators, AR/VR applications. [9], This figure differs province by province across Canada.

While each province and/or territory keeps its own statistics and governs its digital industries in different ways, all contribute to the overall GDP and growth of the Canadian industry. This is an industry agglomerated, as noted in the introduction, from film, TV, gaming, and the rapidly expanding digital media industry. Most critical is that government not stand in the way of this growth due to a lack of industry understanding, or over-regulation. Education at all levels, pre-post secondary, and investor-based will be crucial to Canada's gaining an international foothold in world leadership in the industry.

RECOMMENDATIONS

That the Government of Canada:

1. Continue tax credits to enable emerging digital-based companies to set up and expand;

2. Expand training tax credits to include foreign productions; and

3. Endorse post-secondary temporary working permits for graduates of publicly funded/accredited provincial/territorial digital programs.

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[9] Municipal economic growth example: If 7.5% of these existing jobs could be attracted to Kelowna this would equate to 375 VFX jobs in the region. This would equate to approximately $22 million in VFX salaries alone flowing through the region. If 7.5% of the 5,800 videogame jobs in BC could be moved to the region another 435 jobs would bring in $33 million in game developer salaries to Kelowna.

NOTES

10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20

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[10] CMPA (Canadian Media Producers Association).

[11] Entertainment Software Association of Canada (ESAC) the national games industry contributes $3.7 billion to Canada's GDP.

[12] Internationally Canada's most significant competitors are from the US, Malaysia, Singapore, China, France and India. In the US the jurisdictions that compete directly with BC by state are the 'Big 5': California, New York, Texas, Florida and Georgia. These states all have substantive tax incentive systems similar to BC's designed to compete against Canadian incentives from mostly BC and Ontario. On a per capita basis BC's industry rivals both California's and New York's which are the two largest US markets.

[13] Tax credits to the Film/TV and Videogame industry are not subsidies. Since 1992 Film/TV tax incentives have created $6 billion in spending on domestic productions and have attracted and imported over $20 billion in foreign capital to the provincial economy for production service work, creating an economic impact of over $60 billion in BC.

[14] Canada Media Fund 2017

[15] KPMG, Competitive Alternatives 2016 - Ibid points 1-6

[16] For example, up to 20%-30% of staffing at some major BC digital animation studios is recruited internationally to meet the needs of Most foreign staff must qualify via Express Entry due to the nature of production contracting in the Film/TV industry and Canadian work experience requirements.

[17] BC, and particularly Vancouver, houses the world's largest cluster of production services for digital media sectors for streaming video content development, VFX, digital animation and video game production. As in Ontario and Quebec, approximately 1 in 5 of the 150,000 high tech jobs in each province is attributed to the digital media sector (~15,000 jobs per province). Digital media is a major contributor to any regional jobs plan and if properly supported creates high paying long-term jobs.

[18] There are about 20 VFX and digital animation studios that employ the bulk of content production staff in BC. In digital animation, 80% of the animators in the province work at DHX, Sony, Bardel, Atomic Cartoons, Rainmaker-WOW Entertainment Unlimited, and Animal Logic Titmouse. In VFX, there are 5,000 VFX artists working in BC at Digital Domain, Industrial Light & Magic, MPC, Zoic, FuseFX, CineSite, Image Engine, Stargate, Hydrualx, UMedia, COSA and Sequence. All maintain larger studios in Vancouver.

[19] Municipal economic growth example: If 7.5% of these existing jobs could be attracted to Kelowna this would equate to 375 VFX jobs in the region. This would equate to approximately $22 million in VFX salaries alone flowing through the region. If 7.5% of the 5,800 videogame jobs in BC could be moved to the region another 435 jobs would bring in $33 million in game developer salaries to Kelowna.

[20] LMP: Labour Market Partnership; CJG: Canada-BC Job Grant; PBLMT: Project Based Labour Market Training (PBLMT)-WorkBC

North American Harmonization of Data Protection and Cybersecurity Rules

DESCRIPTION

The Canadian Chamber of Commerce has addressed the issue of cybersecurity in 2019, passing a resolution calling on Canadian governments to strengthen their efforts to combat cybercrime and better inform the public about the dangers of cybercrime. During the two years since this resolution was passed and marked by the COVID-19 pandemic, cybersecurity has become a much more important issue, and one of the biggest threats to the global economic system, according to the Federal Reserve Chairman.

BACKGROUND

Multiple hacking incidents have been widely reported in the media and have made many entrepreneurs realize that this is a significant and immediate threat. Business owners have been shocked by the assortment of targets that have been hit: government departments and agencies in many states, including the federal and provincial governments, large multinational corporations and financial institutions, as well as small manufacturing and retail businesses in different parts of the country. The resulting message to business owners can be daunting: no one is safe, not even the wealthiest or most discreet of organizations and businesses. The possibility that such attacks are perpetrated by people with direct access to the company's computer networks, be they consultants or employees, adds another disturbing factor to the equation.

The COVID-19 pandemic has led to a surge in the number of cyberattacks. Statistics Canada revealed last September that 42% of Canadians had been victims of at least one phishing or fraud attempt since the beginning of 2020, while a survey by the Canadian Internet Registration Authority (CIRA) revealed that about a quarter of businesses and organizations had fallen prey to a cyberattack. In the U.S. last year, the FBI reported more than 241,000 reports of phishing attacks, and similar phenomena are occurring in Mexico and elsewhere in the world. The often transnational nature of this type of crime should prompt us to look for responses on a continental and even global scale.

In this context, in addition to efforts to fight cybercrime, various governments are seeking to reassure citizens who fear for the security of their personal data. The federal government introduced Bill C-11: An Act to enact the Consumer Privacy Protection Act and the Personal Information and Data Protection Tribunal Act and to make related and consequential amendments to other Acts, on November 17, 2020, but it has not been studied by Parliament to date. In Quebec, Bill 64, An Act to modernize legislative provisions as regards the protection of personal information, was still awaiting final consideration in the National Assembly in the summer of 2020, while other provinces may be tempted to act to address the concerns of their citizens given the lack of progress on the federal legislation.

While the changes proposed by C-11 and its potential provincial equivalents, similar to the California Consumer Privacy Act which came into effect on January 1, 2020, are inspired in part by the European Union's General Data Protection Regulation (GDPR), these bills create a competitiveness issue for our businesses. In fact, no equivalent of C-11 is being discussed in the U.S. legislative bodies.

Given the volume and value of transborder data flows between Canada and the United States, which may continue to grow with the implementation of the new Canada-U.S.-Mexico Agreement on July 1, 2020, it is desirable that the North American states work together to coordinate expectations and obligations with respect to cybersecurity and privacy to the greatest extent possible. Given that each party involved in the CUSMA, including the federated states, can legislate on the protection of personal data, some problems may arise, particularly in the event of conflicts of interpretation involving several countries, states or provinces. It is important for Canada not to alienate itself from its CUSMA partners so as not to undermine its own economic development.

An imbalance in personal information regulatory systems could pose a significant threat to many of Canada's burgeoning economic sectors, including artificial intelligence and life sciences. The analysis, transfer and use of data are central to the operations of these companies, which are developing new technologies that improve the lives of Canadians. Governments that claim to support the development of these industries should not undermine their own efforts by adopting laws and regulations that would hinder their competitiveness on a North American scale.

Canada would be well advised to adopt a leading position and engage in discussions with its American and Mexican counterparts to promote the development of an equivalent data protection regime for all of our companies' North American operations. Following the failure of the U.S. Privacy Shield program, invalidated by the European Court of Justice on July 16, 2020, there is reason to believe that our largest economic partner is looking for a new way to align its policy with the European GDPR.

This is also true for cybersecurity, as the two issues are intimately linked: even with the strictest privacy laws in the world imposed on businesses, that information remains vulnerable to cyberattacks. The two issues must be seen as interdependent.

A common North American cybersecurity policy that clearly states the importance of cybersecurity as a priority, increases the severity of penalties for cybercriminals, and ensures information sharing among law enforcement and regulatory authorities in this area could be integrated into a North American data protection regime.

By working towards a secure and flexible North American digital economic space, we can promote the economic development of Canadian businesses while adequately protecting the data of Canadians.

RECOMMENDATIONS

That the Government of Canada:

1. Propose to U.S. and Mexican federal authorities the development of a common data protection and cybersecurity regime that will support the economic development of North American businesses while adequately protecting citizen and business data from inappropriate use and cyberattacks.

2. Avoid the overly rapid imposition of barriers to data use and transfer that would penalize companies doing business in Canada against their competitors in the rest of North America until a North American framework is in place.

Need to Immediately Adopt Principles-Based, Technology Neutral, Interoperable Privacy Legislation

DESCRIPTION

Privacy and data protection are critical in our modern economy where Canadians are constantly accessing digital services to support their work, connect with friends and family, engage in e-commerce, and access critical government services. Cybersecurity risks are at all time high and consumers deserve strong protections to ensure their personal data is safe. At the same time, companies of all sizes, across all sectors, require a flexible framework which aligns with international standards in order to innovate and reach customers in new markets.

BACKGROUND

To ensure that consumer data is adequately protected and that Canadian businesses remain competitive, it is imperative for the federal government to establish national standards. The Digital Economy Committee wishes to underscore the importance of advancing federal privacy legislation in a timely manner for three reasons:

- First, it is vital for the federal government to show leadership as provinces look to modernize their provincial privacy legislation. Canadian businesses operate across provincial borders, having coherence is critical. A patchwork of potentially incompatible rules in different provinces will create exponential confusion for consumers, and consequently burdensome compliance for businesses. A harmonized approach would make it much simpler for consumers to understand how their information is protected and secure from cyber attacks, and for businesses to comply. Canadian businesses operating across provincial and global borders need a coherent and consistent set of rules so that they can operate in a predictable environment. Canadians need a clear and consistent set of rules so that they can understand exactly how their privacy and security is protected no matter where they live in Canada.

- Second, moving forward legislation is important to ensure we remain appropriately aligned with international standards, including the European Union General Data Protection Regulation (GDPR). Balanced international alignment will enable Canadian businesses to continue to take advantage of opportunities in foreign jurisdictions, secure new opportunities for growth, development and expansion, and remain competitive on a global scale.

- Third, moving forward with legislation is also important to ensure we retain adequacy under the European Union General Data Protection Regulation (GDPR). The importance of this cannot be understated. This is critical for Canadian businesses to expand globally and remain competitive. This legislation is essential to ensuring a strong economic recovery from the pandemic.

We stand ready to work with all parliamentarians to improve and strengthen this important legislation to ensure the privacy rights of Canadians are secured and our businesses can innovate, harden their security against privacy breaches, and continue to grow.

RECOMMENDATIONS

That the Government of Canada:

Work with provinces, territories, international partners and industry to immediately adopt principles-based, technology neutral, interoperable privacy legislation.

Changing the Canada Anti-spam Legislation to Help Small Business

DESCRIPTION

Small businesses remain concerned about the impact of the Canada Anti-Spam Legislation and their ability to contact potential customers and clients for their business. Further because of the ambiguity and concerns many are simply not connecting with potential customers or clients for fear of reprisal under the Act.

BACKGROUND

Canada's Anti-Spam Legislation (CASL) came into force in 2014 and has had mixed reviews about its effectiveness in reducing email "spam" with some citing a noticeable reduction while others indicate it has significantly affected the ability to communicate through normal business channels.
The Standing Committee on Industry completed a study on CASL in the fall of 2017 and tabled its report in the House of Commons. The report can be viewed at https://www.ourcommons.ca/DocumentViewer/en/42-1/INDU/report-10/.

In the report the Committee did make a number of recommendations to the Government to provide better clarity to the Act and better interpretation of the rules. It did not however call for the repeal of the Act nor a significant overhaul of the Act.

The Canadian Chamber of Commerce currently has 17 recommendations around CASL that are helpful advice to the Government on making the Act more "business friendly." To date and to the best of our knowledge none of these have been implemented.

The Government of Canada did respond to the Committee's report indicating it would take the recommendations under advisement but wishes to ensure continued CASL in its present form. It did agree to review various definitions in the Act to provide better clarity. The Government's response forms part of the Committee report above noted.

Small business people do not want to live in fear that simply because they send a one-off email to someone they met or heard about to introduce their company would be subject to penalties under CASL. They wish to make business acquaintances in the normal course of doing business which should not be considered "spam" under the Act.

Notwithstanding the other recommendations on the books at the Canada Chamber of Commerce, we submit one further resolution for consideration.

RECOMMENDATIONS

That the Government of Canada:

Amend the Canada Anti-spam Legislation to exempt from the consent requirement any initial email contact that is not a mass email communication to a prospective business clientwith the option to indicate that no further communication is desired by the recipient after the initial contact.

Finance & Taxation

Modernizing Canada's Free Trade Zone Regime to Support Post-Pandemic Recovery and Job Creation

DESCRIPTION

Canada's existing Foreign Trade Zone Points (FTZPs) regime constrains businesses' ability to compete globally against other jurisdictions' free trade zones, leverage new benefits included in the Canada-US-Mexico Trade Agreement (CUSMA), reposition Canada in global supply chains and to attract new, and repatriate, business investment. Modernizing Canada's legislative approach to evolve the existing Foreign Trade Zone Points into an optimized Free Trade Zone (FTZ) regime—eliminating restrictions on value add, aligning with security and trade facilitation policies, and simplifying administration—will support Canada's international trade objectives and speed post pandemic recovery.

BACKGROUND

Free trade zones (FTZs, also called foreign trade zones) are special economic zones that are typically geographic areas where goods may be imported, stored or improved through value-added manufacturing, and re-exported. Canada's FTZ framework does not adhere to specific geographic boundaries, but is intended to facilitate access to a range of programs that provide preferential trade, customs and tax treatment nation-wide. This is achieved through Foreign Trade Zone Points (FTZPs)—locations in which a single organization directly provides businesses with access to information and assistance as they seek FTZ program support[1].

Modernizing Canada's framework for free trade zones by improving and optimizing current programs and policies will assist Canada's post-pandemic economic recovery in terms of creating jobs and enhancing competitiveness, all without creating any significant additional financial burden to the federal government. As Canada emerges from the COVID-19 pandemic, this policy change would provide a unique opportunity to align economic, trade, industrial and border security policies – while reasserting its position in the global supply chain.

The implementation of successful FTZ reform in Canada could potentially support 44,000 middle class jobs and these direct employees could earn approximately $2.6 billion in wages. In addition, the direct economic impact of this employment on the national economy can be estimated at $3.6 billion in GDP and $5 billion in economic output[2].

The economic potential under the current FTZ regime is constrained by value-added limitations, security and trade facility policy misalignment and administrative complexity and fragmentation. Canadian firms are currently held to strict value-added limitations (between 10% to 20%), which puts Canada's FTZ programs at a competitive disadvantage vis-a-vis their US counterparts which do not face similar restrictions. Unlocking the current value-added limitations could open the doors to companies that manufacture or produce new products "Made in Canada" for export and/or domestic consumption. The availability of value-added manufacturing in US FTZ generates domestic jobs and benefits local

[1] Government of Canada. Foreign Trade Zone. https://www.canada.ca/en/department-finance/programs/international-trade-finance-policy/foreign-trade-zone.html
[2] Economic impact calculated using InterVistas Economic Impact Model. The InterVistas model uses multipliers derived from economic/statistical/accounting models of the general economy based on the Input-Output model of the Canadian economy generated by Statistics Canada.

suppliers. Some 63% of goods entering US FTZs are used in production activities. For example, Yamaha Motors, located in a Georgia FTZ, purchases 30% of its components from local suppliers and another 20% from other US suppliers supporting US jobs. US FTZs also have attracted and are continuing to promote their FTZ to Canada-based businesses.

Increased value added manufacturing would also create opportunities to export products to other markets including the US and Mexico as part of the CUSMA Agreement that allows for a certain amount of value-added activity to occur before export. Rules of origin generally require 50% or 60% regional value depending on the valuation method used. Goods that in the past would have either been fully manufactured overseas, or with very limited local value added, will now need to comply with CUSMA value-added requirements.

In the new economy—and especially during a period of post-pandemic recovery that requires job creation and middle-class wages—there is no reason for the federal government to limit the potential of its FTZ programming to only support businesses involved in the distribution, disassembling and reassembling of goods but not businesses engaged in higher value-added activities. Removal of current value-added restrictions will require a change to the Excise Tax Act.

Current programs also have a limited relationship with existing trade facilitation and security programs. Alignment with such programs may facilitate long-term success in times of heightened border security controls, while also supporting Canada's role in the global supply chain and ensuring that Canada is well-integrated with the fast-tracked North American supply chain network (Customs Trade Partnership Against Terrorism, CTPAT)[3]. Under a modernized FTZ approach, businesses could benefit from reduced border inspections, front-of-line privileges and FAST (Free and Secure Trade) Lanes for trucking at the land border. We note that in June 2019, CBSA and US CBP committed to harmonizing the CTPAT and Canadian Partners in Protection (PIP) Program. Integrating into the North American supply chain network will help efforts to promote a broader "Buy North American" approach proposed by the US administration.

Compared to other jurisdictions such as Singapore, the US and UAE, Canada has focused less on FTZs as a strategic economic tool. The current administrative regime is fragmented and confusing and out of alignment with the federal government's historic approach, favouring simplification and flexibility. For example: the application process and eligibility requirements to establish a Free Trade Zone Point are loosely defined; there is no identifiable entity responsible for their establishment; and the role of different FTZ entities—grantees, operators, and users—are not clearly delineated.

While further work will be required to develop specific industry targets, there are several industrial sectors that could benefit from allowing greater value added within a modernized FTZ framework. Canada's tech companies could collaborate with foreign firms to obtain components for innovative products that are locally designed and made here. This could also include Canadian life science firms which are at the forefront of developments in biotechnology, pharmaceuticals, medical devices and medical technology. Firms could leverage FTZ resources as they commercialize innovations to get their products to market faster and cheaper while generating local jobs.

[3] The US CPTAT program allows firms to volunteer for stricter security standards in exchange for improved border processes, including as noted above front of line privileges for border examination and use of Free and Secure Trade (FAST) lanes at land borders between Canada and the U.S. Canada's Partners in Protection (PIP) is a similar program.

Other potential examples include the forestry industry which could pivot to a value-added manufacturing focus, creating pulp and fiber board to support the manufacture of PPE for domestic and international markets and apparel companies. Today, much of this manufacturing occurs overseas, but FTZ reform could help Canada to repatriate manufacturing and the associated jobs.

To avoid delay in reaping the benefits of FTZ programs, Canada should pursue this modernization at the next available opportunity, including either through budget implementation bills or other legislative vehicles identified. Repealing value-added limitations is aligned with Canada's long-term agenda for home-made, value-add production—which ultimately will result in the repatriation of jobs, the creation of incremental jobs and the retention of jobs for Canadians in key emerging industries. Simplification of the current regime also will require drafting new regulations, potentially under the sponsorship of the Minister of Finance and the Minister of Public Safety and Emergency Preparedness. The new regulations should be advanced at the same time as the Omnibus legislation.

RECOMMENDATIONS

That the Government of Canada:

1. Introduce legislation, and associated changes to regulations that includes the:
a) Immediate removal of value-added restrictions (Section 273.1(7) of the Excise Tax Act) to eliminate the competitive disadvantage of Canadian FTZPs vis-à-vis their U.S. counterparts;
b) Integration of the proposed new FTZ framework with advanced logistics and border security policies such as the US CPTAT and Canadian PIP programs; and
c) Implementation of cohesive administrative and well-defined licensing processes for grantees, operators and users of designated Free Trade Zones.

Work From Home Here to Stay - CRA Needs to Make the T2200 Short Form Permanent

DESCRIPTION

The Federal Government implemented the T2200 Short Form in 2020/2021. This form simplified the process for employers substantially, but it is not permanent. Reverting back to the long version of the T2200 Short Form will result in substantial red tape (administrative burden), more time spent away from focusing on the operation and growth of the business, and confusion.

BACKGROUND

The employer completes a T2200 form to certify an employee's eligibility for certain deductions that they can claim against an employee's employment income. The employer fills in information about duties required, expenses, travel, commissions and if the employee was required to work from home for any amount of time.

However, this subjective process of recognizing some expenses and not others can cause potential challenges within the work environment. They are also often completed incorrectly, causing additional time costs in follow-up with the CRA.

The new reality is that many employees are now working from home and many will continue to do so. As such, they will be using their own resources to complete operations on behalf of the company for which they work. This will lead to the need to complete the T2200 adds a layer of administrative burden during a time of precariousness.

Some large employers must fill out a form for hundreds and even thousands of employees. This decreases productivity, increases the burden, and diverts attention from growth and innovation.
To claim deductions, the place where the work is being completed needs to be a principal place of employment (more than 50% of the time or a location where clients meet with them). Once eligible, there is no provision for the space itself within the employee's house (i.e. to reflect it as a percentage of mortgage interest). Property tax/insurance are limited to commission employees. There is no consideration given in the T2200 from for utilities and maintenance. Employers, on the other hand, have been able to claim interest on owned property, property tax, commercial insurance, and utilities. Costs of employment are being downloaded to employees and the provisions are too rigid and time consuming to allow for them to claim these expenses. This needs to change.

Burden on business:

Many people have moved to working from home; "nearly three-quarters (74 per cent) of office workers say that they would prefer to work remotely at least some of the time, and roughly the same number (73 per cent) think that businesses will lose out on talent if they don't offer flexible/remote working positions, according to a survey by Citrix. " This is a trend that is being observed worldwide. Our Federal tax code needs to reflect this new reality as well and ensure that the business community, with their workforce, is prepared for any changes that are coming down the pipeline. The employer is administratively burdened with an archaic T2200 system, which needs to reflect the new reality.

The United Kingdom has already implemented a tax relief claim for extra costs as a result of being required (or opting to) work from home. Employees can claim $10 CDN a week from 6 April 2020 (for previous tax years the rate is £4 a week) as long as evidence of extra costs are kept such as receipts, bills or contracts.3 Employees will get tax relief based on the rate at which they pay tax. For example, if the employee pays the 20% basic rate of tax and claim tax relief on £6 a week, they will get £1.20 per week in tax relief (20% of £6). They have a simple online questionnaire that employees complete in order to determine if they are eligible to claim on expenses while working from home. Once they qualify, they use an online portal to apply. Once the application has been approved, the portal will adjust an individual's tax code for the 2020-21 tax year. The employee will receive the tax relief directly through their salary and will continue to receive the adjustment until March 2021.

In Canada, a tax-free reimbursement of $400 is available to employees for expenses incurred while working from home paid by the Canada Revenue Agency (CRA). Instead of employees requesting the T2200 and employers having to fill it out for each employee, a simple fix might be to provide this reimbursement to all employees, however, administrative work would still be necessary.

The T2200 has been seen as an inconsistent tool for reimbursement. An employee can deduct the part of their costs that relates to their workspace, such as the cost of electricity, heating, maintenance, property taxes, and home insurance. However, they cannot deduct mortgage interest or capital cost allowance, whereas they can deduct part or all of their rent.

The Current Tax Regime

In the 2021 tax cycle, the Government of Canada condensed the T2200 into the T2200 Short, which may not be permanent. The T2200 Short reduced the amount of information a business needed to provide for employees to deduct certain expenses. There was a reduction from three pages to a single page. This simplification of the form is a welcome reduction in red tape and burden for businesses as a result of the changing workplace.

Hybrid working models have been in place since work from home restrictions were lifted mid-2020. Some employers allow employees to work from home for part of the week and work in an office for another part. Other businesses have decided that employees can work from home permanently. Others decided that employees can decide on their own if they want to work from home. The modified tax forms must be made permanent to account for the changing workplace structure.

Business relies on predictability to operate efficiently. If the Government of Canada decides to revert to the original, cumbersome, T2200 long form, there will be inefficiencies, excess burden on businesses, and a learning curve costing the business.

RECOMMENDATIONS

That the Government of Canada:

1. Ensure that work from home tax deductions be consistent among business owners, non-commission employees and commission employees and that they include mortgage interest, rent, property tax, capital cost allowances, and property insurance;

2. Make the simplified T2200 Short form permanent, and;

3. Educate employers on the proper use and application of the T2200 form.

NOTES

[1], [2], [3]

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[1] HR Reporter, Wanted: Hybrid work model (Accessed June 3, 2021)
[2] https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/t4044/employment-expenses.html#P220_10437
[3] https://www.theguardian.com/money/2020/oct/16/working-from-home-tax-relief-hmrc-covid

Removing GST/HST Charges On Top of Provincial and Municipal Taxes and Charges

DESCRIPTION

The Provincial and Municipal Governments across Canada establish taxes and charges within their jurisdictions on goods and services prescribed by legislation. Often, the federal HST is then charged on top of that tax or charge adding to the final cost of the good or service.

BACKGROUND

In the case of the Province of Ontario, municipalities are now allowed to establish a Municipal Accommodation Tax (MAT) on overnight stays in hotels, motels and short-term accommodations (Air BnB). It has been discovered that the HST is now being charged on the room rate plus MAT. There are also other examples across the country of a "tax on a tax" including the HST being applied to the excise tax on gasoline and diesel at the pumps.

Such taxes on taxes should be disallowed in Canada as they add to the overall price of a good or service to the general public.

RECOMMENDATIONS

That the Government of Canada:

Remove the GST/HST charges on all taxes imposed by provincial, territorial or municipal governments in Canada.

Joint Filing of Spousal Personal Income Tax Returns

DESCRIPTION

The Carter Commission recognized long ago that the appropriate unit of taxation is the "family unit" rather than the individual. Recent changes to the taxation of spouses within a family unit has highlighted the inequality of the tax burden realized by the family unit. In particular, shareholders of Canadian businesses are most affected by the changes and it is now necessary to reverse them through the introduction of amendments to the Income Tax Act that will provide for the filing of Joint Spousal income tax returns.

BACKGROUND

Prior to the issuance of the "Report of the Royal Commission on Taxation" more commonly referred to as the "Carter Commission" in 1966, the unit of taxation in Canada had been the individual. More specifically, income taxation was directed at the individual or "person" receiving the income, irrespective of marital status. In his report, Mr. Kenneth Carter pointed to the inequity of this approach and stated "Because the individual is the tax unit, serious inequity and enforcement problems arise"1. Two of the four fundamental objectives of the Carter Commission point specifically to the importance of taxation of the family unit as opposed to the individual. The report stated, in summary:

In most families, incomes are pooled, consumption is collective, and responsibilities are shared. It should be an objective of the tax system to reflect this fact, by considering families as taxable units. The ability to pay of the family, as distinct from the individual members of the family, must be recognized2.

The tax system must also recognize that the special responsibilities and non-discretionary expenditures of unattached individuals and families affect their ability to pay. Unusually heavy medical expenses, certain education costs and the number of dependent children, for example, should be taken into account in allocating tax liabilities3.

The report by the Commission placed a significant amount of weight on the principles of "equity" and in particular the attention to equity and taxation of the family unit. As early as 1966, it was apparent that addressing the inequality in taxing the individuals who comprised a family unit was of paramount importance as Mr. Carter and his colleagues recommended the following amendments to the Income Tax Act:

- The family unit was to be granted a special rate schedule and would be taxed on the aggregate family income which would be filed as a single return;
- Under the schedule, to be known as a "family unit rate schedule", family units would pay less tax than individuals with the same income;
- Family units would be granted a "basic exemption" that would essentially be double that of an individual; and,
- Non-refundable tax credits would be granted to the family unit for children of the family4.

Although the recommendations presented to the House of Commons Report on Taxation were accepted from the Commission, the recommendations on taxation of the family unit did not find their way into the amendment of the Income Tax Act at the time.

The recent changes to the taxation of Canadian-controlled private corporations (CCPC's) and their shareholders has brought this issue, once again, to the forefront as the proposals (which have now found their way into legislation) addressed the ability for families who operate certain CCPC's to allocate or "split" income between spouses and other family members. The new legislation that addresses the Taxation of Split Income (or TOSI) has eliminated what was once the principal objective of the Carter Commission Report – the ability to minimize the overall tax burden of the family unit. We believe that the time is right to address the inequity that has resulted from the reluctance of successive Canadian governments to adequately recognize the "family unit" as the appropriate unit of taxation. The introduction of legislative provisions that will allow for the filing of a joint personal income tax return by married persons will address the inequality that is inherent in our system of taxation and can eliminate the administrative and compliance burden that is imposed by TOSI regime introduced in 2018.

Arguments have been advanced that the introduction of a method of taxation that does not singularly recognize the "female worker" and her contribution to the fisc by representing a unit of taxation bears any validity whatsoever. On the contrary, we believe that the introduction of provisions to allow for the filing of joint spousal returns will not have any adverse impact upon female labor participation rates and will only serve to provide greater after-tax resources to the family unit, thus ensuring greater financial security for female participants of the workforce.

RECOMMENDATIONS

That the Government of Canada:

1. Establish a framework within the Income Tax Act, Canada, to address the importance of the family unit as the appropriate unit of taxation;

2. Introduces legislation to provide for an appropriate "family unit rate schedule" to address taxation of the family unit;

3. Review and address current non-refundable tax credits to ensure their appropriate application to the taxation of the family unit; and

4. Introduces legislation to provide for the ability for families to file a Joint Spousal income tax return to report the aggregate family income of the family unit.

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[1], [2], [3], [4]

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[1] Report of the Royal Commission on Taxation, op. cit. n.1, Vol. 3 at p.127

[2] The Family and the Income Tax Act in Canada, McGill Law Journal, Volume 18:4, 1972, David W. Beaubier, p.1

[3] Ibid, p.1

[4] Report of the Royal Commission on Taxation, op. cit. n.1, Vol. 3 at p.173

Consolidated Income Tax Filing For Corporate Groups in Canada

DESCRIPTION

The current approach to taxation of corporate groups in Canada ignores the commonality of ownership principles and requires that owners undertake costly and complicated planning to allow for consolidation or transfers of losses and/or credits between members of a common corporate group. Several countries in the Organisation for Economic Co-operation and Development (OECD) allow for taxation of corporate groups on a consolidated basis and it is past time for Canada to join its peers in this practice.

BACKGROUND

"Every man is entitled, if he can, to order his affairs so that the tax attaching under the appropriate Acts is less than it otherwise would be." - The Duke of Westminster (1936)1

As aptly put by the Duke, owners of corporations are, within the bounds of the legislation of the Income Tax Act, Canada, allowed to order their affairs to minimize the income tax that they would otherwise pay in the absence of planning for the resulting liability. Where closely-held groups of companies are concerned, this often requires that the shareholders undertake complex loss consolidation transactions through financing arrangements, reorganizations, and transfers of property on a tax-deferred basis which will attract additional professional fees (legal and accounting) and may also attract additional costs associated with seeking specific rulings from the Department of Finance. From the Duke's perspective, the ability to arrange one's affairs exists, but achieving the goal of tax minimization is much more cumbersome than it needs to be.

Several jurisdictions within the OECD have legislation in place that will allow for the consolidation of corporate groups and the option to file as such, or to file an income tax return for each corporation independently. The following countries (all of which are members of the OECD) have the ability to order the income tax affairs of consolidated groups of companies subject to taxation in their respective countries on a joint and consolidated basis: Austria, Luxembourg, Mexico, Netherlands, Poland, Portugal, Spain, France, Germany, Hungary, Italy, and Japan.

Most significantly, our largest trading partner, the United States, also provides for the consolidated taxation of a corporate group. This option has been available to groups of corporations in the US who meet certain qualifying requirements since 1918 in recognition of the fact that, although many businesses achieve some of their objectives with multiple legal entities, the US Tax Code recognizes that the business entity is singular.

Foreign entities who make investment decisions will always consider not only the rates applied to business income earned in a jurisdiction but the level of complexity and burden of compliance in a target jurisdiction. As many of our economic contemporaries allow for a streamlined approach to tax filings for corporate groups, it is a safe assumption that, in respect of this consideration when investors choose where to invest, Canada does not fare as well as other competitive jurisdictions.
Recognizing that the cumbersome nature of tax compliance of a corporate group in Canada results in distinctly higher costs for Canadian business owners and also represents a drag on the competitiveness of Canadian business for foreign investment capital.

RECOMMENDATIONS

That the Government of Canada:

Introduce legislation to create a formal system of corporate group taxation that would provide for a formal system of loss transfers and/or consolidated reporting.

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[1] Inland Revenue Commissioners v. Duke of Westminster [1936] A.C. 1; 19 TC 490.

A Process for Tax System Improvement

DESCRIPTION

A resolution seeking to ignite a cycle of constant tax system improvement facilitated through a model that incorporates input from Canadian business and tax practitioner communities.

BACKGROUND

On behalf of its national network, the Canadian Chamber of Commerce has long pressed for a more competitive, simpler and fairer tax system as a driver of Canada's economic prosperity.

Successive Canadian governments have avoided tackling comprehensive tax reform for 60 years, believing it too complicated to achieve. Contrary to this belief, many of Canada's G7 and OECD peers have recently conducted major tax reforms themselves.

Believing Canada could no longer put off a tax system review, the Canadian Chamber launched a business led review of Canada's tax system in 2020, known as the Think Growth project. The Canadian Chamber's review was modeled on the United Kingdom's Mirrlees Review and New Zealand's Tax Working Group Review. These independent reviews operated completely outside of government and their recommendations were later adopted by public officials.

Following the second largest consultation of its national network in 2020, the Canadian Chamber's review resulted in identifying some 30 opportunities to improve Canada's tax system for Canadians and businesses. The Canadian Chamber's review is evidence that a cycle of constant tax system improvement facilitated through a model that incorporates input from Canadian business and tax practitioner communities is of great productive merit.

The federal government should consider establishing a system improvement model of its own. In this regard, the federal government should look to New Zealand for such a model. In place since 1994, the Generic Tax Policy Process (GTPP) model ensures New Zealand's tax system remains calibrated to economic, societal and political changes. This formalized process has a high degree of support from the private sector, tax officials and government ministers due to its strong consultative process. According to the Chartered Accountants of Australia & New Zealand, the GTPP ensures tax changes are examined holistically. The GTPP improves policy and regulatory outcomes by informing stakeholders in advance of regulatory changes. Stakeholders have better access to information on the size and nature of policy problems and opportunities as well. The GTPP consultation also enhances voluntary compliance since it offers taxpayers more time to understand why change is needed and how to adjust to resulting change. The GTPP is also thought to add legitimacy and shared ownership among stakeholders by being given multiple opportunities for input.1

Canada requires its own version of the GTPP to help resolve the many shortcoming of Canada's tax system. As CPA Canada recently noted, Canada's tax system is suffering from: the loss of its corporate tax advantage since the U.S. slashed its rates; uncompetitive personal income tax rates and thresholds; an overreliance on income taxes; and administrative complexity. 2

Canadians say they want action. Canadians want action to simplify Canada's tax system, according to a Nanos Research public opinion survey on tax, commissioned by CPA Canada. Over 81 percent of Canadians see a comprehensive tax review as a priority for the federal government, with more than one in three (35 percent) saying it should be a high priority. 3

RECOMMENDATIONS

That the Government of Canada:

Initiate a task force to further explore, develop, and implement an efficient taxation system that includes review of the New Zealand Generic Tax Policy Process (GTPP), as well as other successful models, in the development and implementation of a Made-in-Canada approach to taxation.

NOTES

[1], [2], [3]

[1] https://www.cpacanada.ca/en/the-cpa-profession/about-cpa-canada/key-activities/public-policy-governmentrelations/policy-advocacy/cpa-canada-tax-review-initiative

[2] https://www.cpacanada.ca/en/news/pivot-magazine/2019-05-07-tax-reform-bruce-ball

[3] Tax Working Group Information Release Document September 2018 taxworkingroup.govt.nz/key-documents

CEBA Loan Forgiveness for Hardest Hit Businesses

DESCRIPTION

Many of Canada's hardest hit businesses will struggle to meet the current CEBA loan deadlines, forcing them to incur more debt and further delay their economic recovery.

BACKGROUND

The Canada Emergency Business Account program has been a vital lifeline for businesses with nearly 900,000 Canadian businesses approved for loans. The generous terms of this loan have been exactly what many businesses needed.

Circumstances have changed since this program launched in early April of 2020. The government has shown flexibility in expanding eligibility criteria and increasing access to funds, but the repayment terms have not been updated to reflect the length of time businesses have been expected to reduce their access to the public.

Unfortunately, the economic impact of COVID-19 has hit some businesses harder than others. Many businesses in sectors including food service, hospitality, tourism, arts and entertainment, retail, and personal service have spent a significant portion of the last year and a half heavily restricted — if not completely closed — to the public. It's not uncommon for businesses to carry a debt in good times, but one can only imagine the level of debt some business owners have incurred just to survive. They carry debt to their lending institutions, landlords, suppliers and in some case, have leveraged personal assets and borrowed from friends and family.

In addition to having the least ability to serve their customers during this public health crisis, these business sectors are likely to take the longest to recover as they heavily depend on consumer confidence and the resumption of social routines.

Under the current terms, the loan is interest free until December 31, 2022, at which point it increases to 5%. Those who pay back 67% of the balance of their loan by that date will have the remainder of their loan forgiven. Full repayment is due by December 31, 2025.

These terms will be attainable for many CEBA recipients, but will be a struggle — if not an impossibility — for those hit hardest by this health crisis. Many will require 3 to 5 years just to return to pre-pandemic income. Repayment of an interest-free loan will not be their highest priority in the short term. The result is the most vulnerable businesses will also get the least benefit from this program, resulting in significant interest incurred and the requirement to pay back 100% of the principal — dragging out their recovery even longer. Additionally, the government will be forced into the unpopular position of collecting on their debts from the most vulnerable businesses.

Not only are certain business sectors more vulnerable to this health crisis, but this government has acknowledged the disproportionate impact on social demographics including women, ethnic and racial minorities, and First Nations. A larger number of people in these demographics depend on the hardest hit businesses for employment and those who own business tend to have less financial backing to weather a financial crisis like COVID-19.

Adding to this struggle is the mental health crisis many business owners are facing. Prolonged social restrictions, increasing debt, and a less optimistic recovery are weighing heavily on many people who have invested significant time and money into their business.

Businesses hardest hit by this public health crisis require a longer interest-free loan period and a larger debt forgiveness program.

RECOMMENDATIONS

That the Government of Canada:

1. Extend the deadlines for repayment of the Canada Emergency Business Account program by two years.

2. Make the forgivable portion of the loan available to all business that continue to have operations impacted by ongoing COVID-19 public health restrictions throughout 2021.

3. Allow businesses that continue to have operations impacted by ongoing COVID-19 public health restrictions in 2021 to be exempt from incurring interest prior to the balance of their loan being due.

Updating Canada’s Marginal Effective Tax Rate (METR)

DESCRIPTION

A resolution seeking an update to Canada’s marginal effective tax rate (METR) to reflect important and recent tax changes.

BACKGROUND

The marginal effective tax rate (METR) is an estimate of the level of taxation on new business investment and takes into account federal, provincial and territorial statutory corporate income tax rates, as well as other features of the corporate tax system. These other features include investment tax credits and key deductions, such as capital cost allowances. The METR also takes into account other taxes paid by corporations, such as capital taxes and unrecoverable sales taxes paid on capital purchases. The METR is particularly useful for making comparisons among nations and sectors of the economy. Since the METR considers many factors, it provides a board indication of overall tax competitiveness that is an important supplement to comparisons of statutory tax rates. METRs also provide a valuable historical and jurisdictional comparison. According to Finance Canada, METR is “advantageous to use (as a) more comprehensive way of measuring tax competitiveness.”

Finance Canada published and updated METR in 2019 to examine Canada’s tax competitiveness relative to the United States and other countries of the Organization of Economic Co-operation and Development (OECD) as a results of tax changes announced in Canada’s 2018 Fall Economic Statement and “the important tax changes announced” by the United States in late 2017. To the Canadian Chamber’s knowledge, this is the last time Canada’s METR was updated. On an all industry basis, the update METR should Canada’s overall tax competitiveness has narrowed in recent years to its economic peers (refer to chart below).

The federal government has announced a number of important tax changes since the 2019 METR calculation. These changes include, but are not limited to, the:

- Extension of the Goods and Services/Harmonized Sales Tax (GST/HST) to others areas of the digital economy;
- Introduction of a 3 per cent Digital Services Tax (DST) on revenue in excess of $20 million from digital services; and
- 467 per cent increase to Canada’s carbon pricing framework over 10 years – from $30 per tonne of greenhouse gas (GHG) emissions to $170 per tonne by 2030.

As set by previous precedents, such significant tax announcements merit Canada’s METR to be updated by Finance Canada as soon as possible to assess Canada’s overall tax competitiveness in comparison to its economic peers.

In the new recovery period, Canada must grow beyond its status quo and break its historical 2 per cent growth cap. While 2 per cent annual gross domestic product (GDP) growth reduces the federal deficit, it allows the federal debt to grow continually and constrains opportunity for all in Canada.

RECOMMENDATIONS

That the Government of Canada:

Update Canada's marginal effective tax rate (METR) to reflect important tax changes that announced since 2019 to monitor Canada's tax competitiveness.

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[1], [2], [3]

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[1] Finance Canada, 2019, Backgrounder: Marginal Effective Tax Rates. https://www.canada.ca/en/department-finance/news/2019/07/backgrounder--marginal-effective-tax-rates.html

[2] Finance Canada, 2019, Backgrounder: Marginal Effective Tax Rates. https://www.canada.ca/en/department-finance/news/2019/07/backgrounder--marginal-effective-tax-rates.html

[3] Finance Canada, 2019, Backgrounder: Marginal Effective Tax Rates. https://www.canada.ca/en/department-finance/news/2019/07/backgrounder--marginal-effective-tax-rates.html

Strengthen Canada's Workforce through Tax Indexing

DESCRIPTION

Inconsistencies in what deductions are indexed unfairly affect business and discourage workforce participation.

BACKGROUND

The Canadian Department of Finance began indexing personal income tax brackets on every Canada's tax return in 1988. However, the Finance Department has not indexed several deductions which are negatively distorting the labour market. Two specific examples that affect the business community are the deduction of childcare costs and Canada Pension Plan contributions. The practice of indexing was implemented to prevent "bracket creep" where, because of cost-of-living increases, the taxpayer was bumped up into the next tax bracket and, consequently, took home no additional monies.

Current deductions for childcare, only applicable for children under six years of age, are capped at $8,000 per year. While this deduction was increased from the 1998 level of $7,000 per year, the amount of the increase was neither in line with inflation now the substantial rise in childcare costs. (Average annual rate of inflation 1998-2017 is 1.91%)

Several provinces and municipalities have trialed different methods to reduce through cost of childcare such as capping fees or offering subsidies. These pilot programs are often fleeting in nature and do not offer a widespread solution to the high cost of care that would incent and result in increased workforce participation across the country. The 2020 Canadian Centre for Policy Alternatives (CCPA) study on childcare concluded that it is public policy that results in lower childcare fees – not market forces.

The 2019 study released by the CCPA found that childcare costs have risen faster than inflation in 61 per cent of Canadian cities and the fees are often the "second biggest expense for parents after rent or mortgage." This cost varies wildly depending on the region with those in major metropolitan centres such as Toronto and Vancouver paying more than double the average or ten times the lowest jurisdictions. This cost is often disproportionate to the benefit of parents returning to the workforce and acts as a significant disincentive to increased workforce participation.

With acute labour shortages across Canada becoming a norm, it is incumbent upon government to make workforce participation as appealing as possible to parents. A study from the University of Sherbrooke demonstrated that lower costs for childcare in Quebec have had a significant positive economic impact. Since the 2008 introduction of universal access to low-fee childcare Quebec has induced nearly 70,000 more mothers – an increase of 3.7% of women employment and increased it's GDP by 1.7% as a result. While the financial benefit to families of the federal tax deduction is relatively small compared to Quebec's low-fee childcare program, it is reasonable to infirm that a lower cost of childcare has a significant and positive impact on employment and the economy.

On the other end of the workforce lifecycle is the issue of Canada Pension Plan (CPP) contributions. Since 1998 the maximum annual pensionable earnings has increased due to indexing by $19,000 (as of 2018). Comparatively, the basic exemption has increased by $0, and the employee/employer matched contributions have increased by $1,525, a 143 per cent increase over the past 20 years.

Canadians and their employers are paying an ever-increasing cost to fund CPP. The indexing of the maximum contribution amount and the non-indexing of the basic exemption continues to substantially raise the cost of payroll taxes at a time where businesses already face an array of rising costs. There are several specific tax credits that are indexed, along with the tax brackets, yet there are some glaring inconsistencies where indexing has not been applied. This adds to the complication of the Canadian tax system and weakens Canada's workforce by discouraging labour force participation.

RECOMMENDATIONS

That the Government of Canada:

Add consistency to the Income Tax Act by indexing all exemptions, deductions and contribution limits.

NOTES

[1], [2]

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[1] https://www.policyalternatives.ca/sites/default/files/uploads/publications/National%20Office/2020/03/In%20progress_Child%20care%20fees%20in%20Canada%20in%202019_march12.pdf

[2] https://www.cbc.ca/news/business/childcare-costs-canada-1.5008106

Helping Small Businesses Recover, Grow and Drive Job Creation

DESCRIPTION

The COVID-19 pandemic has taken a heavy toll on Canada's small and medium sized businesses (SMEs) (1). With vaccination rates rising and the economy slowly reopening, SMEs continue to experience numerous challenges, regardless of whether they are operating at full pre-pandemic capacity again or are part of the hardest hit sectors who will be last to recover. With over 99% of Canada's businesses falling into the SME category (2), it is critical that SMEs are at the forefront of the government's economic growth and job creation policy considerations as they begin to look at how Canada's economic rebound and recovery will unfold.

BACKGROUND

Today, SMEs are facing a binary track of recovery realities: on the one hand, many SMEs will continue to see ongoing public health restrictions that restrict their ability to operate at full or even partial capacity, and prohibits their recovery until 2022 or beyond. This includes businesses in the tourism, hospitality, travel, events, and arts and culture sectors. On the other hand, SMEs in other sectors are on track to fully reopen before the end of 2021 and are now looking at how to pay down debt acquired during the pandemic in a sustainable way.

These two realities mean that governments must be putting forward policies that help ensure that businesses who continue to be impacted by the pandemic have the support they need to bridge into recovery, while also ensuring that businesses that are in recovery are being incentivized to invest and grow rather than solely paying off debt. To achieve this, SMEs must not be the ones who carry the burden of paying for the pandemic through increased taxes, fees, and the introduction of other prohibitive regulatory barriers.

However, governments must also not be naïve about the motivations of SMEs in paying down their debt and avoiding investments in new ventures. According to the May 2021 Canadian Survey on Business Conditions conducted by Statistics Canada, small businesses were 250% more likely to see their credit rating negatively impacted during the pandemic than larger businesses(3). The same survey also indicated that businesses in the hardest hit sectors were the highest users of both CEWS (59% of businesses in accommodations and food services, and 52% of businesses in arts, entertainment and recreation) and CERS (41% of businesses in accommodations and food services, and 24% of businesses in arts, entertainment and recreation). These figures compare to 37% of businesses from across all sectors utilizing CEWS, and only 12% of businesses from across all sectors utilizing CERS. Clearly, SMEs in these sectors will require ongoing government support until all public restrictions are lifted and they obtain the opportunity to fully resume operations.

Finally, according to a 2020 report from Innovation, Science and Economic Development Canada, a firm's employment growth is negatively related to its level of regulatory burden – most particularly is this burden for small businesses. For every one percentage point increase in the growth rate of regulatory compliance cost intensity, the report found there is about a 0.5 percentage point decline in the firm's employment growth(4). Despite these added costs of regulatory compliance, SMEs are historically Canada's leaders in job creation.

Between 2014 and 2019, SMEs were responsible for 61.2% of Canada's net private sector employment growth (5). To help incentivize economic growth and job creation post-pandemic, the Government of Canada needs to focus on reducing the regulatory burden for SMEs and creating opportunities for commercialization of products, innovation, and SME scale-up.

With SMEs accounting for more than 99% of all businesses in Canada and over 76% of all private sector jobs, it is imperative that Canada's economic recovery prioritize the ability of SMEs to actively participate in the economy and not just operate in cruise control trying to pay down debt. The post-pandemic recovery is an opportunity for the government to level the playing field for SMEs and help create opportunities rather than barriers, and jobs rather than layoffs.

RECOMMENDATIONS

That the Government of Canada:

Commit to support SMEs, not only in surviving through the pandemic, but their recovery as well by:

1. Ensuring that any new regulations for SMEs are improving or creating opportunities for SMEs rather than creating new regulatory hurdles. The government should consult with the network of chambers in Canada via the Canadian Chamber of Commerce in the development of major new regulations to avoid these issues;

2. Identifying measures to drive economic recovery and job creation for SMEs in the short term, including tax holidays and incentivizing the commercialization of Canadian innovation, investment, and growth;

3. Extending the CEBA repayment deadline to qualify for the forgivable portion to December 31, 2024;

4. Extending CEWS and CERS for businesses still operating with public health restrictions until Spring 2022 using subsidy rates from Period 16 (May 9-June 5); and

5. Extending repayment terms and forgiving all interest payments on all government backed pandemic loans (CEBA, BCAP, HASCAP, RRRF, etc.) for SMEs.

NOTES

[1], [2], [3], [4], [5]

[1] https://edmontonjournal.com/business/local-business/covid-impacts-on-small-biz
[2] https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03126.html
[3] https://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&Id=1305631
[4] https://www.ic.gc.ca/eic/site/pbri-iafp.nsf/vwapj/Impact-regulatory-compliance-costs-business-perf-5.pdf/$file/Impact-regulatory-compliance-costs-business-perf-5.pdf
[5] https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03126.html

Health Innovation

Improving Canadian Vaccine and Therapeutics Manufacturing Capacity

DESCRIPTION

Canada requires domestic vaccine and therapeutics manufacturing capacity for a coordinated and expeditious national response to future COVID-19 variants and other possible pandemics.

BACKGROUND

New variants of COVID-19 and the ability of domestic vaccine supplies to offset their current and potential impacts are a major concern for reopening economic activity across Canada. Canadian vaccine manufacturing has been "hollowed out" leaving 37 million residents dependent upon products manufactured outside our borders. While domestic supply increased during the pandemic, Canada was left behind the United States and United Kingdom who both possessed manufacturing and research capabilities during the early stages of COVID-19.

Throughout the current COVID-19 pandemic critics of Canada's vaccine strategy have argued that too many bad deals were negotiated while domestic manufacturing has not been scaled up at an adequate level. A February 4, 2021, National Post article indicated the federal government has attempted to attract all major global vaccine manufacturers to locate in Canada however the required manufacturing facilities are not available. Procurement Minister Anita Anand stated companies concluded bio-manufacturing capacity in Canada, at the time of contracting in August and September of 2020, was too limited to justify the investment of capital and expertise.

A March 22, 2021, Policy Options article by University of Toronto faculty Greg Marchildon and Les Boehm indicated that Canada needs to make investments now to ensure vaccines will be domestically produced in the future. During the last global influenza pandemic a century ago Connaught Laboratories produced not only the required national supply but also exported to the United Kingdom and the United States.

Brad Sorenson, CEO of Providence Therapeutics, a Calgary based pharmaceutical company, indicated in an April 30, 2021, CBC News report that he was ready to pull his company out of Canada and produce in another jurisdiction as requests for additional federal support have been unanswered. Sorenson experienced enough of the "runaround" from all levels of government that he was working with his company's board of directors to move operations overseas and focus on developing a vaccine for the southern hemisphere.

A CTV News report from May 12, 2021, further notes that Providence was committed to conducting Phase 2 trials in Canada however dealing with the federal government has been challenging to the point where consideration has been given to shifting future trials and production to another jurisdiction.

Prime Minister Trudeau further stated Canada never wants to be caught short again. The federal government is spending $173 million to help Quebec City-based Medicago develop a COVID-19 vaccine and build a large plant for production.

Approximately $200 million in federal funding has also been directed to increase vaccine manufacturing capabilities at Mississauga-based Resilience Biotechnologies.

As of June 2021, Canada's vaccine campaign is improving after a relatively slow start from production delays and missed delivery targets. Canada is generally performing ahead of most nations in the G20 however remains behind the United States and United Kingdom.

Simon Kennedy, Deputy Minister at Innovation, Science and Economic Development Canada, said the U.K. was simply much further ahead when the pandemic began. "The U.K. has very large contract manufacturing operators that were capable of quickly shifting to produce COVID vaccines. The U.K. certainly pivoted and was able to do manufacturing domestically but they were starting from a much higher base."

RECOMMENDATIONS

That the Government of Canada:

1. In cooperation with the private sector and provinces develop and implement a national vaccine and therapeutics manufacturing strategy that focuses on rapid product development for emerging and future pathogens;

2. Work with the private sector, research institutions, and provincial governments to increase domestic bio-manufacturing capacity;

3. Financially support emerging Canadian technology companies on vaccine and therapeutics production for global markets, and

4. Create a competitive environment for investment in Canada which includes simplifying the regulatory process and improving the procurement process for medical innovations to attract companies to invest in Canada.

Advance Post-pandemic Health and Economic Resilience and Recovery

DESCRIPTION

The pandemic exposed the fragility of our healthcare systems and demonstrated the central role that the life sciences sector plays in our health and economic well-being. It also has revealed the importance of building resiliency, driven by better adoption of health innovations, and enabled by an interoperable health data infrastructure. Building a resilient health and life sciences system will not be easy but it can be achieved through public-private partnerships and a committed strategy inspired by strategies developed by some provinces. Alignment and coordination between the federal government and provinces will be essential to participate in and benefit from the global supply chains that safeguard the public during global health crises.

BACKGROUND

Creating more resilience in the healthcare system requires:

- Canadian's access to the newest recent innovative medicines and vaccines. We know that access to innovative medicines not only allows us to fight diseases and mitigate the risk of death from such viruses, but also helps to reduce secondary and tertiary impacts of chronic diseases and brings about a healthier population. According to published data, Canada is lagging behind most OECD countries in the adoption of innovative medicines due to the multi-layered and sequential drug review and public reimbursement process. This means Canadian patients are waiting longer to access treatments that could improve their quality of life and make them more resilient to diseases. Trading access to innovation should not be a cost containment measure. We are witnessing that economy suffers more severely when public health is threatened - in fact there is no bigger threat. We must prioritize and even invest more in healthcare in order to grow the economy. Further, costs of health care delivery are rising but could be addressed by eliminating the fiscal imbalance which presently exists between the provinces and federal government.

- Improving funding and access for the diagnostic tests required to deliver more precision treatments and to address the backlog of surgeries and procedures is a key component and immediate requirement to ensure patients receive timely access to care. With the emergence of the COVID-19 pandemic in Canada, hospitals suspended non-urgent procedures to create acute care capacity for COVID-19 patients. While this approach resulted in immediate availability of hospital resources, it also contributed to a significant backlog in medically necessary services that must be addressed. Wait times for services were already a concern pre-COVID; this challenge has now been compounded, negatively impacting certain patients' health conditions, and as a result, their ability to get back to work and contribute to the economic recovery; and

- Developing interoperable health data infrastructure and tracking of patient reported outcomes measures to enable value-based healthcare. In recent years, healthcare systems and institutions across are facing system-wide capacity issues, compounded by budgetary pressures, and the desire to drive more value and show more productivity. Health data, digital health solutions, and predictive analytics, are useful to address barriers to unlock acute care capacity issues, improve patient flow and transitions in care; while preventing unnecessary ED and hospital visits, and supporting the further adoption of integrated care. While the pandemic has had negative and tragic consequences on so many people, it has also demonstrated that Canada's health system is able to respond and adapt quickly to new ideas and technology to improve access and patient care. Canada must continue the momentum of deploying digital health and analytic tools that have been created out of necessity during this crisis. Improving access to healthcare is central to not only a more efficient economy, it also contributes to inclusive economic growth.

- A strong role in Canada's healthcare system for private payers, employers and extended health providers – many of whom made enormous contributions to Canada's COVID response. According to the Canadian Institute for Health Information, nearly 30% of Canada's health spending in 2020 came from the private sector. In the early days of the crisis, employer plans were ahead of provinces in providing remote access to physicians and other health professionals. They also expanded coverage for psychotherapists and social workers, helping to meet the surging demand for mental health support. Pharmacists have helped expand testing and vaccine roll-out, taking some of the pressure off frontline workers. It will take years for governments to address the backlog and new demands coming out of COVID, and Canada needs these wider health care stakeholders to fill gaps and bring innovations to Canadians.

The federal government has a key role in facilitating faster time to market for health technologies, allowing Canadians to have quicker access to therapeutic options they need. Economic evaluation and reimbursement decisions occur across governmental jurisdictions and require greater partnership/alignment and a sense of urgency between CADTH, pCPA and Provincial drug plans and cancer agencies to make sure that efficiencies in one part of the access pathway are not made redundant by significant delays in other systems involved in the process.

The federal government also has a role to place in increasing investments in health technology adoption at all levels of government. While healthcare planning and delivery remain a provincial mandate, healthcare providers are challenged to obtain capital or operating dollars to make the needed investments to realize the gains attributed to digital and AI capabilities.

There also needs to be a comprehensive approach to address the backlog of medical surgeries and procedures across all Canadian health systems requires both additional operating dollars as well as new investments into health capital equipment. Concretely, to support achievement of objectives mentioned above, the Canadian Chamber of Commerce supports and reiterates the recommendation previously made by the Advisory Panel on Healthcare Innovation to create a Healthcare Innovation Fund for a ten-year term, with a gradual ramp-up:

- Its objectives would be to effect sustainable and systemic changes in the delivery of health services in Canada, and more specifically, to accomplish objectives mentioned in 1), 2) and 3) above.
- It would not be allocated on the basis of any existing transfer formulae, nor would its resources be used to fund provision of healthcare services that are currently insured under federal, provincial and territorial plans. Allocations would instead be made on the basis of rigorous adjudication against transparent specifications, having particular regard for measurable impacts on health outcomes, creation of economic and social value, sustainability, scalability, and a commitment by partners to sustain those innovations that are demonstrably successful.
- An annual outlay from the Healthcare Innovation Fund that should rise gradually with a target of around $1 billion per annum, derived primarily from new federal commitments.

There needs to be a national strategy to promote a robust, digitalized, interconnected and patient-centred health data infrastructure, with a commitment to advance value-based healthcare and better integrate the use of real-world evidence to support decision-making. With support from the Healthcare Innovation Fund, and/or building on current efforts by organizations such as Canadian Institute for Health Information, provide greater transparency about healthcare in Canada, by leading "open data" efforts, by making data available to a wide range of verified stakeholders, including the public, to enable innovation. This approach is conditional to the government reconsidering, as a matter of priority, how de-identified data is considered under Bill C-11's proposed reform of federal privacy laws. Robust health data infrastructure and value-based healthcare can propel each other. Value-based healthcare, which imply value-based procurement, may also constitute an alternative to the fee-for-service billings and payment models. Rewarding the volume of services — rather than their value — discourages the adoption of innovative technologies or new ways of working. On the other hand, more adoption of innovative technologies means more data to be shared in an open data structure and ultimately, more informed innovation decision making.

Finally, it is critical for the federal government to ensure federal initiatives concerning National Pharmacare, seniors care and mental health recognize and build on (as opposed to displace) the important role currently played in these areas by private payers, employers, and extended health providers.

RECOMMENDATIONS

That the Government of Canada:

Advance post-pandemic health and economic resilience and recovery through:

1. Targeted commitments to reduce time to market for the adoption of innovative health technologies, including therapeutics, vaccines and related medical technologies.
a) Health Canada should pursue additional opportunities to enhance regulatory cooperation with peer jurisdictions through participation in programs such as Project Orbis.
b) Health Canada and CADTH should set goals of adoption of Real World Evidence /Surrogate endpoints in a targeted percentage of regulatory and reimbursement decision making by 2025.

2. Increased investments in health technology adoption at all levels of government by dedicating a portion of the Canadian Health Transfer (CHT) to digital tools and services, therapeutics, diagnostics, and vaccines.

3. A comprehensive approach to address the backlog of medical surgeries and procedures across all Canadian health systems requires both additional operating dollars as well as new investments into health capital equipment.

4. Development of a national strategy to promote a robust, digitalized, interconnected and patient-centred health data infrastructure, with a commitment to advance value-based healthcare and better integrate the use of real-world evidence to support decision-making.

5. Ensuring that federal initiatives concerning National Pharmacare, seniors care and mental health recognize and build on (as opposed to displace) the important role currently played in these areas by private payers, employers, and extended health providers.

NOTES

[1]

[1] Unleashing Innovation: Excellent Healthcare for Canada, Report of the Advisory Panel on Healthcare Innovation (2015), https://healthycanadians.gc.ca/publications/health-system-systeme-sante/report-healthcare-innovation-rapport-soins/alt/report-healthcare-innovation-rapport-soins-eng.pdf

Human Resources

Improving Immigration Policy to Address Canada's Skilled Trades Labour Shortage

DESCRIPTION

There is currently a severe shortage of skilled tradespeople in Canada and although efforts by the government have been made in recent years to train more workers in the trades, the current domestic population cannot immediately address the labour gaps. This is creating economic barriers for Canadian companies to not only sustain operations but also to increase market growth.

BACKGROUND

Canada's current economic immigration policies are supply-driven policies which are not reflective of the challenging realities of the trades field. As a supply-driven regime, the selection of Canada's immigrants is premised upon a foreign national's premium human capital attributes, such as youth, higher education, language proficiency, and foreign skilled work experience. With an immigration policy based on an "employer-driven" regime, one's ability to immigrate should include consideration for a company's labour needs. Boucher and Cerna (2014) theorize that the most effective immigration policy is to incorporate a "two-step" approach for the retention of foreign nationals. This approach entails first the employment of the foreign national by a company and thereafter, through employer sponsorship, the ability for the foreign national to apply for permanent residence. The end goal is that the "new" immigrant would already have established employment, have acclimated to a Canadian workplace, and have experience in the "Canadian way of living," all of which contributes to successful resettlement (Bhuyan, Jeyapal, Ku, Sakamoto, and Chou, 2015).

BuildForce Canada (2020) confers that all sector industries are facing a critical shortage of skilled tradespeople. If current policies are not put in place for a sustainable workforce, demand will only continue to increase and labour market conditions will worsen to include inflated wages, higher production cost, loss of opportunity for business growth, investment, and progressive economic activity (Dijkema & Speer, 2020). For this reason, focused immigration policies, such as the easement of permanent residence for foreign skilled tradespeople already employed in Canada, must be seriously considered.

BuildForce Canada (2020) also reports that increased immigration levels will create a higher demand for housing in Canada which perpetuates the increasing need for skilled tradespeople within the construction industry. Using the construction industry as an example, the current demand for skilled tradespeople is further exacerbated by the "expected retirement of 257,100 workers over the next 10 years" which creates an impending demand for an additional 307,300 new workers in the field by 2029 (BuildForce Canada, 2020, p. 1-2). Of the 307,300 new workers, approximately 50,200 are for new job vacancies. To this end, BuildForce Canada (2020) reports that declining birth rates have resulted in an imbalance of younger workers to replace retirees, forcing many companies to look internationally to fill their skilled labour gap.

Urban and Johal (2020) postulate that within the manufacturing sector, job automation due to technological advances is predicted to happen within the next ten to fifty years. This means that skilled tradespeople, such as mechanics, industrial millwrights, and electricians, will become even more highly demanded. Their services will become more essential and critical to industries that will require their expertise in addressing mechanical failures such as malfunctioning automated robots or computerized machining lines. If Canada is experiencing a labour shortage of skilled tradespeople now, how will Canadian employers be able to meet the skills required to address industrial automation in the future?

As a nation that was once built upon skilled labour and industrial development in the twentieth century (Reitz, 2013), contemporary policies may have gone too far with a regime that prioritizes higher education, youth, and English/French language proficiency over labour needs. Under policies currently in place, many who immigrated to Canada only 50 years ago would have been turned away from this country.

Immigration policymakers must find a balance to address current skilled trade labour shortages while ensuring long term growth with its nation building strategy. Failing this, Canada will face a crisis that threatens its national economic sustainability, innovativeness, and competitiveness within the global arena.

RECOMMENDATIONS

That the Government of Canada:

1. Implement changes to the immigration scoring system that better address Canada's skilled trades' gap and the needs of employers. The focus of these changes should be to adopt and integrated immigration strategy and approach which better matches the short and long term gaps of skills and capabilities of the workforce in each province and territory for National Occupatoinal Skill levels A, B, and C.

2. Implement a two-step approach to retain skilled foreign trades' workers with the first step being employment of a foreign national and thereafter through employer sponsorship, the ability to apply for permanent residence where the workers originally began working for that employer based on an LMIA.

NOTES

[1], [2], [3], [4], [5]

[1] Bhuyan, R., Jeyapal, D., Ku, J., Sakamoto, I., & Chou, E. (2017). Branding 'Canadian
[2] experience' in immigration policy: Nation building in a neoliberal era. Journal of
[3] International Migration and Integration, 18(1), 47-62. doi:10.1007/s12134-015-0467-4
[4] Bieler, A., McKean, M., & Kerr, S. (2020, December 14). Rising skills: A toolbox talk on social and emotional skills in the construction trades. Conference Board of Canada. https://www.conferenceboard.ca/e-library/abstract.aspx?did=10910
[5] Boucher, A., & Cerna, L. (2014). Current policy trends in skilled immigration policy. International Migration, 52(3), 21-25. https://doi.org/10.1111/imig.12152

Promoting the Need for More Entrepreneurship Immigration

DESCRIPTION

Providing the necessary supports to businesses is vital, especially as work continues to rebuild our economy in wake of the COVID-19 pandemic by getting people back to work. A feasible way to ensure the economic development of Canada is well positioned is by creating more opportunities for entrepreneurial newcomers who can not only help fill existing labour shortage gaps but work towards reshaping our business landscape by opening new businesses and assisting existing ones in need of solid succession plans as aging business owners look towards retirement.

BACKGROUND

The impact of the pandemic on Canada's economic landscape is already being felt as businesses close, or teeter on the brink of closure. An estimated 181,000 of small business owners, or one in six, according to a Canadian Federation of Independent Business (CFIB) survey conducted last year said they were seriously considering closing due to the pandemic and at least 200,000 were facing closure (1). Coupled with the fact many small business owners on the verge of retirement have not created viable succession plans – a CFIB survey conducted in 2018 indicated more than $1.5 trillion in business assets will be in play over the next decade as 72% of small business owners leave their business (2) – there exists many potential opportunities for new immigrants with an entrepreneurial spirit. In fact, according to the results of a 2019 study conducted by the Business Development Bank of Canada (BDC) it was shown the entrepreneurial rate is more than double among newcomers compared to people born in Canada (3).

A current shortage of workers, especially in the construction, manufacturing, and hospitality industries (4), has set the stage for skilled immigrants in these fields to enter the market and possibly use their entrepreneurial spirit and practical work experiences to create new opportunities in these sectors that will benefit our economy as a whole.

The Federal Government has been attempting to make strides in addressing the ongoing shortage of skilled workers in Canada which has been only amplified by the pandemic. In February of this year, it announced an invitation to approximately 27,300 workers with Canadian experience to apply for permanent residence. This followed on an earlier Federal Government announcement in the fall of 2020 to bring to Canada an additional 1.2 million immigrants over the course of the next three years: 401,000 in 2021; 411,000 in 2022; and 421,000 in 2023 (5).

While this influx of immigrants is welcomed and needed considering there are growing concerns centred on Canada's falling birth rate (6), a more focused approach to create an 'economic immigration policy' that not only provides ample assistance to newcomers but also ensures the needs of existing Canadian groups, including Indigenous entrepreneurs seeking their own opportunities are not negatively impacted, would be beneficial at this junction.

RECOMMENDATIONS

That the Government of Canada:

1. Investigate the possibility that a percentage of the 1.2 million immigrants slated to be brought to Canada by the Federal Government over the course of the next three years be linked to the entrepreneurship stream, with a focus on those eyeing opportunities in the manufacturing and construction sectors.

2. Undertake a messaging campaign to positively promote the important impact entrepreneur immigration has on Canada's economic present and future.

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[1], [2], [3], [4], [5], [6]

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[1] https://www.cbc.ca/news/business/cfib-survey-1.5882059
[2] https://bit.ly/356V981
[3] https://bit.ly/3x81xIo
[4] https://bit.ly/3hFzcnL
[5] https://bit.ly/3rgf8f5
[6] https://bit.ly/3iboc0w

Fixing the Temporary Foreign Worker Program to Ensure the Viability of Domestic Agriculture & Agri-Food Industry

DESCRIPTION

The Agriculture and Food Manufacturing industries are economic drivers for Canada, contributing to the national GDP as well as ensuring that the supply chain is maintained, and our people are fed. However, labour shortages have plagued the industries. These shortages could be partially solved using the existing Temporary Foreign Workers program, however deficiencies in the program make it cumbersome and unappealing for business owners across all sectors.

BACKGROUND

Agriculture is an industry of substantial importance to the national economy; according to Statistics Canada figures, the Agriculture & Food Manufacturing industries contributed over $71 billion to national GDP in 2020. , a number that could increase by as much as $11 billion by 2030 if the labour gap is closed and investments are made in new technology. [1]

While food production in Canada is well-positioned to continue to flourish as a result of surging demand from a growing global population, there are some limiting factors that could impede this potential. Chief among these is a persistent labour shortage in the agriculture and agri-food sectors. In 2018, 16,500 jobs went unfilled in Canada's agriculture sector which resulted in $2.9 billion in lost revenues which amounts to approximately 4.7% of product sales. [2], The national job vacancy rate for both Agriculture and Food Manufacturing has consistently exceeded the aggregate figure for all industries in recent years, which supplies more evidence to the notion that securing access to labour is a challenge for these industries. [3]

There are many reasons that contribute to this long-standing issue. A recent survey of industry employers in Canada suggests that the leading reasons individuals reject the premise of a career in agriculture include the physicality of the work, low wages, and the remoteness of the rural locations of many operations. [4]

Unfortunately some of these factors seem unlikely to change in the near future, meaning the shortages are likely to persist. Current projections suggest that the labour gap in this sector will reach 32% of industry demand by 2029, meaning nearly one in every three jobs will be unfilled. [5]

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[1] "Farmer 4.0: How the coming skills revolution can transform agriculture" RBC Thought Leadership. August 2019. P.4. http://www.rbc.com/economics/economic-reports/pdf/other-reports/Farmer4_aug2019.pdf

[2] "How Labour Challenges Will Shape the Future of Agriculture: Agriculture Forecast to 2029." Canadian Agricultural Human Resources Council. September 2019. P.7.

[3] See CANSIM table 14-10-0326-01.

[4] "How Labour Challenges Will Shape the Future of Agriculture: Agriculture Forecast to 2029." Canadian Agricultural Human Resources Council. September 2019. P.10.

[5] Ibid. P.14.

One source of respite is the Temporary Foreign Worker (TFW) program. Access to this program represents a critical source of labour for agricultural producers which in turn helps underpin the viability of the agriculture & agri-food industries and the communities that depend upon these sectors across the country. More than 50,000 workers were employed in agriculture through this program at the national level in 2020, with another 24,000 working in food & beverage manufacturing. [6] This accounted for 17.9% of workers in agriculture and 8.2% of employees in food & beverage manufacturing over the same period. [7] While access to the Temporary Foreign Worker program is vital to the success of these sectors, it is also fraught with challenges that users must navigate. Some of these challenges include the following:

- Timelines – It can take upwards of six months for Service Canada and Immigration, Refugees and Citizenship Canada (IRCC) to process the Labour Market Impact Assessment (LMIA) required to arrange and confirm the entry of a TFW. [8] This is a significant period of time for any industry but particularly for one as sensitive to disruption as food production.

- Housing – Housing for TFW's must be secured, inspected and paid prior to an LMIA being submitted. This leads to extensive and unnecessary costs for applicants given the processing timelines outlined for this program.

- Application Cost – The cost to apply for an LMIA is $1,000 per TFW, up from $275 prior to 2014 reforms to the program. [9]

The Lethbridge Chamber of Commerce recognizes the importance of ensuring that all businesses who use the TFW program abide by the rules and guidelines associated with this program in order to prioritize and protect the rights of the workers. At the same time, the existing processes must be amended to leverage the value offered by the timely management of the TFW program. Modern logistics techniques and machine learning should be used where possible to expedite application processing; incorporating these tools could reduce wait times, labour shortages, and foregone revenue for industry stakeholders. The success of this industry ultimately has benefits for all Canadians so it is important to use all of the tools possible to ensure timely outcomes.

Recognizing the well-established labour shortages that continue to afflict the agriculture and agri-food sectors, along with the undue hardship associated with navigating the current TFW program, we would like to suggest the recommendations outlined below.

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[6] See CANSIM table 32-10-0218-01.

[7] "Agriculture & Agri-Food Labour Statistics, 2020." Statistics Canada. May 17, 2021.

[8] "Canada's Agriculture Sector Needs Help – And Foreign Workers Are Part of the Solution." Alberta Cattle Feeders Association. December 7, 2017. https://bit.ly/35gviuz.

[9] "Temporary Foreign Worker Program Overhaul: What Employers Need to Know." CIC News. July 2, 2014. https://bit.ly/3xaRiTE.

RECOMMENDATIONS

That the Government of Canada:

1. Commit to approving all Labour Market Impact Assessment applications for Temporary Foreign Worker positions in agriculture and agri-food related positions within 6-8 weeks, as well as committing to the timely provision of inspection audits.

2. Commit to the design of a transparent tracking process to confirm that these timelines are being met; this should include quarterly reports that are easily accessible at no-cost to all interested parties.

3. Create a "trusted employer" status within the Temporary Foreign Worker program to expedite approvals and minimize residual costs to industry. Employers who have previously accessed this program and have demonstrated a commitment to the rules should be allowed to apply as a trusted employer with an audit process to accompany this certification. Allow those with trusted employer status to wait until after the temporary foreign worker approval has been granted to secure housing.

4. Extend the validity of housing inspection result from 8 to 12 months.

5. Reduce the cost of the application to the 2014 level of $275 per submission.

Supporting Businesses and Individuals to Upskill/Reskill through Navigable, Evidence-based Flexible Learning Pathways

DESCRIPTION

Developing enduring workforce skills and talent pipelines are critical to building the resilience of companies and workers in order to grow in the post-pandemic economy. The pandemic has accelerated the digitization of customer and supply-chain interactions and business internal operations. In order for organizations to handle this change, upskilling and reskilling employees should be the number one priority. To facilitate this, government should identify the skillsets that are needed and ensure flexible training options are available and easily navigable by businesses and individuals.

BACKGROUND

Many businesses rely heavily on traditional instructor-led training courses to train their workforce but recent social distancing concerns and competing project priorities often result in those trainings being skipped or cancelled altogether. Additionally, many existing government programs for learning and development are not ideal for full-time workers as they are targeted at those who are currently unemployed and have the bandwidth for full-time study. Program development should include quality educational offerings aligned with both employer and employee needs and ensure programs are available for people who are currently employed.

One way to close this gap is to identify the skillsets that are needed and ensure flexible training options are available and easily navigable by businesses and individuals. Programs should be available through flexible learning pathways, forms of training which can be accessible to all Canadian workers at all stages in their career to join the workforce, "level-up", or pivot, while still maintaining a job. Skilling and knowledge building opportunities should be available in numerous forms including learning-integrated work, work-integrated learning, a range of educational opportunities including short modules, competency based, badges, certificates, diplomas and degree programs to support Canadian workers at all stages of upskilling and reskilling.

Government-funded programs should be simple and accessible and should not create a large administrative burden for companies, individuals or the learning providers serving companies and their employees. At present, grant writing and large applications put barriers on SMEs and organizations from new and emerging industries as these businesses may not have the learning and development resources needed in order to access funds. As a consequence, they also tend to limit access to the highest quality, validated educational offerings by post-secondary institutions which are portable and transferrable. Extant programs are biased towards funding existing organizations rather than businesses which are dynamic, growing parts of the economy.

Additionally, programs should be evidence-based and informed by the knowledge needs of the future. Programs which highlight human and durable skills such as problem solving and critical thinking, teamwork with diversity, and digital literacy are needed. Developing these skills in the workforce will allow individuals to pivot in their careers and continue along the path of lifelong learning. In order to prepare for the workplace of the future and build a culture of lifelong learning, there needs to be better navigation of programming, flexible learning pathways for workers, and a closer alignment of business needs, the labour market, and education programming.

In light of a k-shaped crisis, there is greater need for many industries to realign and reskill. For the next ten years, the term "shortage of talent" is going to be one of the most important topics in business. We are already beginning to see employment rates returning and a tremendous focus on reskilling, internal mobility, and new models of work. Employers are again struggling to fill positions and we have to shift to a world of "creating candidates" not just "attracting candidates." In other words, businesses need to hire people with the potential to grow and train, create apprenticeships and internships to attract and keep young people, and/or reskill current employees. These are new focus areas in HR, and some of the most powerful disciplines to grow our economy.

Successful organizations are currently implementing strategic "data-driven" upskilling initiatives to achieve their missions. Business leaders require visibility into their team's strengths, weaknesses and progress over time, allowing leaders to follow their team's progress toward strategic initiatives. With access to this type of data, leaders can quickly assess skill gaps at a macro level and pivot training focus to meet emerging requirements and strategic outcomes. By leveraging skill assessments and the underlying analytics, organizations can easily adapt to changing and future workforce requirements - with speed and at scale. Leaders can understand what skill levels exist across the organization (and where the gaps are) and improve them to deliver on mission objectives. There are key actions that the government should implement to help businesses improve workforce upskilling and reskilling, build a culture of lifelong learning, and better utilize an existing workforce.

Through roundtables held by the National Workforce Policy Committee, participants agreed that a key area of focus for the federal government should include upskilling/reskilling workers and enhancing efforts around work integrated learning programs. It should also use national leadership to effectively pull together the education and skills ecosystem to connect the dots; to develop common language and frameworks; and to learn and upscale (and fund) on innovative/successful practices. It should also support efforts to reduce duplication of services, alongside supporting efforts that assist the business community in building capacity and accessing funding/resources.

RECOMMENDATIONS

That the Government of Canada:

1. Improve the navigation of existing training, educational programs, portals and databases and incentives for both individuals and business in order to simplify the process for accessing learning and development resources. Ideally, there should be a one-stop shop for businesses and individuals to easily access both federal and provincial programs and understand eligibility requirements.

2. Focus on supporting flexible-learning pathways in a variety of formats for all workers along the employment continuum to have access to government-funded upskilling and reskilling. This should be accessible for both businesses and individuals so neither are taking on additional risk while upskilling/reskilling and more underrepresented groups can be more readily trained.

3. Identify key human and durable skillsets and competencies needed in the workplace of the future to build closer alignment between business needs, the labour market, and education programming. Information gathered should inform education and training policy decisions across the country and potentially result in financial incentives for flexible learning options to meet market demand. To support this, the federal government should mandate Statistics Canada to collect robust national data on forward-looking business needs in order to obtain greater granularity around definitions, measurement, and comparability with specific skills.

Attracting and Retaining More International Students through Canadian Work Experience

DESCRIPTION

Jurisdictions across Canada are searching for ways to attract and retain more international students. A significant impediment to these efforts are policies that make it more difficult for these students to obtain work experience while attending Canadian post-secondary institutions. These restrictions have both (a) legal ramifications: example: permanent residency / citizenship requirements; and (b) practical implications: example: connecting with the student's host community, making post-graduation career contacts, and gaining work experience - which employers are increasingly demanding from graduates.

BACKGROUND

Canada needs to grow its population, lower its average age, and increase the number of skilled workers to fill key positions that enable business growth. Indeed, the latter has been a Canadian chamber priority for several years and is an issue in every province and territory. Immigration has been long been identified as a key component to present and future growth. This was borne out in the latest census data: Canada added approximately 1.7 million people between 2011 and 2016, with two-thirds of this increase attributable to immigration.

International students provide:

- A direct economic boost to local economies across Canada
- A highly-skilled talent pipeline that can help address labour shortages
- A demographic counterbalance to aging populations in many parts of the country

The positive direct economic impact of attracting international students is substantial:

- The total annual expenditures of international students, including their visiting families and friends, contributed $18.4 billion and $22.3 billion to economic activities in Canada in 2017 and 2018, respectively. This translates into a $16.2 billion and $19.7 billion contribution to Canada's GDP in 2017 and 2018, respectively.
- GDP contributions include both direct impacts and indirect impacts, where firms supplying goods and services to the education services and other sectors are also taken into account.
- An impressive 16.3% growth in the number of long-term international students in 2018 accounts for most of the higher spending and associated economic impact compared with 2017. Students from India contributed most to this overall increase, with Ontario accounting for the biggest increase in the number of international students.
- In 2018, Ontario, with the largest number of students, made the largest contribution to GDP with 55.3% of the total followed by British Columbia, with 19.8% and Quebec, with 11.9%.
- The amount of international students' overall annual spending translates to 180,041 jobs supported in the Canadian economy in 2017. The comparable value in 2018 was 218,577 jobs supported.
- International students' annual spending directly and indirectly contributed $3.1 billion in tax revenue in 2017. The comparable value in 2018 was $3.7 billion.

However, the greater impact is retaining international students after graduation to start businesses, create jobs, fill skilled positions and become integral community members. Retention efforts should begin from the time the students arrive and increasing work experience opportunities not only better prepares graduates for the workforce, but it also creates those networking opportunities and connections in communities that cannot otherwise be replicated.

The most recent substantive progress in this area was Bill C-6, An Act to amend the Citizenship Act and to make consequential amendments to another Act, which partially address some of the pertinent issues for international students, for example:

- International students will be able to count each day spent during their studies as a half day towards their permanent residency or citizenship requirements (up to a maximum of one year)
- Permanent residents will only have to be in Canada for 3 of the preceding 5 years to qualify for citizenship (down from 4 of 6).

The changes to the Citizenship Act are a start, however, international students will still face significant barriers to working while attending a post-secondary institution and getting on a clear path to permanent residency. Some of the employment-based barriers faced by international students in Canada include:

- Ineligible for the Canada Summer Jobs program or the Student Work Placement Program
- Voluntary co-op terms and internships require a separate work permit for international students
- Inability to work more than 20 hours per week off-campus for full-time students and not at all for part-time students (pre-pandemic)

Balancing work with study has long served a twofold purpose for students: it offers a means of covering some of the ever-growing costs of a post-secondary education, and it is an opportunity to develop workplace skills to complement one's studies.

For international students, the ability to work, whether on- or off-campus, is also an opportunity to adapt to a new community and make invaluable contacts and friendships. It is a vital means of enriching the international student experience in Canada, and of enriching the diversity of the communities that surround post-secondary campuses.

The implications for business and the economy are clear. The country needs the next generation of consumers to sustain growth and the next generation of taxpayers to support our aging population. Businesses need skilled workers to innovate and grow. Estimates put the national cost of skills shortages and mismatches at $70 billion annually. Increasing the number of international students at Canadian institutions represents an opportunity to address all of these concerns, but the employment restrictions detailed above are a barrier to fully realizing Canada's potential as a destination of choice.

RECOMMENDATIONS

That the Government of Canada:

1. Allow international students attending either a public institution, or private institution in any province or territory, that is registered on the Designated Institution list to:
a) Qualify for the Canada Summer Jobs program and the Student Work Placement Program
b) Participate in voluntary co-op terms and internships without obtaining a separate work permit
c) Count all time spent in Canada as an international student towards citizenship eligibility (i.e increase from half time to full time)

2. Make permanent and remove sectoral/industry restrictions for the temporary, pandemic-related measure that allows international students to work more than 20 hours per week off-campus

3. Make permanent the temporary pandemic-related measure to count studies abroad towards hours needed to be eligible for post-graduate work permits

4. Allow part-time studies to count toward the Post Graduate Work Permit Program (PFWPP) eligibility.

5. Reinstate spousal eligibility in Policy C42 for students in pathway program studies.

NOTES

[1], [2], [3]

[1] https://www150.statcan.gc.ca/n1/daily-quotidien/170208/dq170208a-eng.htm
[2] https://www.international.gc.ca/education/report-rapport/impact-2018/index.aspx?lang=eng
[3] https://www.bdc.ca/en/documents/analysis_research/labour-shortage.pdf

Improving Immigration, Refugees and Citizenship Canada’s (IRCC) Regional Settlement Strategy

DESCRIPTION

In 2012, the federal government cut $29.8 million from the budget of Citizenship and Immigration Canada (now Immigration, Refugees and Citizenship Canada) and closed nineteen offices across Canada. This has impacted the ability of rural and northern communities to attract, retain and service newcomers, refugees, and international students, and to subsequently grow their economies.

BACKGROUND

Under Canada’s Constitution, responsibility for immigration is shared among the federal, provincial, and territorial governments. Traditionally, provinces and territories have entered into comprehensive agreements with the federal government (Immigration, Refugees and Citizenship Canada or IRCC) that cover a wide range of immigration issues. Additionally, various provinces and territories have secured agreements that cover more specific issues, in response to their respective needs. In both cases, a central element necessary to implement these agreements were the local offices that were staffed by IRCC.

These offices are crucial to performing the work necessary to carry out the agreements and ensure that the provincial and territorial immigration departments are aligned in encouraging and informing newcomers and international students of the possibilities and opportunities that exist in Canada’s northern and rural municipalities.

These offices also deal with complex immigration issues, including assisting new immigrants, refugees, international students and temporary workers in filling out applications, authenticating paperwork, and providing information on citizenship and immigration programs offered by the federal government. Additionally, the in-person services also help with citizenship testing, permanent resident card pickups and immigration interviews abroad.

These offices also act as a resource for employers looking to recruit from abroad. Budget 2012 outlined significant reductions in the funding necessary to operate these regional settlement offices and programs. The IRCC budget experienced a cut of $29.8 million in 2012-13 and as a result, 19 IRCC offices were closed or consolidated, and a number of services were relocated to central offices in major metropolises or moved online.

The impact of these closures continues to be felt in local communities with the absence of localized IRCC staff to assist newcomers. This has also resulted in newcomers, refugees, international students or local businesses having to travel to access immigration services at centrally managed locations that may be hundreds of kilometres from their city. Clients accessing services online or through the phone have also raised concerns about lengthy hold and wait times for newcomer inquiries. Postsecondary institutions that traditionally referred international students to local IRCC offices for the ease of accessing services have also been impacted.

Retaining international students is an effective way of addressing population challenges and building a skilled labour force in communities with post-secondary institutions, and increasing retention should be a key measure of growth plans of these communities. Such a goal, however, requires IRCC services to be easily accessible to provide guidance to those international students experiencing a transition in their legal status.

The demographics of international students arriving in Canada has shifted to include international students who arrive with foreign investments which would allow them to purchase homes and/or set up small businesses in rural communities if given the chance. With the recent changes in demographics, immigration support by way of a local IRCC office, periodic visits from IRCC staff to a local Service Canada office or access to virtual services would ensure the smooth resettlement and permanent retention of international students and their families to rural and northern communities.

Despite assurances from the federal government that the consolidation has increased efficiency and assisted in the creation of common service standards, the new model continues to affect the ability of midsized urban municipalities in rural and northern Canada to attract and retain skilled immigrants as many continue to be drawn to larger cities that offer the immigrant and settlement services they need. These cuts have been especially detrimental to northern and rural parts of Canada that are looking to immigration to grow their populations and fill vacant positions in their local economies.

Population growth through immigration has been almost entirely centred on large urban communities, in no small part due to the availability of immigration services. Census 2016 revealed that Ontario's population as a whole grew but with such positive trends, northern Ontario, for one, continued to experience a population decline. Similar stories play out across the country. It's likely that when the Census 2021 results are released, it will reveal similar immigration data. It's no coincidence that the only IRCC office in Manitoba is in Winnipeg and the only IRCC office in Nova Scotia is in Halifax, and that there are no IRCC offices in Ontario north of Barrie.

Many newcomers do not receive the level of service they need through the call centre or the IRCC website and could benefit from accessing immigration experts in person or virtually. Whereas they previously sought these services at IRCC offices, now they seek them from their MPs' constituency offices or from local settlement services, which do not have the same level of expertise or dedicated resources that IRCC previously provided. It must also be taken into consideration that not all newcomers, refugees, etc. have access to the internet and can easily access email, virtual or other online services. For others, English or French may not be their first language and so communicating over the phone or virtually may prove challenging. These individuals would benefit from in-person IRCC services so they can communicate with an agent face-to-face. The IRCC operates temporary offices around the country, but they are open only for short periods of time, at a length of two or three days, and open sporadically with less than a month's notice. Most are limited to conducting ceremonies and very rarely are able to provide basic services such as landing interviews or tests. These offices, while useful for the services they do provide, do not specifically address strategies for rural and northern communities or the lack of access of these communities to in-person immigration services once newcomers/international students arrive in Canada that were lost with the local IRCC office closures.

Effective offices with a full range of services, even with virtual access would act as a hub of information and services for immigrants to allow them to transition into their new communities as seamlessly as possible. IRCC offices not only provide guidance and answer questions for immigrants, but also help employers navigate the changing regulatory landscape of immigration. This is crucial for rural and northern communities; the bulk of whose businesses are small and medium sized enterprises (SMEs). The challenge of navigating a changing regulatory landscape falls heavier on smaller employers than on large, multi-national corporations with dedicated human resources staff. Helping SMEs overcome this challenge through IRCC offices would allow easier transition for new immigrants/international students and grow local economies much more effectively.

The federal government maintains that IRCC has been moving diligently towards an increasingly integrated, modernized, and centralized working environment; they point to technology allowing IRCC to process applicants anywhere and in a more effective manner. Budget 2021 allotted $25 million to the IRCC in the 2021-2022 fiscal year, and an additional $25 million per year for the next two years, but that funding is earmarked only to maintain capacity and service standards for phone and email inquiries and not for expanding or reopening IRCC offices in under-served communities. These budgetary short-comings persist even as the federal government increases immigration targets year-over-year and introduces valuable new programs such as the Rural and Northern Immigration Pilot (RNIP). Programs like this are not a substitute immigration and retention strategy for IRCC offices, and in fact, are additional reasons for reestablishing the offices. The success of the RNIP program is judged mainly on a community's ability to retain the immigrants it attracts through the program and for all the reasons stated above, it's much harder to retain immigrants without a local IRCC presence. Applicants who are accepted through RNIP become Permanent Residents and these types of immigrants also seek continued assistance and services through IRCC and are unable to write a citizenship test without a permanent or travelling IRCC office to issue the test. Canada's various immigration programs accept a fair number of newcomers. However, there is nothing in place to ensure the long-term retention of these newcomers to the rural and northern region that accepts them as Permanent Residents. Their acceptance into these communities is not contingent on their intent to live long term in these northern and rural regions.

The COVID-19 pandemic has proved that many employees can successfully perform remote work. However not all sectors and types of work allow for remote work. Essential workers in specific sectors would need to perform their job in person and essential workers who are newcomers would need the services of a local IRCC office in order to ensure that they have a smooth and expedited service without having to leave their region and job for any length of time in order to access these services. As of 2016, 70% of Canada's 7.5 million immigrants lived in Toronto, Vancouver, Montreal, Calgary and Ottawa, it's likely that the results of the 2021 Census will indicate similar results. These same larger cities account for 43% of Canada's population, meaning that the portion of immigrants going to rural and northern communities is far below their share. It's not clear the federal government has a well-defined strategy to correct this disproportion and ensure that rural and northern communities can attract and retain immigrants

RECOMMENDATIONS

That the Government of Canada:

1. Review IRCC's current operational model and conduct a cost-benefit analysis of reestablishing IRCC offices or services in under-serviced rural and northern communities;
a) As part of this analysis, consider a model of a travelling IRCC official to assist remote communities;
b) As part of this analysis, consider establishing a dedicated IRCC phone, email or virtual contact to allow local settlement services direct and quick access to IRCC professionals;
c) Consider the benefits of hiring IRCC staff to operate in existing government buildings, such as local Service Canada offices.

2. Ensure that there is a regional strategy to apply fairly the resources required to meet the settlement needs for newcomers in all regions of the country.

3. Take action to include a national vision and strategy aimed at increasing immigration to rural and northern communities across the country.

4. Take action to develop a strategy to increase international student long term retention rates in rural and northern communities.

5. Take action in ensuring that newcomers interested in residing in rural and northern communities who have the skillset and ability to work in-person, remotely and online are given the opportunity to easily access IRCC services.

6. To make labour demand-supply linkages more effective and eliminate overlap and duplication, make it a condition of funding to settlement agencies that in each region they must work together and with business and other stakeholders to increase regional coordination.

Lifelong Learning

DESCRIPTION

Automation, the Internet of Things, digitization and the increasing globalization of the economy, as well as the aging of the population, are transforming the workplace of the future. The focus will increasingly be on the quality of the workforce and its skills, which will need to be developed and enhanced throughout a person's lifetime, in line with the needs of businesses.

In short, to sustain its prosperity, Canada will need more skills than are currently available in the labour market to compete in a global knowledge-based economy.

BACKGROUND

Canada will need more talent

Survey results from business executives indicate that they are cautiously optimistic about the effect on the workforce of organizations, but that they see this "transformation" of the economy as a steep increase in the skill development needs of the workforce. In addition, the COVID-19 pandemic has highlighted the need for skills and accelerated their integration into some academic faculties. However, the deployment of these skills remains incomplete and is a significant challenge for companies. As a result, there is evidence that the gap between the supply of skills and the expected demand from companies is widening.

The CCC believes that skills development, in all occupations, through investment in training, linked to business needs, is critical to productivity growth and improved living standards over the long term.

Canada's disappointing record on basic skills

There is significant work being done nationally and internationally to measure some of these skills. For example, Canada has joined the OECD's Program for the International Assessment of Adult Competencies (PIAAC). This is a large-scale study of the information processing skills of youth and adults aged 16 to 65.

The program provides internationally comparable measures of literacy, numeracy and problem solving in technological environments. The program generally ranks test results according to five increasing levels of proficiency, with the middle level, Level 3, often considered the minimum threshold for coping with the demands of the knowledge-based economy and society. The findings for Canada from the latest survey results indicate that:

- Canada ranks at the OECD average in literacy. In literacy, Canada ranks at the OECD average, but has a higher proportion of people at the highest and lowest levels of literacy.
- Canada ranks below the OECD average in numeracy. In addition, the proportion of Canadians at the lowest levels in this domain is higher than the OECD average.

- In problem solving, Canada ranks above the OECD average in PS-TRE. At the highest level of proficiency, only Sweden has a larger proportion of its population than Canada. But a significant proportion did not participate in the survey because of low digital literacy. [Statistics Canada (2013): Skills in Canada: First Results from the Programme for the International Assessment of Adult Competencies (PIAAC)]

A skills gap that needs to be filled

Following the lead of the Advisory Council on Economic Growth [Advisory Council on Economic Growth: Learning Nation: Equipping Canada's Workforce with Skills for the Future], there are three pillars of skills development in Canada:

1. Initial training, led by the provinces
2. Training for the unemployed for their reskilling and for social assistance beneficiaries for their professional integration, of which more than 80% is financed by unemployment benefits and federal funds.
3. Training of employed individuals for adult skills development (upskilling) with multiple stakeholders and for which the Council estimates the additional annual investment required at $15 billion.

"Individuals, employers, and governments have to share in this critical investment. Failing to make the necessary investments in the third pillar will prevent Canadians from taking advantage of new opportunities, leading to severe consequences for their families' wellbeing and the overall growth prospects of the country's economy." [ibid, p. 12] Canada is most vulnerable to the impacts of digital transformation in terms of the skills of the existing workforce, and this vulnerability varies widely across Canada, as evidenced in a study by the C.D. Howe Institute. [C.D. Howe Institute: Risk and Readiness: The Impact of Automation on Provincial Labour Markets | C.D. Howe Institute]

There are segments and groups in the Canadian labour market that are still far from fully utilizing their human potential. Putting these segments, including youth, immigrants, aboriginals and devitalized communities, to work more effectively will require addressing some of the barriers to employment, including a basic skills deficit.

To address these challenges, the federal government's 2021-2022 budget includes an investment of $2.47 billion for training in economic sectors experiencing change and disruption, as well as a focus on access to skills and learning for Canadians, including an investment of $960 million over 3 years to Employment and Social Development Canada to implement a new Workforce Solutions Sector Program. This funding is intended to help employees transition to new industries and new jobs. [Future Skills Centre] Also, the government is proposing to invest $298 million over three years, starting in 2021-22, in a new Skills for Success program to help Canadians at all skill levels improve their basic skills.

For continuous skills development

The development of skills, whether basic or job-specific, will become an essential element for workers throughout their professional careers. The current and future development of the job market will dictate the new knowledge that will be needed in different workplaces. These changes, which will affect the jobs of Canadians, will lead to a paradigm shift in order to promote skills development. According to the World Economic Forum, The future of Jobs Report 2020, “Companies are looking to provide reskilling and upskilling opportunities to the majority of their staff (73%) cognizant of the fact that, by 2025, 44% of the skills that employees will need to perform their roles effectively will change” [World Economic Forum: The future of Jobs Report 2020, p. 8]. The coming years will be promising for training as well as for the deployment of skills. However, it is important to note that skills development will need to be maintained and practiced throughout the careers of Canadians.

For the CCC, it will be necessary to value the learning of basic skills as well as to promote the necessary knowledge among workers in order to prepare them for the next changes that will affect the Canadian labor market. These skills will be essential for the current and future workforce to maintain their participation in our economy. To achieve this, the Canadian government must continue to support and promote skills development in the future in order to encourage young Canadians to maintain their participation in the labor market.

A tax incentive to close the gap: a voluntary lifelong learning savings plan

To support lifelong learning and fill the skills gap, the FCCQ advocates the introduction of a Voluntary Lifelong Learning Savings Plan (VLLSP), which features:

- The Plan would be based on an expansion of the Registered Education Savings Plan (RESP).
- The Plan would allow the funds and grants accumulated in the RESP to be retained even if the individual does not pursue post-secondary education, so that he or she can pursue further education later in his or her career or return to school.
- Participation in the Plan would be voluntary and supported by a tax incentive for both the individual participant and the employer.
- The funds collected in the Plan could be used to support the participant’s income during training as well as to defray the costs of training. The amount used as replacement income by the participant is taxable.
- The employer may voluntarily make a contribution to an employee’s Plan. This contribution, subject to a maximum, is not taxable to the employee and a refundable tax credit for an amount to be determined is offered to the company.
- In the case of the employed workforce, employer approval for the leave would obviously be required, as with any absence from work.
- Unemployed workers could use the funds accumulated in their VLLSP in fields of study approved by the appropriate jurisdictional authorities, which would reflect anticipated labour market demand.
- Employees could see this as an added level of job satisfaction.
- For employers, it would be an element of compensation and a tool for retention, particularly for younger generations of workers for whom learning opportunities are valued and in times of general or sectoral economic downturn.

Of course, federal and provincial government involvement would significantly increase the effectiveness of such a system in increasing labour force participation in job-related training.

RECOMMENDATIONS

That the Government of Canada:

1. Develop and implement workforce training programs as part of the Future Skills Centre initiative that fully recognize the skills, experience, and expertise of existing partnerships in the provinces and territories, and accredited post-secondary institutions.

2. Establish a Voluntary Lifelong Learning Savings Plan (VLLSP) to increase the participation of the Canadian workforce in job-related training.

Veterans: An Asset to Any Workforce

DESCRIPTION

Canada's military men and women are known around the world for their leadership skills, teamwork and dedication. They are highly skilled in areas such as planning, communication, management, and the trades. Without question, they would be an asset to any workforce; it is not always appreciated by the business community how big an asset someone with military experience can be. Each year, approximately 5,000 members of the Canadian Armed Forces leave the military. Canada is experiencing a skilled workforce shortage and this can be reduced through the inclusion of the members of the Canadian Armed Forces. Many of them struggle as they attempt to make the transition to meaningful and sustainable civilian employment.

BACKGROUND

The ability to quickly retrain and re-deploy workers, when either market forces change or technology disruptions occur, will be paramount to Canada succeeding in the economy of the future. One of the keys to success will be to strategically identify the specific work-related skills of individuals who find themselves in transition and match them to jobs or short-term retraining opportunities. Veterans bring valuable skills and experience from their military service to the workforce.

A Federal Government study conducted for the Veterans Transition Advisory Council found that, out of 850 employers, most have "little to no understanding of the skillset veterans or former military personnel have."

Once individuals join the military, soldiers receive some of the world's best training, worth on average between $500,000 and $1 million in government funds and resources. But all too often that expertise is ignored once the veteran or former military personnel leaves the military to pursue civilian employment. Soldiers who led battle groups in Afghanistan come home with management skills and crisis experience that could put them directly into mid-level management positions or higher; however, many human resource departments channel these battle-hardened vets into entry-level positions.

The same study showed a disconnect between civilian life from military experience. They discovered that close to half (45%) of employers agree that hiring a veteran reflects well on a business. And a significant number see veterans as disciplined and reliable individuals who can perform well in high-stress situations. But 35% do not think that their organization needs to make any special effort to recruit veterans, and nearly half (49%) had no opinion on the issue. Only 16% of employers agree that a corporation should make a special effort to recruit veterans.

Employers and companies can benefit from hiring veterans. Military personnel are often cross-trained in multiple skills and have experience in varied tasks and responsibilities. Many veterans have learned what it means to put in a hard day's work. They also appreciate the challenges and satisfaction of a job well done. Much of this experience can translate to their participation in the workforce making the veteran an asset on the job. Strengths of the veteran or former military personnel can bring to the workplace include:

- Working well in a team. Teamwork is considered an essential part of daily life and is the foundation on which safe military operations are built.
- Having a sense of duty. Responsibility for job performance and accountability for completing missions are something to take pride in.

- Experiencing self-confidence. Holding a realistic estimation of self and ability based on experiences is expected of each Service Member.
- Being organized and disciplined.
- Possessing a strong work ethic. In the military, the mission always comes first.
- Having the ability to follow through on assignments, even under difficult or stressful circumstances.
- Possessing a variety of cross-functional skills, such as extensive training on computer programs and systems, interacting with various people with different skills to accomplish a task, and coordinating and troubleshooting problems in novel and known conditions.
- Being able to problem solve quickly and creatively.
- Being able to adapt to changing situations.
- Being able to follow rules and schedules.

Many Canadian soldiers are unable to convert their advanced training into meaningful careers, even though the skill sets and experiences accumulated by soldiers would be highly valued by civilian employers.

The British Columbia Institute of Technology (BCIT) developed a solution at their SITE Centre, which conducts prior learning related research and assessment activities and turns them into advanced placement education options. At BCIT, The Legion Military Skills Conversion program accelerates and advances the civilian careers of former and current members of the Canadian Forces. They do this by mapping learning outcomes rather than course equivalencies, so that those from non-traditional educational backgrounds are given advanced standing in education and training programs.
This is a great example where with polytechnics connections to industry, can be an integral asset to keep workers in the labour market -- and our economy moving forward.

A study titled “Life After Service Survey 2016” found that Senior Non-Commissioned Members (SrNCM) had a lower employment rate (57%) compared to Officers (64%), and Junior Non-Commissioned Members (JrNCM) (70%). The unemployment rate for Veterans was 8%, similar to Canadians of comparable age and sex. Non-labour force activities for Veterans included retirement (16%), on disability (8%), and training (5%).

RECOMMENDATIONS

That the Government of Canada:

Work with Provincial and Territorial Governments to:

1. Revisit and ensure that the implementation of a Military Employment Transition Program provides the skills and opportunities needed of industry and partners with the chamber of commerce/board of trade industry, academic and industry associations;

2. Invest in a public campaign that clearly articulates the value of hiring veterans; and,

3. Partner with Canada's accredited post-secondary institutions to implement a skill identification and prior learning assessment process with time-compressed courses for those looking to retrain.

NOTES

[1], [2], [3]

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1 Van Til LD, Sweet J, Poirier A, McKinnon K, Sudom K, Dursun S, Pedlar D. Well-Being of Canadian Regular Force Veterans, Findings from LASS 2016 Survey. Charlottetown PE: Veterans Affairs Canada. Research Directorate Technical Report, 23 June 2017.

2 https://nationalpost.com/opinion/francis-watt-putting-veterans-to-work

3 https://www.ottawalife.com/article/how-a-program-retraining-canadas-veterans-offers-solutions-for-the-mid-career-worker?c=9

Ensuring an Inclusive Recovery: Securing Safe, Reliable, High-quality, Flexible and Affordable Childcare for Business Owners and Entrepreneurs

DESCRIPTION

The pandemic has had a devastating and disproportional impact on Canadian women in the workforce. These impacts have been multifaceted: women have been serving at the frontline of the health crisis, often overrepresented in the sectors hardest hit by the k-shaped crisis, and have also bore the bulk of the burden of online schooling, childcare and domestic responsibilities. An often-overlooked group of women are women business owners and entrepreneurs. There are several actions that the federal government can undertake to support these women. First and foremost among these is to ensure that they have access to childcare, including early childhood education, which is safe, reliable, high-quality, flexible and affordable.

BACKGROUND

As part of the Canadian Chamber's Inclusive Growth campaign, through late 2019 and early 2020, the Council for Women's Advocacy (CWA) focused on increasing the participation of women on Boards and in senior management and building the talent pipeline needed to support growth and representation.

With the onset of the pandemic and the almost immediate evidence of the disproportional impacts on women in the workforce, CWA members shifted focus. Over the past year, the CWA has dedicated attention on recommendations to the federal government in the immediate term to support women (both as employers and employees) and their economic growth in response to the Covid-19 crisis. These recommendations focused on three areas: (i) providing of safe, reliable and affordable childcare; (ii) supporting women's SME participation and entrepreneurship; and (iii) facilitating job pivots for women.

The federal government's May 2021 budget proposed new and historic investments totaling up to $30 billion over the next 5 years, and $8.3 billion ongoing for Early Learning and Child Care and Indigenous Early Learning and Child Care. This commitment included a promise of a 50 per cent reduction in average fees for regulated early learning and childcare in all provinces outside of Quebec, to be delivered before or by the end of 2022 and resulting in an average of $10 a day for all regulated childcare spaces in Canada by 2025-26.

The federal government's leadership and resource commitment to childcare and learning is laudable. However, it does not necessarily take into account the needs of female business owners and entrepreneurs.

Flexibility for childcare and early childhood learning is paramount for women in business. Publicly-funded daycare in a one-size-fits-all format does not fit the needs of all. As described in their C.D. Howe Institute article, Jennifer Robson and Ken Boessenkool, there are currently myriad forms of childcare across Canada:

There are fully public providers in publicly owned buildings at one end of the spectrum, all the way through to nannies privately employed directly by families at another.

In between are charitable and non-profit providers, and for-profit providers. There are family or day home providers, licensed and unlicensed care, and informal care provided by parents, relatives, or friends. To add to this, there are early learning and childcare development programs that take place in high-quality care settings and others that depend on parental involvement or drop-in models.

Female business owners and entrepreneurs often require flexibility through these options in part because their work lives are not constrained to a typical in-office Monday to Friday 9AM to 5PM schedule. Replacing the multitude of options with a single choice is simply not going to work for everyone and hence, a full continuum of care needs to be recognized.

In speaking of its support for regulated spaces in 2021, the federal government recognized the importance of flexible childcare and shifted its initial rhetoric on a preference towards public spaces to include privately-regulated spaces. Privately-regulated childcare is valuable both to and for women business owners and entrepreneurs. Most private daycares are women-led small businesses, especially in suburban and rural areas (which will become increasingly important in the post-pandemic work-from-home / hybrid models of work). Quebec's daycare system is highly bolstered by the private sector, including unsubsidized spaces, and almost one-third of Quebec's early learning and childcare budget goes out in tax credits.

Thus, focusing on the supply-side of the daycare equation will not go far enough to ensure effective, relevant, affordable and sustained daycare across the country. The federal government's efforts, in the short-, medium- and long-term need to be complimented by reducing tax barriers for childcare for business owners. Revising the tax code as it relates to childcare is the quickest and easiest way for the federal government to support working women.

To this end, we reiterate recommendations from the 2020 policy resolution "Child Care Credits for Small and Medium Size Businesses" and from the Canadian Chamber's Think Growth campaign regarding eligibility to make childcare claims against non-dividend income and allowing not only the lower income spouses to claim the deduction.

Although nearly 4 in 10 self-employed Canadians are women, women-owned businesses tend to be smaller, with fewer employees, and are less likely to be incorporated. This leaves them out of many government-sponsored SME initiatives and consideration needs to be given to SME eligibility and childcare supports.

RECOMMENDATIONS

That the Government of Canada:

1. Recognize and resource the full continuum of high quality, affordable childcare which emphasizes the importance of flexibility of programming. Additionally, provide clear national guidelines on childcare which take into account inclusivity, equitable treatment, and accessibility. Guidance should include clear definitions on what constitutes high quality, affordability, and flexibility as it pertains to childcare.

2. Remove tax barriers for childcare as follows:
a) Expand the eligibility of SME owners who can claim childcare expenses, paying special attention to how female-owned business are structured;
b) Make childcare an eligible business deduction;

3. Provide additional grants and other incentives for SMEs to establish new and expanded day care facilities.

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[1] Aggressive Incrementalism, p.5.

[2] For example, see comments of the Honourable Ahmed Hussen, Minister of Families, Children and Social Development at First Policy Response's Delivering on the Commitment: A Canada-wide childcare plan (May 20, 2021): https://policyresponse.ca/delivering-on-the-commitment-a-canada-wide-childcare-plan/.

[3] See: https://theconversation.com/ottawas-10-a-day-child-care-promise-should-heed-quebecs-insights-about-balancing-low-fees-with-high-quality-159626?utm_source=twitter&utm_medium=bylinetwitterbutton

[4] See: https://theconversation.com/ottawas-10-a-day-child-care-promise-should-heed-quebecs-insights-about-balancing-low-fees-with-high-quality-159626?utm_source=twitter&utm_medium=bylinetwitterbutton.

Indigenous and Territorial

Creating a Comprehensive Action Plan on Building a Sustainable Business Relationship with Indigenous People

DESCRIPTION

As various provinces adopt legislation that includes the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), the Federal Government must ensure that there is a cohesive environment for businesses to build sustainable relationships with Indigenous Peoples. In order for the business community to adopt any sort of legislation that hopes to implement UNDRIP into their business models, there must be an understanding of the importance and value of achieving reconciliation and collaborating with Indigenous peoples. Business and community must move forward together.

BACKGROUND

Implementation requires an action plan. First, we must understand the history of Indigenous Peoples in Canada, and the contemporary landscape of Indigenous Relations. Only then will there be true reconciliation and understanding as we partner on projects on Indigenous territories and respectfully work together with indigenous communities. Second, we must continuously evaluate our relationship and understand, adjusting our approach through cyclical learning.

The BC Government legislated the Declaration on the Rights of Indigenous Peoples Act (DRIPA). It enacts a process to align B.C.'s laws with the UN Declaration mandating government to bring provincial laws into harmony with the UN Declaration. It requires development of an action plan to achieve this alignment over time – providing transparency and accountability and it requires regular reporting to the Legislature to monitor progress.

DRIPA gives the Province the flexibility to enter into agreements with a broader range of Indigenous governing bodies and provides a framework for decision-making between Indigenous governing bodies and the Province on matters that impact their nations.

DRIPA has enacted the United Nations Declaration on the Rights of Indigenous Peoples ("UNDRIP") in British Columbia law creating a framework for reconciliation in BC in keeping with the Calls to Action of the Truth and Reconciliation Commission.

John Horgan, in his throne speech noted "We need to address reconciliation in British Columbia, not just for social justice ... but for economic equality for all citizens, Indigenous and non-Indigenous."

If other provinces and territories implement their own legislation that incorporates UNDRIP frameworks, there needs to be cohesion; cohesion among the governments at all levels, and the business community and industry.

Moving forward business and industry must create informed policies and operate in a manner that acknowledges indigenous cultures and values, legal rights and entitlements. As a result of this understanding, we can, together, create methods of collaboration, consultation and negotiation which reinforce economic stability for all Canadians.

The Chamber recognizes that while this engagement may create additional time and costs early on, it will save complications caused by judicial or regulatory delays or causing the disintegration of relationships with indigenous communities.

Greater understanding may be created within company culture through a Reconciliation Action Plan - a document that sets out an organization's tangible commitments to advancing the reconciliation process.

One common component of Reconciliation Action Plans is the inclusion of cultural competency training with respect to the underlying issues that are being addressed by UNDRIP, the Calls to Action and other sources. Training and resources are an extremely valuable component for ensuring widespread understanding of the issues. This requires skills-based training in intercultural competency, conflict resolution, human rights and anti-racism and capacity building.

While some companies can afford consultations or qualified instructors, many cannot particularly in light of the economic impacts as a result of the pandemic.

As government and communities work toward reconciliation with Indigenous Peoples business needs the support of government to move forward and be part of the reconciliation process. In addition to the skills-based training educational pieces need to include case law, constitutional rights, the Indian Act and historical context.

This understanding will aid in the continued work that is required to create an environment that allows for regions and communities to achieve pathways that offer economic and social stability, with the goal to produce strong working partnerships that respect indigenous values and create wealth generating opportunities for Nations while allowing for continued non-indigenous economic growth, and development.

We need a comprehensive action plan of learning in our business community in order to fully appreciate, recognize, implement and realize the economic opportunities with indigenous partners that includes:

1. Colonization in Canada: terminology and definitions; the history of Indigenous-Crown Relations; the Indian Act, 1876; membership, land and governance; and the history and legacy of residential schools.

2. The Truth and Reconciliation Commission's Calls to Action, the UNDRIP, and why both are important to businesses, to include a background on each of the Indigenous peoples in BC, which is outlined in the 92nd Calls to Action:
i. Commit to meaningful consultation, building respectful relationships, and obtaining the free, prior, and informed consent of Indigenous peoples before proceeding with economic development projects.(we would like to discuss this one but are fine with the other two)

ii. Ensure that [Indigenous] peoples have equitable access to jobs, training, and education opportunities in the corporate sector and that [Indigenous] communities gain long-term sustainable benefits from economic development projects.
iii. Provide education for management and staff on the history of Aboriginal peoples, including the history and legacy of residential schools, the United Nations Declaration on the Rights of Indigenous Peoples, Treaties and Aboriginal rights, Indigenous law, and Aboriginal–Crown relations. This will require skills-based training in intercultural competency, conflict resolution, human rights, and anti-racism.

3. How to Build Sustainable Business Relationships with Indigenous Peoples: best practices in community engagement, business development, protocols (including for Indigenous employees, contractors, businesses and entrepreneurs) and meeting Corporate Social Responsibility requirements.

Education and mentorship in areas of DRIPA, reconciliation action plans, consultation, negotiation and joint ventures, contracts and contract management issues, resource development, infrastructure will aid in the development of respectful and collaborative relationships with our Indigenous partners.

RECOMMENDATIONS

That the Government of Canada:

1. Work meaningfully and respectfully alongside First Nations, Indigenous communities, the business community, and the Canadian Chamber of Commerce to establish a Reconciliation Action Plan. The intent of the Action Plan should encompass outlining, and respecting, education in the workplace, the Truth and Reconciliation Commisson report and recommendations as well as UNDRIP:

a) In concert with the work of the Canadian Chamber of Commerce, the federal government will support, collaborate and consider the work already being done in some provinces and territories.

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1 https://www.bclaws.gov.bc.ca/civix/document/id/complete/statreg/19044

2 https://static1.squarespace.com/static/5dbc9e7daca795172ad604d0/t/5dc098b32e9da95437b2f793/1572903092577/Calls_to_Action_English2.pdf

3 https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/indigenous-people/aboriginal-peoples-documents/calls_to_action_english2.pdf

Establishment of the First Nations Infrastructure Institute

DESCRIPTION

High quality public infrastructure is critical to the health and sustainability of all communities, including Indigenous communities. Unfortunately, Indigenous infrastructure outcomes are very poor under the current approach. The literature, studies and media reports demonstrate that Indigenous infrastructure assets take longer to develop, cost more, and have shorter operational lifecycles than comparable infrastructure developed by other governments. Studies estimate that First Nations are facing an infrastructure gap in the tens of billions of dollars and the current approach will take far too long to close this gap, if ever.

BACKGROUND

Interested First Nations should have the option to follow a different approach – one that applies standards and processes based on national and international best practices and ensures value for money. The infrastructure gap in many First Nations communities contributes to a series of poor health, social and economic outcomes. Unfortunately, the COVID-19 pandemic has further highlighted the negative impacts First Nations are suffering as a result of missing and substandard infrastructure within their communities. The current approach is unsustainable and First Nations expect and deserve better results.

In response, the institutions established under Canada's First Nations Fiscal Management Act (FMA) have proposed the creation of the First Nations Infrastructure Institute (FNII); a new institution that will support First Nations in the planning, development, procurement, design, construction, implementation, operation and maintenance, and management of their infrastructure projects. In 2017, First Nations leaders from across the country stepped forward to form a Development Board to provide advice and guide the creation of this optional, First Nations-led institution focused on designing a more innovative infrastructure system and achieving better infrastructure outcomes.

The First Nations Infrastructure Institute (FNII) will support those First Nations that choose to work with it, to develop their infrastructure projects in a faster, more cost-effective, and sustainable manner. FNII will offer a menu of capacity support services, based on national and international best practices, to meet First Nations where they are at. Depending on their existing capacities and expertise, interested First Nations may utilize any or all of the FNII tools, skills, and processes to efficiently and effectively plan, develop, procure, implement, operate, maintain, and manage their infrastructure projects.

The Development Board has defined a comprehensive risk management framework and service delivery model through which FNII will implement a number of infrastructure innovations, including at least:

- Project identification and planning processes that respond to the First Nation's objectives, priorities and vision;
- Project definition and optimization processes that support the development of infrastructure projects that serve both community and economic purposes, where appropriate;
- Project development processes that utilize procurement options currently only available to other governments that more appropriately distributes risks;
- First Nations law-making processes that will enable First Nations to exercise their jurisdiction to regulate infrastructure for the provision of local services;
- Project financial planning processes that utilize whole-of-life costing from identification and planning to decommissioning or replacement for all expected capital, operations and maintenance, and lifecycle renewal costs; and
- Project fiscal planning and modeling processes that identify sufficient funding sources and revenues streams to ensure long-term asset sustainability, and utilizes financing options where appropriate to ensure optimal timing of revenues and project expenditures.
- Beyond providing capacity support services on specific individual projects, the Development Board is also proposing that FNII perform a number of other functions, including at least:
- Collect, analyze, and distribute statistical data and information related to infrastructure to facilitate research, improve capacity support services, and support better decision-making;
- Function as a centre of excellence and repository of information on sustainable Indigenous infrastructure development;
- Provide advice to the federal government on the development and implementation of systems to support sustainable infrastructure development;
- Conduct policy research and evaluative services on the development of fiscal frameworks to support sustainable infrastructure development;
- Provide support to develop and assist in the implementation of new approaches to stable, effective, and efficient long-term infrastructure funding and financing;
- Establish and maintain a roster of trusted contractors by area of professional expertise, asset type experience, operating region, and familiarity with FNII processes and standards; and
- Provide public education and training respecting different aspects of infrastructure and sustainable infrastructure development.

The Development Board has been working collaboratively with the Government of Canada since 2017 to advance FNII. The Development Board is anticipating stimulus spending in the form of significant investments in infrastructure projects in the coming months and years as a component of Canada's economic recovery strategy. Some First Nations already have shovel-ready projects, but the Development Board believes that many other First Nations may be able to use FNII capacity support services to ensure their projects are well-planned, supported by sound business cases, and backed by effective risk-management strategies. This ensures these Indigenous projects are positioned as well as or better than any other infrastructure project planned by other government to take advantage of this investment.

In addition, with the recent announcement of the Canada Infrastructure Bank (CIB), and the Indigenous Community Infrastructure Initiative (ICII), it should be clear the FNII is not connected to ICII, and works independently of ICII. FNII works with the contractor, stakeholders and bands to get the projects "Shovel Ready", as well as works with the submitters and follow the process from start to finish and beyond with education, cultural awareness, and sustainability.

RECOMMENDATIONS

That the Government of Canada:

Continue to collaborate with First Nation, Indigenous Peoples, and the First Nations Infrastructure Institute Development Board in developing a legislative amendment to the First Nations Fiscal Management Act to establish the First Nations Infrastructure Institute as soon as possible to support the effective implementation of infrastructure development innovations and achieve improved Indigenous infrastructure outcomes.

Industry

Addressing Barriers to Interprovincial Trade to Accelerate Economic Recovery

DESCRIPTION

Despite recent trade agreements, many barriers continue to significantly impede the movement of goods, services and labour between Canadian provinces and territories, creating ongoing uncertainty that harms Canada's reputation as a secure place to invest and do business. These challenges create barriers to international competitiveness, as Canada will be under increased pressure to resolve its own internal trade barriers as foreign direct investments resulting from international trade. In Federal Spring Budget 2021 commitments were made to address interprovincial trade barriers, however the issue must remain front and centre to accelerate economic recovery out of the Pandemic and survive the potential of a fall federal election.

BACKGROUND

The movement of goods, services and labour between Canada's provinces and territories represents a significant cornerstone of the national economy. While international exports constitute roughly 30 percent of Canada's GDP, more than $1 billion in trade moves within Canada every day as interprovincial trade reaches approximately $385 billion per year and constitutes roughly 20 percent of GDP. Indeed, for most provinces, the two types of trade represent very similar percentages of their own GDP. However, interprovincial trade issues have traditionally received disproportionately less attention from legislators: while calls continue to be loudly made for greater trade liberalization and less protectionism within international trade agreements such as NAFTA and TPP, it is abundantly clear that the same approach is also sorely needed within Canada.

IMPACT OF INTERNAL TRADE BARRIERS AND THEIR REMOVAL

Interprovincial trade barriers unnecessarily constrain the growth of the Canadian economy in ways both big and small.

The effect of these protectionist measures is keenly felt by provincial small and mid-sized producers, which commonly lack the volume and financial resources to sell to provincial liquor boards. As a result, many provincial liquor producers are limited in their ability to establish demand for their products in a national domestic market, which makes competition against large international producers more challenging. Interprovincial protectionist measures are also a drag on all producers who would benefit from internet-based sales and direct-to-consumer buying programs that provide better margins and enable more efficient supply management.

Perhaps most importantly, barriers to individual import of wine, beer and spirits are a hindrance to Canada's tourism industry. Many out-of-province Canadian tourists now cannot bring BC's and Ontario's fine wines home to share with their friends and are unable to participate in the wine clubs operated by many provincial enterprising wineries. Wineries lose because they are challenged to build long-term, loyal relationships with out-of-province customers. Consumers lose because their favourite label wine is not available to them at home.

Other examples abound: food safety regulations vary across the country and provinces have separate marketing boards for dairy and poultry, which can result in agricultural products produced in one province not able to be on the supermarket shelves of another. The transportation sector faces differing provincial regulations, as tires sizes and safety regulations for commercial trucks hauling large or dangerous goods are not harmonized across Canada. Refiners also face differing rules, as the ethanol mix allowed in fuel changes province to province.

Moreover, the country also lacks a single securities regulator and some barriers to labour mobility still exist. The myriad of differing regulations that exist across the country make Canada a complex market to do business with, and add to the cost of doing business.

According to Statistics Canada, these collective barriers have essentially amounted to a 6.9 percent tariff between provinces, and have a particularly acute impact on trade relating to direct business inputs. Estimates indicate that trade barriers are unnecessarily constraining growth, constraining Canada's economy by an estimated 7 percent.

Removal of these barriers could therefore have a significant impact for Canadian businesses and consumers alike, as recent studies indicate that meaningful liberalization of internal trade could add $50 billion to $130 billion to Canada's overall GDP. Using a mid-range estimate of $100 billion, these economic gains represent more than $7,500 per household per year; this would also serve to cut the Canada-U.S. productivity gap by as much as one-third. The scope of this issue, and the considerable gains that could emerge from its resolution, has led the Canadian Chamber of Commerce (CCC) to repeatedly identify this as one of the country's top 10 barriers to growth; the CCC also identified this issue as a central impediment to Canada's regulatory competitiveness in a May 2018 report.

PRIOR EFFORTS TO ADDRESS INTERNAL TRADE BARRIERS

The provinces themselves have made some efforts to address these via regionalized agreements, and while these have frequently offered a framework for discussion, their overly broad nature have traditionally failed to effectively address ongoing concerns. In an attempt to rectify these and other such regulatory misalignments, the federal, provincial and territorial governments signed the Canadian Free Trade Agreement (CFTA) in April 2017.

While it provides some progressive relief measures on specific areas such as procurement, much of the 300-page document is dedicated to exemptions, creating opt-out measures on many key files that continue to pose significant issues at the sub-national level. Moreover, there exist many persistent regulatory concerns that fall outside of the CFTA's intended purview. Conversely, Australia sought to achieve the same goals of the CFTA in 1992 with the Mutual Recognition Act, a 17-page document that simply stated that goods and workers regulated in one state could freely flow to another.

In the wake of the CFTA's announcement, many business organizations, including the CCC, indicated that the long-term success of this agreement would depend upon concerted efforts by the signatories to view it as a framework to engage in active regulatory reconciliation and cooperation. However, many examples of the CFTA's insufficiency on this front have emerged since its passage, as parties have continued to engage in on-again, off-again trade conflicts both public and private -- conflicts which this agreement was theoretically designed to address and avoid.

Additionally, unlike measures Canada has built into its international treaties, the CFTA fails to institute meaningful tools for dispute resolution. The associated monetary penalties that have been updated within the CFTA are equally inconsequential, with the maximum being $10 million for the largest of the provinces; this is arguably insufficient, given that the previous maximum penalty of $5 million under the previous 20-year-old Agreement on Internal Trade, not to mention the potential billions at stake.

This system for settling disputes under the Canada-EU provides recourse for companies that feel they have been unfairly treated to take action directly against the offending state. The lack of truly meaningful efforts of this nature within Canada means that unless the federal government takes action now to eliminate internal trade barriers, European companies bidding on Canadian government work will gain an institutionalized edge over Canadian businesses trying to win similar contracts outside their home province once CETA is enforced.

Additional challenges to the goals and the effectiveness of the CFTA have since arisen through the Supreme Court of Canada's April 2018 ruling on the Comeau case – a case in which the CCC served as intervenor -- which effectively declared that Canada has no constitutional guarantee of free trade between provinces. This was considered to be a significant blow to the pursuit of a common market within Canada via the courts, confirming that the critical work of ongoing modernization of the rules governing interprovincial trade must be advanced by the federal, provincial and territorial governments. In the words of Chamber President and CEO Perrin Beatty, "We have to decide at this point in Canada whether we are one country or 13."

RECOMMENDATIONS

That the Government of Canada:

1. Work with the provincial and territorial governments on the mutual recognition of regulations, rules and policies to allow for the free movement of labour, goods, and services in Canada and the reduction of exceptions as currently established within the Canadian Free Trade Agreement.

2. Conduct a full review of the CFTA with a view to further eliminating barriers to trade, investment and labour mobility, ensuring that the agreement:
a) Covers all sectors of the economy and includes all government entities including ministries, crown corporations and regional and local governments, without exception;
b) Institutes a dispute resolution mechanism for persons that includes access to a panel with binding and enforceable powers, including the ability to impose higher financial penalties that are more appropriately reflective of the stakes inherent in interprovincial trade;
c) Include a specific focus on the removal of barriers to inter-provincial trade in wine, beer and spirits; and
d) Ensures that the agreement includes the elimination of non-tariff trade barriers to encourage competition and ensure a level playing field for signatories and their respective businesses.

Ensuring Canada's Tourism Sector Recovers from COVID-19

DESCRIPTION

With the onset of COVID-19, tourism was one of the hardest hit sectors and it will be one of the last to fully recover. A strategy is needed to address the projected labour shortage facing the sector, as well as additional investments to ensure tourism businesses across the country can survive and Canada can continue attracting domestic and international travelers to support the sector's economic recovery.

BACKGROUND

Prior to the COVID-19 pandemic, Canada's tourism sector contributed $105 billion to the economy, encompassed 225,000 small and medium-sized businesses, and employed 1.8 million workers. In fact, one out of every 11 jobs were directly involved with travelers – including those employed in travel services, accommodations, recreation and entertainment, transportation, and the food and beverage industries. The tourism sector was also a significant employer of youth, women, and newcomers.

As the Tourism Sector Association of Canada (TIAC) explains, 2020 was an incredibly challenging year for travel and tourism. Sector advocates are concerned tourism will be one of the last industries to fully recover, with experts not expecting a return to pre-pandemic levels until 2023.

This situation owes to several reasons. COVID-19 was transmitted around the world, leading governments to introduce numerous travel restrictions. In Canada, tourism and travel came to a halt as borders were closed to non-essential travel in March 2020. This was compounded by the implementation of important public health measures aimed at curbing the spread of the virus. Most countries are continuing to maintain travel restrictions and varying degrees of public health measures to control the virus and its variants.

While Canada welcomed 96.8 million international travelers in 2019, this figure fell to 25.9 million in 2020 as the pandemic devastated the international travel. Many tourism businesses across the country lost significant revenue, while they remained liable for fixed expenses such as rent/mortgages, property taxes, and utilities. Emergency grants, loans, and tax relief programs have helped thousands of businesses keep their doors open thus far, but these supports are temporary.

The tourism sector warrants particular attention because of its uniqueness and economic impact. It is one of the few industries that generates economic activity in every province/territory by promoting Canada's diverse regions. The sector also benefits many adjacent industries. When a tourist visits another community or region, they typically stay for several days, enjoying multiple experiences and excursions. This creates a ripple effect that supports other businesses. Hence, measures that support the tourism sector have the potential to generate economic returns for other industries, businesses, and the economy as a whole.

Some of the sector's challenges predate the pandemic. Despite the growth, the tourism sector was experiencing prior to COVID-19, Tourism HR Canada predicted 93,000 tourism jobs would go unfilled by 2035. This projected labour shortage, coupled with the effects the pandemic has had on the tourism economy, underscores the need for a national strategy to stem the losses and help the sector and its workers recover.

In addition, the Canada Emergency Wage Benefit (CEWS) has been a lifeline for the tourism sector during the pandemic. It has enabled businesses to retain and/or re-hire workers as the federal government subsidized a percentage of an employees' pay based on the business' revenue loss. This program should continue into spring 2022, with targeted financial support for tourism businesses that will take more time to fully recover from the pandemic.

Finally, there is an opportunity to encourage Canadians to use their travel dollars to support the domestic and local tourism operators when restrictions are lifted. Prior to COVID-19, spending on domestic tourism accounted for a significant portion (or 78 percent) of tourism spending in Canada. Providing Canadians with a tax incentive for the 2021/2022 tax years could encourage residents across the country to visit Canadian attractions, festivals, events, campgrounds, and so on, and thereby spur the sector's recovery.

While Budget 2021 included $1 billion for the tourism sector starting in 2021-22, continued support is needed as COVID-19 remains a global health threat. This will ensure the sector remains a national economic contributor and that Canada continues to be a global tourism destination.

RECOMMENDATIONS

That the Government of Canada:

1. Develop a national strategy to address the labour shortage facing the tourism sector, which includes:
a) Re-skilling workers who were laid off during the pandemic;
b) Leveraging immigration policies to attract workers; and
c) Building partnerships between accredited post-secondary institutions and the private sector to connect students with careers in the tourism sector.

2. Extend the Canada Emergency Wage Subsidy for businesses in the hardest hit sectors or those still operating with public health restrictions until Spring 2022 using subsidy rates from Period 16 (May 9-June 5), while winding down the program for businesses that have been able to recover more rapidly.

3. Provide Canadians with a tax incentive for the 2022/2023 tax years to encourage local and domestic travel within Canada.

NOTES

[1], [2], [3], [4], [5], [6], [7], [8], [9], [10], [11], [12], [13]

[1] https://tiac-aitc.ca/Tourism_Recovery.html
[2] https://tiac-aitc.ca/our-focus.html.
[3] https://tiac-aitc.ca/_Library/TIAC_Publications/2020_Tourism_Fast_Facts_-_Rev_Sept_2020_EN.pdf.
[4] https://tiac-aitc.ca/_Library/Coronavirus_2020/T31_TIAC_Dashboard_MARCH_EN.pdf
[5] https://tiac-aitc.ca/_Library/Coronavirus_2020/T31_TIAC_Dashboard_MARCH_EN.pdf
[6] https://tiac-aitc.ca/_Library/Coronavirus_2020/T31_TIAC_Dashboard_MARCH_EN.pdf
[7] https://tiac-aitc.ca/_Library/Coronavirus_2020/T31_TIAC_Dashboard_MARCH_EN.pdf
[8] https://tiac-aitc.ca/_Library/Coronavirus_2020/TIAC_Tourism_Recovery_Plan_2021_-_Update_April_13_EN.pdf
[9] https://occ.ca/wp-content/uploads/OCC-Beverage-Alcohol-Report.pdf
[10] https://tourismhr.ca/labour-challenges-impeding-tourisms-growth/
[11] https://www150.statcan.gc.ca/n1/daily-quotidien/210331/dq210331b-eng.htm
[12] https://tiac-aitc.ca/cgi/page.cgi/_zine.html/TopStories/CANADA_S_TOURISM_AND_TRAVEL_SECTOR_PLEASED_BY_2021_FEDERAL_BUDGET_SUPPORT_FOR_CANADA_S_TOURISM_ECONOMY.
[13] https://tiac-aitc.ca/_Library/Coronavirus_2020/TIAC_Tourism_Recovery_Plan_2021_-_Update_April_13_EN.pdf

A New Canadian Advanced Manufacturing Strategy

DESCRIPTION

The global supply chain has been changed drastically as a result of Covid-19. The process of offshoring is widespread throughout the developed world but the long-term effects were not completely understood. In the event of an emergency global supply chains are susceptible to major disruptions. These disruptions lead to scarcity in the short term and create long-term supply bottlenecks that disrupt our ability to reopen the economy. As many countries look to reshore their manufacturing, an opportunity to create a new North American-based supply chain is developing. If the federal government can move quickly to develop a framework for a new advanced manufacturing sector, Canada could become a global hub for advanced manufacturing.

BACKGROUND

The COVID-19 pandemic has been the largest single disruption in living memory. As the pandemic appears to be subsiding, nations are starting to reassess the world economy and their position within it. COVID-19 swept across the world and many of its impacts have yet to take place. The pandemic has drastically undermined the global value chain that had previously characterized the global economy. The previous assessment of risk within the global supply chain has proven to be incorrect as in times of emergencies, it is susceptible to significant disruption and unable to quickly adapt to urgent market demands. Scarcities and price gouging were rampant in the early days of the pandemic and shortages of manufactured goods continue to slow our ability to reopen the economy.

Protectionist policies have begun in multiple countries around the world to reshore their critical manufacturing sectors. Japan, for example, is offering to pay 70 per cent of the relocation costs for small and medium businesses that produce PPE and raw materials for pharmaceutical drugs.[1] Italy, France, India, Singapore, and the United States are all following suit with plans to relocate large portions of their offshored manufacturing sectors. Canada has an opportunity to take advantage of the strategic shift towards reshoring manufacturing by becoming a central hub in a new resilient North American supply chain.

Reshoring Canada's manufacturing sector has popular support. However, the issue with our existing manufacturing base is that it is relatively easy to offshore. This can be seen by the existing trend of companies leaving the country to take advantage of the cheaper labour and environmental standards offered in the global market. Since the 1980s, Canadian manufacturing has been significantly declining. From 2000 to 2020, manufacturing fell from 16 per cent of overall Canadian GDP to 10 per cent.[2]

The real change is even larger as Canadian GDP from resources such as oil fell dramatically during this period.

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[1] Gharleghi, Behrooz, Asghar Afshar Jahanshahi, and Tobias Thoene. "Locational factors and the industrialisation process in the USA; reshoring from China." International Journal of Business and Globalisation 24, no. 2. 2020: 275-292.

[2] Gingrich Meg, Rowlinson Mark. "Revitalizing Canada's Manufacturing Economy for a Post-COVID World" Public Policy Forum. November 2020. 1-12.

For Canada to succeed in manufacturing, our country needs to take a new approach. A strategic shift in the US offers an opportunity. Prior to the pandemic, the US already had popular support for reshoring some of its manufacturing base. Now, as the nation comes out of the pandemic, it is met with potential long-term supply-side challenges from the advanced manufacturing sector. Shortages in processed lumber, semiconductors, pharmaceutical drugs, and batteries are currently stalling the US reopen plan.[3], As a result of the popular demand to both reshore and to end existing shortages, the US is looking to move its supply chains out of "competitor" nations and into nearby allied nations.[4], The opportunity exists to move the US supply chain out of the global marketplace and into a resilient North American supply chain. For Canada, pivoting to advanced manufacturing could place the nation as a vital hub in a new North American supply chain that could sell directly into the American consumer market.

Unlike most developed nations, Germany has been able to retain and even grow its manufacturing sector by more than 66 per cent over the last 20 years.[5] The country was able to do this while having high wages and worker standards as well as shorter workdays. Germany was able to succeed due to a process known as diversified quality production (DQP).[6] DQP is the process of creating high-quality manufactured goods quickly through high productivity. Germany is able to have high quality and productivity due to its significant pool of national manufacturing talent and experience.

For Canada to succeed, it will need to do something similar to Germany but without a large existing pool of talented manufacturers. Canada will instead need to embrace automation and advanced technology as well as attract existing advanced manufacturing companies. Prior to the pandemic the primary reason for reshoring for independent producers was that they were unable to increase the quality of their products in offshored nations.[7], By focusing on quality and productivity, a Canadian advanced manufacturing base could take advantage of the nation's abundant natural resources and entrepreneurial environment.

Developing a resilient manufacturing base could start immediately by implementing policies that disincentivize the global "race to the bottom" for wages and environmental standards. Policies such as border carbon adjustments (BCA) place import fees on manufactured goods created in countries that do not use carbon pricing.[8], Products manufactured in Canada use a third less carbon than their imported counterparts, but Canadian manufacturers currently do not see a benefit from this reduction.[9], As Canada currently uses carbon pricing, it may put a new manufacturing industry at a disadvantage. However, by implementing a BCA into areas where Canada has a growing industry, this disadvantage disappears and gives Canadian firms an edge due to their higher quality and productivity.

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[3] Winck Ben. "Biden reveals plan to solve crippling shortages of computer chips, batteries, and medicine" Business Insider. June 2020. 1-2.
[4] Winck Ben. "Biden reveals plan to solve crippling shortages". 2020. 2.
[5] Hancké, Bob, and Steve Coulter. "The German manufacturing sector unpacked: institutions, policies and future trajectories." London School of Economics and Political Science. (2013). 1-37.
[6] Hancké. "The German manufacturing sector unpacked". 2013. 12
[7] Hancké. "The German manufacturing sector unpacked". 2013. 14
[8] Marcu, Andrei, Michael Mehling, and Aaron Cosbey. "Border carbon adjustments in the EU: Issues and options." ERCST, Roundtable on Climate Change and Sustainable Transition (2020). 1-70.
[9] Gingrich Meg. "Revitalizing Canada's Manufacturing Economy". 6.

Currently, to be considered part of the Made In Canada brand, only the final 51 per cent of manufacturing needs to be done in the country.[10] By implementing a BCA or similar policies, the incentive is for global producers to move the final stages of manufacturing into Canada before selling into the North American market. There is a real opportunity for Canada if the federal government can act quickly to establish a new manufacturing strategy.

RECOMMENDATIONS

That the Government of Canada:

Create a national task force to do the following:

1. Create a new manufacturing framework that helps individual firms reshore critical manufacturing, protects existing manufacturers, and attracts new foreign direct investment in advanced manufacturing;

2. Identify existing and future shortages of advanced manufactured goods and position the country to become a producer in these areas;

3. Work with the regional partner states to ensure that Canada is significantly involved during the development of a new North American supply chain;

4. Expand existing regional economic organizations (ex. federal economic development) to assist foreign companies in the Canadian regulatory environment during their initial few years of operation;

5. Meet with existing stakeholders in the provinces and territories, manufacturing sector, and academic institutions to create new partnerships that prioritize innovation, automation, and taking advantage of existing competitive advantages; and

6. Prioritize partnerships between vocational schools and the manufacturing sector to develop new curriculums to meet a future need for skilled workers.

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[10] Competition Bureau. "Product of Canada and Made in Canada Claims and enforcement" URL: https://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/02228.html

Creating Businesses and Jobs with the Blue Economy

DESCRIPTION

The ocean faces a number of severe threats: climate change, overfishing, biodiversity loss, and pollution, including the ubiquitous issue of ocean plastics, which are dumped in the ocean at an average rate of about 8 million tonnes a year. These threats have led to an acidifying and warming ocean; destruction of coastal reefs; deteriorating seagrass, kelp and mangrove ecosystems; and billions of dollars in damage attributable to marine debris. Creating a Blue Economy is a transformational opportunity towards economic recovery to preserve our ocean for future generations while also protecting our environment, accelerating economic growth, creating jobs, and fighting poverty and food scarcity.

BACKGROUND

Canada has the longest coastline in the world, the 4th largest ocean territory, and its lakes and rivers make up a fifth of the world's surface freshwater. These natural, aquatic resources are the backbone of many Canadian communities and provincial territories.

Furthermore, the Organisation for Economic Co-operation and Development (OECD), estimates the value of the world's ocean economy (the blue economy) will reach $300bn by 2030(1) and, some sources state, this could provide 350 million jobs worldwide.(2)

Embracing the blue economy in Canada looks set to help create employment and contribute to the economy. In addition, the whole concept of the blue economy is centered on preserving the oceans' resources to ensure that they're around for a long time to come.

While there is no single definition of the blue economy, what's clear is that it relates to improving the sustainability of the economic activities involving the world's ocean. BY focusing on this blue economy, it's hoped that the longevity of fishing, tourism, and energy sources from the ocean is increased. If successful, the blue economy looks set to provide economic and social benefits, while reducing its impact on climate change.

Canadians depend on our oceans for leisure, sustenance, and their livelihood. Our ocean sectors contribute approximately $31.7 billion annually in gross domestic product and account for close to 300,000 jobs.

Canada is embarking on the consultation on a Blue Economy Strategy. Ocean-related businesses, Indigenous people, local and provincial governments, economic development organizations, environmental groups, and others are invited to submit ideas to Fisheries and Oceans Canada to inform the development of the strategy. In British Columbia, primary ocean sectors include marine shipping, recreation and tourism, aquaculture, commercial fishing, Indigenous fisheries, and traditional livelihoods, and fish and seafood production, as well as a growing ocean technology sector.

To date, there have been a number of investments in the Blue Economy, particularly relating to plastics innovation and solutions. However, given the ocean covers more than 70% of the surface of our planet, the potential for the Blue Economy remains largely untapped. For example, while over a trillion dollars in green bonds has been generated for land applications, very few blue bonds with a focus on the ocean economy have been released. For the Blue Economy to succeed and for innovation to thrive, a diverse and varied financing approach is needed.

Under Canada's leadership, on June 9, 2018, France, Germany, Italy, the United Kingdom, and the European Union adopted the Ocean Plastics Charter to demonstrate their commitment to take concrete and ambitious action to eradicate plastic pollution. The charter has since been endorsed by 26 governments and 69 businesses and organizations.(3)

Some ideas for a Blue Economy Ecosystem:

1. Support a robust ecosystem, including accelerators — and, specifically, establish a Canadian accelerator. Showcase and celebrate small-scale examples of success. These could include shoreline restoration projects in the Great Lakes as well as seagrass restoration programs managed by hotels in collaboration with diving certifications.

2. Canada can provide nationwide leadership by promoting ocean literacy. The Canadian Ocean Literacy Coalition is advancing a national strategy on this topic.

3. There's an opportunity to incorporate oceans into municipal bonds focused on the impacts of climate change (e.g., shorelines and large-scale infrastructure), and to connect marine ecosystem services to related initiatives (e.g., Municipal Natural Assets Initiative).

4. Priorities for further investment include convening key nations interested in ocean restoration, ocean-based R&D, and studying the impacts of tidal energy generation on fish and sea life.

5. Canada can provide support for bi-lateral or multi-lateral projects and international agreements on preserving the ocean and important habitats (seagrass, kelp beds, coastal areas, and sustainable environment for marine life).

6. Create Ocean innovation accelerators: There are several centres in North America and around the world where research and investment are starting to be directed to oceans (e.g., Maritime Blue in Washington State and the Marine Supercluster in Atlantic Canada). These are a critical part of the Blue Economy ecosystem and can support education on the Blue Economy as well as research and development and commercialization efforts relating to ocean technologies.

Government should adopt the above enabling policies and enact legislation that supports the Blue Economy that sends important signals to the market. These signals underpin capital flowing to Blue Economy financial mechanisms.

RECOMMENDATIONS

That the Government of Canada:

1. Adopt enabling policies and enact legislation that supports the Blue Economy through the established Oceans Supercluster.

2. Create a Blue Investments working group to be led by the Oceans Supercluster, including the participation of the business community, including representation of the Canadian Chamber of Commerce, that focuses on creating new investment opportunities will support a coordinated effort to diversify products (bonds, equities and other investment products) and strategies.

3. Continue to support the Blue Economy including and not limited to supporting infrastructure related to oceans, rivers, and lakes.

NOTES

[1], [2], [3]

[1] https://coveocean.com/news/2019-12-12/canada-takes-a-global-lead-in-the-blue-economy
[2] https://thecommonwealth.org/blue-economy
[3] https://www.globeseries.com/wp-content/uploads/2021/01/scaling-up-the-blue-economy.pdf

International Affairs

Reinstate the Annual Publication on Foreign Trade Barriers to Benefit Canada's Interests

DESCRIPTION

The trade tensions Canada experiences as a result of foreign policy needs to be addressed. One way is through Free Trade Agreements (FTAs), however, there are instances where FTAs are not enough {1}. Canada must utilize every tool in its international trade toolchest to show its determination in putting the interest of Canadian and our economy at the forefront. One such tool is reinstating the annual publication on foreign trade barriers.

BACKGROUND

The United States has a powerful economy. It is one that has been built from amassing wealth, natural resource extraction, open borders, and intricate financing, among a plethora of other contributing factors. As the richest nation in the world, it has developed a trade imbalance with its trading partners. It has developed policies to ensure that all trading relationships will be of benefit to their industry.

Canada has utilized the World Trade Organization to settle any trade disputes. This leads to lengthy and costly negotiations that sometimes have no beneficial resolution. Instead, Canada should look to use a mechanism that has been discontinued – the annual publication of foreign trade barriers reported by Canadian companies.

The publication of foreign trade barriers to Canadian companies. This tool could be utilized by the government to understand when Canadian companies are experiencing difficulty in trading abroad. Global Affairs should publish this annual report once again. While an annual report on the state of Canada's trade performance is issued by Global Affairs {2}, there is no longer a separate report listing foreign trade barriers faced by Canadian exporters of goods and services. The Trade Commissioner Service has a facility allowing Canadian exporters to register trade barriers but there is no comprehensive public disclosure of those obstacles.

RECOMMENDATIONS

That the Government of Canada:

Reinstate the annual publication on foreign trade barriers submitted by Canadian companies.

NOTES

[1], [2], [3], [4]

[1] https://www.govinfo.gov/content/pkg/STATUTE-88/pdf/STATUTE-88-Pg1978-2.pdf
[2] https://www.govinfo.gov/content/pkg/STATUTE-76/pdf/STATUTE-76-Pg872.pdf
[3] https://www.cbsa-asfc.gc.ca/trade-commerce/tariff-tarif/menu-eng.html
[4] https://www.international.gc.ca/gac-amc/publications/economist-economiste/state-of-trade-commerce-international-2020.aspx?lang=eng

Improper Collection of Duties Negatively Impacts Canadian Retailers and Federal Tax Revenues

DESCRIPTION

Canada Border Services Agency (CBSA) is responsible for administering trade agreements to meet Canada's international obligations. This includes the collection of taxes, duties, and tariffs on imported items. There is a significant gap in CBSA duty collection at US/Canada land border crossings due to the incorrect identification of country-of-origin code resulting in duty free status. At a time when all Canadians are encouraged to "buy local", this lax implementation of established regulations is disadvantaging Canadian businesses and reducing federal revenues by an estimated $1.3 Billion per year, through the postal system alone.

BACKGROUND

With the increased selection available due to online shopping options, more Canadian individuals and businesses are purchasing goods using the Internet. Due to high shipping rates, many Canadian businesses and consumers have found that they can save money by having goods shipped to a USA address and then importing the goods to Canada by driving across the border themselves.

Similar to many countries, Canada offers a de minimis threshold for duty-free importation. In Canada's case it is $150 CAD per shipment but only when goods are imported from the USA using a courier service. In the case of Canadian consumers who pick up their parcels from the US receiver, current regulations offer no duty exemption based on the value of the goods unless they have been out of the country for over 48 hours. There is no duty exemption for same-day cross border shoppers.

When the accounting for imported goods is performed by CBSA, a "tariff treatment" code is assigned based on the country of origin (where the product was made). This code triggers duty rates based on trade agreements with other countries. Example: Tariff Treatment 10 is for products made in the USA and triggers a duty-free status based on the Canada United States Mexcio free trade agreement. Tariff Treatment 2 is the "Most Favoured Nation" tariff and triggers the duty rate for any country that doesn't have a trade agreement with Canada.

When businesses import goods through the commercial stream, duties are collected based on where the product is manufactured. However, when individuals drive across the border and return with the goods that were delivered to a US address, it is very rare that duty is collected on consumer imports because the product is treated as though it was manufactured in the USA.

Data collected through a federal FOI request confirms individual consumers are being forgiven the payment of duties and tariffs by CBSA that are mandatory charges to Canadian businesses due the setting of the default duty code in the CBSA Traveller Entry Processing System (TEPS). When individuals cross into Canada and declare the goods purchased, they are either waived through without paying any duties or taxes or asked to come inside the CBSA office to pay. Records obtained through ATIP requests indicate that Border Services Officers (BSOs) mark nearly everything as Tariff Treatment 10, Made in the USA (duty-free) regardless of where the products are made. Preliminary calculations suggest that a change of the default duty code to Tariff Treatment 2 "Most Favoured Nation" in TEPS would add at least $35 million in duty & tarriff collections revenue.

Example: If a Canadian retailer imported $5,000 worth of clothing made in Bangladesh for retail sale in their shop, those items would be assessed about $900 worth of duties. If a Canadian consumer orders the same clothing online to a USA address, drives across the border, picks it up themselves, and are asked to come inside to pay duties and taxes, they should be charged the same amount of duty.

Local retailers pay a high rate of duty to import their inventory commercially through the payment of duties and tariffs to the Government of Canada which increases the retail sticker price; however, a consumer can purchase the identical product and avoid duties by carrying the goods across the border themselves. This practice places Canadian businesses at a competitive disadvantage and incentivizes Canadians to shop elsewhere while concurrently reducing revenues to the Government of Canada and undermining Canada's international trade agreements.

RECOMMENDATIONS

That the Government of Canada:

1. Safeguard a level playing field for Canadian retailers by ensuring that duties are appropriately collected at land border crossings whenever a BSF715 form for casual import declarations is completed;

2. Update the default tariff treatment in the CBSA Traveller Entry Processing System (TEPS) from preferential Tariff Code 10 (Made in the USA), to tariff Code 2 (Most Favoured Nation Code) at land entry points while ensuring that CBSA officers are appropriately trained to identify product country of origin for casual import declarations; and,

3. Ensure that CBSA has sufficient resources to reduce border congestion and address operational implications of these changes.

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[1], [2], [3]

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[1] ATIP Request A-2020-20052 (https://open.canada.ca/en/search/ati/reference/2662e57f0e0d21baf844c9c55314feaf)

[2] 2017 Spring Reports of the Auditor General of Canada to the Parliament of Canada. Report 2- Customs Duties https://www.oag-bvg.gc.ca/internet/English/parl_oag_201705_02_e_42224.html

[3] Copenhagen Economics 2017 Report, "E-Commerce Imports into Canada: Sales Tax and Customs Treatment" https://www.copenhageneconomics.com/dyn/resources/Publication/publicationPDF/9/379/1488463673/copenhagen-economics-2017-e-commerce-imports-into-canada-sales-tax-and-customs-treatment.pdf

Renewing the Canada-United States Relationship

DESCRIPTION

The Canada-United States partnership is forged by shared geography, similar values, common interests, deep personal connections and powerful, multi-layered economic ties. Canada and the United States enjoy the largest trading relationship in the world. A secure and efficient flow of goods and people across the border is vital to both countries' economic competitiveness and prosperity. In the interest of preserving the strengths of this relationship and its mutually beneficial nature, there is a need for multi-sectoral consultation on the mandate, membership and advocacy agenda of the newly established Special Committee on the Economic Relationship between Canada and the United States to coordinate advocacy on key Canadian priorities.

BACKGROUND

Canada and the United States have an interconnected, complex, and, at times, strained relationship. The last five years have shown how quickly relations can change, and the economic toll such a break down can have. While there was hope that relations would be more amicable with a new administration, a recent flurry of executive orders has shown that we must always remain vigilant in protecting Canadian interests.

Canada and the United States work together on security and defence efforts. The relationship reaps benefits such as access to information and the flow of people, goods and services. Both countries also have similar values that are used to address international challenges and humanitarian crises. To address these global challenges, Canada and the United States cooperate by participating in multilateral institutions ranging from the North Atlantic Treaty Organization (NATO), Five Eyes (FVEY), and the G20 to name a few.

Canada also has many trade and investment agreements with the United States. These agreements, such as the Canada-U.S. Free Trade Agreement (CUSFTA), Canada-United States-Mexico Agreement (CUSMA), Agreement on Trade-Related Investment Measures (TRIMS), Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), and many others, serve as the first line of defining trade boundaries between the two countries. The boundaries become strained when domestic interest conflicts with international agreements.

Former U.S. President, Donald Trump, created many domestic policies that strained relations with Canada. The former President introduced tariffs and Buy American policies that compromised the Canadian economy, jobs and international security. These policies created temporary fractures in the Canada-U.S. relationship.

As of January 20, 2021, President Joseph Biden took office in Washington. It was believed that this change in leadership would start the path towards reconciliation, but many policies implemented or signed by President under executive order only exacerbated the already fragile partnership. These orders included the cancellation of the Keystone XL Pipeline, creating a "Buy American" policy plan, and provisions being advanced by President Biden to cancel the Enbridge pipeline.

In light of these complicated, cross-border policy challenges, Parliament has established a Special Committee on the Economic Relationship between Canada and the United States to address these matters. We need to collectively understand where our priorities lie, and how impactful U.S. policy will be to Canada's interests.

The Special Committee carries out many duties due to the complex and interconnected relationship between the two countries. The Committee is tasked to investigate myriad policy matters stemming from economic, social and security interests. As such, it is imperative that the Committee include frequent consultations from relevant stakeholders on applicable policy topics as they arise. Some of these specific topics include, but are not limited to, COVID-19, economic integration, climate change, international trade and global security.

Given that the Committee is mandated to apprise government and the public on how these areas will impact Canadian industries, trade access and domestic jobs, it is crucial that stakeholders are regularly consulted on the policy priorities of this Special Committee in order to ensure that shared national economic interests are being addressed. The Committee ought to seek regular input from stakeholders across the country, particularly from the Canadian Chamber of Commerce and its network, to establish a clear and informed advocacy agenda. This remains imperative as the Committee matures and its advocacy agenda evolves in light of changing circumstances.

Together, Canadian and United States interests are often shared, and there is significant opportunity to coordinate respective domestic policy in a complimentary manner. Rather than solely pursuing Canadian or United States objectives, through the informed work of the Special Committee on the Economic Relationship between Canada and the United States, North American objectives can be coordinated and actualized for the mutual benefit of the two countries.

RECOMMENDATIONS

That the Government of Canada:

1. Continue to consult regularly with relevant stakeholders, such as think tanks, industrial associations, and the Canadian and Provincial Chambers of Commerce Networks, on the evolving mandate and advocacy priorities of the Special Committee on the Economic Relationship between Canada and the United States;

2. Identify opportunities through the work of the Canada-U.S. Relations Committee to explore opportunities to further support North American-based industries and partnerships within the parameters of existing trade rules and agreements;

3. Pursue the study of strategic bi-national policy implementations, such as the potential for a North American Carbon Border Adjustment program [1], enriched trade agreements, or energy sharing opportunities so as not to competitively disadvantage Canadian or American firms as both countries pursue net zero emissions.

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[1] https://www.nbc.ca/content/dam/bnc/en/rates-and-analysis/economic-analysis/GeopoliticalBriefing_210322.pdf

Natural Resources and Environment

Resource Industries - A Critical Ingredient in the Post-Pandemic Recipe

DESCRIPTION

Canada must not only maintain our competitive advantages, but also actively leverage and enhance them in the recovery effort. As Canada emerges from the COVID-19 pandemic, it's essential that policy makers and the public understand the critical role that natural resource industries will play in rebuilding the provincial and federal economy in the short- and long-term. Canada's natural resource industries are more vital than ever to rebuild and strengthen the economy.

BACKGROUND

A national coalition of businesses, unions, professional organizations and indigenous advocacy organizations joined together in the summer and fall of 2020 to draw up a blueprint for Canada's economic recovery as the country emerges from the COVID-19 crisis. The Task Force for Real Jobs, Real Recovery (The Task Force) includes 23 member organizations from the energy, manufacturing, transportation, forestry, construction and industrial maintenance industries and represents over a quarter of a million businesses and over 2.5 million workers across Canada.

The Task Force developed a package of policy measures presented to key government decision-makers, as well as to the Industry Strategy Council, a recent federal initiative in response to the economic effects of COVID-19.

In the first quarter of 2019, natural resource industries directly contributed $236 billion to GDP, representing 11.3 per cent of the Canadian economy. Industry remains at the forefront of creating meaningful, well-paying jobs that support families and communities across Canada and provide much-needed economic opportunities and growth for remote, northern and Indigenous communities.

Resource industries are accustomed to change and are ready to work in partnership with government on a dynamic effort to achieve Canada’s climate goals and build a more robust, inclusive and globally competitive economy.

Securing Canada’s economic future includes a series of extensive, wide-ranging recommendations that could help us to achieve these goals, falling into three categories:

Enhance critical infrastructure:
The World Bank is a key organization that many international organizations and corporations utilize when determining whether to invest in a country. The Federal Government needs to improve Canada’s ranking on the World Bank’s Logistics Performance Index by 2025 as a goal in partnership with Indigenous populations, industry associations, the private sector and all levels of government.

Infrastructure development is a vital investment that will lead to recovery. The Federal Government should build roads, rail, deep seaport and IT infrastructure, especially in areas where infrastructure gaps constrain socioeconomic development. Additionally, the need for pipelines cannot be understated. Pipelines are the safest way to transport oil, a natural resource that will be used for decades to come due to its diversity of application.

Low-carbon economic policy is becoming increasingly popular among provinces. The Federal Government has also initiated various low-carbon initiatives. In order for a robust low-carbon national strategy, limiting the barriers interprovincially is essential. Establishing a national low-carbon energy grid and promote electricity interties between provinces will be paramount in this effort. The government should also establish a Plastics Technology Innovation Fund (PTIF) with an initial funding allocation of $200 million, managed by Natural Resources Canada (NRCan) to meet net-zero goals.

The Federal Government should also mandate a stronger resource development focus for the Canada Infrastructure Bank.

The Federal Government should ensure optimal delivery of direct and indirect funding to upscale and commercialize critical technologies.

Ensure access to resource lands for development:
Canada relies on its natural resources to ensure economic growth and resiliency. From farming to resource extraction, we must ensure that our land is used responsibly. Decisions for land use must be based on science-assessments that determine the value of an area's resource potential, while considering competing or complimentary land use or interests. Any decision should be coordinated with, Indigenous, provincial and territorial governments on conservation commitments and Indigenous and Treaty rights.

Build meaningful employment:
Building meaningful employment by ensuring job creation, building employment resiliency, advancing Indigenous employment and enhancing skilled workforce mobility is an important aspect to post-pandemic prosperity. Additionally, establishing a regulatory and policy environment that encourages investment in resource-based industry in order to get Canadians back to work will be needed.

Government should coordinate with industry to address pending shortages and the disruption of the natural resource sector's labour force. The Federal Government should work with provinces and territories to modernize Canada's education and training ecosystem to better support lifelong learning. To prevent shortages, the federal government should work with provinces and industry to address barriers to mobility for tradespeople and apprentices in natural resources and supporting industries.

Ensure innovation and environmental competitiveness:
Canada has an unmatched array of natural resources and the world-class talent and expertise to build the resource powerhouse of the future – one that can drive national prosperity while simultaneously making Canada a world leader in emissions reduction technology and action on climate change. The federal government should champion and promote Canada's world-class emissions reduction technology, and the regulatory practices that lead to the safest and most environmentally-sustainable natural resource products.

Maximize Indigenous economic participation:

The integration of meaningful reconciliation into Canada's economic recovery strategy is paramount. To do so, governments must engage and work in partnership with Indigenous communities to review and amend the Indian Act, improve existing Indigenous engagement and accommodation processes and resolve outstanding land claims to create a secure environment for investment.

To create lasting growth and development, the federal government should consider lending Indigenous communities use of the federal sovereign guarantee to ensure Indigenous entrepreneurs and businesses can access the proper capital and financial tools to succeed. Various levels of government should also prioritize procuring at least five per cent of goods and services from Indigenous-owned businesses to help grow the economy.

A review of tax incentives such as the Mining Exploration Tax Credit, with a focus on helping to develop Canada's North and benefitting Northern Indigenous communities, would provide benefit to these communities. Additionally, government should work with Indigenous governments to develop a framework to guide the development of the Indigenous natural resource workforce.

By acting on these recommendations, as part of Canada's economic recovery policy, the federal government can ensure our nation-building resource assets aid environmental goals and help secure our economic future.

Recommendations of the Task Force:
1. Mandate a stronger resource development focus for the Canada Infrastructure Bank;
2. Ensure optimal delivery of direct and indirect funding to upscale and commercialize critical technologies pertinent to the resource industries;
3. Coordinate with industry to address pending shortages and the disruption of the natural resource sector's labour force; and,
4. Review tax incentives such as the Mining Exploration Tax Credit with a focus on helping to develop Canada's North and benefitting Northern Indigenous communities.

RECOMMENDATIONS

That the Government of Canada:

Work towards meeting the recommendations in the Task Force for Real Jobs, Real Recovery Report, specifically targeting those listed in the preamble above.

NOTES

[1], [2], [3]

[1] https://businessinsurrey.com/wp-content/uploads/2020/08/FULL-Securing-Canada%E2%80%99s-Economic-Future-reduced.pdf

[2] https://businessinsurrey.com/wp-content/uploads/2020/08/FULL-Securing-Canada%E2%80%99s-Economic-Future-reduced.pdf

[3] https://businessinsurrey.com/wp-content/uploads/2020/08/FULL-Securing-Canada%E2%80%99s-Economic-Future-reduced.pdf

Canada-US Energy Relations, Supplies and Infrastructure

DESCRIPTION

The current Canada-United States relationship on energy issues is causing serious concerns for provincial governments and all business sectors across Canada. The cancellation of Keystone XL and an on-going dispute over Enbridge Line 5 could potentially extend beyond the energy portfolio and seriously threaten overall bilateral relations.

BACKGROUND

In January of 2021, United States President Joe Biden issued an executive order on his first day in office to revoke a permit on the planned Keystone XL oil pipeline. The 1,947-kilometre structure was expected to move 830,000 daily barrels of crude oil from Hardisty, Alberta to Steele City, Nebraska and subsequent connections for refining facilities on the American Gulf Coast.

Following the Biden decision to cancel Keystone XL, twenty-one (21) states initiated legal action. Lead by Texas and Montana, the dispute centres on President Biden's overextension of authority when he revoked the permit. Since the pipeline route crosses multiple states, Congress and not the President unilaterally should have the final decision over construction.

Shortly after the Biden Keystone XL cancellation Alberta Premier Jason Kenney requested, in correspondence to Prime Minister Justin Trudeau, economic retaliation or at least some compensation for the loss of billions of dollars to the provincial treasury. Kenney further stated that by retroactively revoking the permit without notice to Canada, the "United States is setting a deeply disturbing precedent for any future projects and collaboration."

It was also clear and obvious according to Premier Kenney that the government of Canada must impose meaningful trade and economic sanctions in response to President Biden and defend Canada's vital economic interests. Not doing so would create a dangerous precedent.

In June of 2021 TC Energy Corporation of Calgary indicated they were abandoning all plans and construction efforts related to Keystone XL. The demise follows the cancellations of Northern Gateway and Energy East accompanying a delay in Trans Mountain which the federal government purchased from Kinder Morgan.

A May 19, 2020 Global News article by Demi Knight cited Prime Minister Justin Trudeau stating that he will press any government on the development of Keystone XL following commitments from then Democratic presidential candidate Joe Biden to "rip up" former President Trump's approval. Trudeau indicated "it has been a long position of mine that we need to get our resources to new markets safely and securely and that is why I have always advocated for the Keystone XL pipeline."

The province of Alberta is now liable for more than $1 billion in lost profits. Terence Corcoran, writing in the Financial Post on June 11, 2021, noted that daily shipments at $70 a barrel would have generated more than $400 billion in revenues over 20 years.

Jack Mintz wrote in the National Post on January 20, 2021, that when Donald Trump imposed tariffs on Canadian aluminum, Ottawa countered with tariffs on American aluminum. Given the even greater importance of energy exports, Canada should not stand idle. Imposition of tariffs on selected U.S. oil-based products until they agree to withdraw cancellation of Keystone is an option.

On a separate but related energy issue, in late 2020 Michigan Governor Gretchen Whitmer indicated she planned to revoke and terminate an easement that allows Enbridge Line 5 to operate across the Straits of Mackinac and subsequently seek a state court injunction to permanently decommission the pipeline. Enbridge Line 5 transports crude oil and natural gas liquids from Superior, Wisconsin through Michigan into Sarnia, Ontario.

Impacts of a pipeline shutdown will be prevalent across Canada but will be disproportionately intense in Sarnia and the surrounding County of Lambton, the location of three of Ontario's four major refineries as well as several petrochemical plants. Plains Midstream Canada has indicated Line 5 supplies all the feedstock for their plant in Sarnia, which produces about 1,200-million gallons of propane and butane annually with approximately 200-million gallons shipped to Michigan. The company has warned Governor Whitmer that closing the pipeline will terminate all Sarnia operations.

Governor Whitmer initially asked Enbridge to cease operations on Line 5 as of May 12, 2021. As of early June Enbridge continued to operate the pipeline in defiance of the deadline while Michigan's Attorney-General remains intent on obtaining a court order. Enbridge has insisted the pipeline is safe

In an article appearing in numerous media outlets across Canada Sean Strickland, Executive Director of Canada's Building Trades Union, indicated that shutting down Line 5 would translate to higher prices for consumers and manufacturers. Line 5 transports an average of 540,000 barrels of oil and natural gas daily, which is the equivalent of 2,000 trucks on the road or 800 rail cars travelling one way. In Sarnia-Lambton one of every four jobs is dependent on the petrochemical industry, while shutting down Line 5 does not reduce demand for energy. Agricultural requirements for propane will also not decrease, a volatile situation since energy options in rural areas are less than urban centres.

RECOMMENDATIONS

That the Government of Canada:

1. Develop bilateral negotiation agreements including public, private, and Indigenous interests to establish certainty and commitment to the successful advancement of Canadian energy projects both domestically and internationally.

2. With consultation of all stakeholders including public and private and Indigenous interests, advance and negotiate on a domestic and international level, the value of Canada's sustainably produced energy.

Working with Industry to Develop a National Carbon Capture Utilization and Storage Strategy

DESCRIPTION

Further investment in Carbon Capture Utilization and Storage Technology (CCUS) will be required to both reach Canada's GHG emissions target and harness the potential economic benefits of this technology.

BACKGROUND

The Canadian Government has announced its intentions to reach net-zero emissions by 2050. Consultation and collaboration with the energy industry will be a vital component for ensuring this target is met. Multiple agencies including the IEA and IPCC, noting that CCUS adoption will play a crucial role in reaching these targets.

Estimations are that with an effective use of Carbon Capture Technology, Canada will be able to capture 15 million tons of carbon per year. Canada has previously been a world leader in this area, although other nations, including the United States, have recently pulled ahead in the development of CCUS technology. The United States recently announced new CCUS investments that would create 60,700-78,600 within this sector by 2035. Canada has no such plans in place, despite estimates are that widespread use of Carbon Capture technology would contribute 6121 jobs over the course of 3 years. Failure for the Canadian Government to effectively invest in and support CCUS technology in Canada's energy sector will both limit Canada's ability to reach its GHG emissions targets and threatens to stifle the development of an industry that has the capacity to be an economic driver.

To ensure this chance is not missed, the Canadian Government must ensure effective investment and incentives are provided to support CCUS technologies. While the 2021 Federal budget outlined a $319 investment over 7 years and a proposed tax credit, these funding mechanisms are too limited to effectively allow industries to scale up the operations in existence. Further funding will be required to effectively support the research that is still required to effectively commercialize CCUS technologies. Advances in CCUS technology over recent years have been supported by multiple Canadian companies. These include companies such as Athabasca Oil in Alberta and Black Swan Energy in BC, which have the capacity to save up to 102,000 and 185,000 megatons per year, respectively. Utilizing the existing knowledge of these companies will be a vital step in the national application of CCUS. In particular, these companies have the capacity and expertise to develop the technology to support an industry-led approach to ensure Canada reaches its GHG reduction targets.

This is because CCUS technology does not have to be limited to just the energy industry, with several other industries potentially benefiting from the technology. Construction for example represents such an industry, with estimates that 38% of current carbon emission can be saved within this sector. These advances will be vital to ensure that planned infrastructure developments in Canada, such as the recent $26.8 billion announced to support GTA transit projects, are kept carbon-neutral.

RECOMMENDATIONS

That the Government of Canada:

1. Increase the funding commitment for CCUS Technology, to at least match the $1.5 billion investment in the Low Carbon and Zero Emissions Fuels fund to continue Canada's leadership in this field.

2. Implement a flexible strategy of consultations with industry beyond the initial 90-day consultation period, to support the long-term development of CCUS technology. This flexibility should also be expanded to include Enhanced Oil Recovery Technology (EOR). Currently excluded from the tax credit, EOR has the capacity to improve yields and store carbon during the extraction process, something which seems a logical step in the Governments energy strategy.

3. Ensure that funding is directed at companies developing effective CCUS technologythrough existing funding allocated in the budget or through new programs.

NOTES

[1], [2], [3], [4], [5], [6], [7], [8], [9], [10]

[1] https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/net-zero-emissions-2050/canadian-net-zero-emissions-accountability-act.html

[2] https://www.iea.org/commentaries/the-world-has-vast-capacity-to-store-co2-net-zero-means-we-ll-need-it

[3] https://www.nationalobserver.com/2021/04/29/opinion/canada-must-go-big-carbon-capture-climate-goals

[4] https://rhg.com/research/carbon-capture-american-jobs-plan/

[5] https://www.nationalobserver.com/2021/04/29/opinion/canada-must-go-big-carbon-capture-climate-goals

[6] https://www.budget.gc.ca/2021/report-rapport/toc-tdm-en.html

[7] https://www.naturalgasworld.com/canadas-advantage-energy-pushes-more-ccs-88910

[8] https://www.iea.org/reports/transforming-industry-through-ccus

[9] https://www.canada.ca/en/office-infrastructure/news/2021/05/largest-public-transit-investment-in-gta-history-will-create-jobs-and-kickstart-the-economy.html

[10] https://www.canada.ca/en/environment-climate-change/news/2020/12/a-healthy-environment-and-a-healthy-economy.html

Reform the Strategic Assessment on Climate Change to Permit the Purchase of Global Offsets and Fit with Industry-Specific Standards

DESCRIPTION

While the Strategic Assessment on Climate Change (SACC) seeks to provide a set of tools to the Impact Assessment Act, it only adds additional barriers to any entity seeking to pass a project in Canada under its current iteration. The SACC would be better served if the document allowed Canadian-based projects to account for the offsets they create and purchase global offsets where other regions or countries have monetized them.

BACKGROUND

The strategic assessment of climate change will enable consistent, predictable, efficient, and transparent consideration of climate change throughout the impact assessment process. It describes the climate change-related information requirements throughout the federal impact assessment process and requires proponents of projects with a lifetime beyond 2050 to provide a credible plan to achieve net-zero emissions by 2050. It also explains how the Impact Assessment Agency of Canada (IAAC) or lifecycle regulators, with support from expert federal authorities, will review, comment on and complement this information. Environment and Climate Change Canada (ECCC) plans to review and update the strategic assessment of climate change every five years.

The SACC applies to designated projects under the Impact Assessment Act (IAA). The principles and objectives underlying the strategic assessment of climate change will be built into guidance for reviewing non-designated projects on federal lands and outside Canada under the IAA. Advice for projects regulated by the Canada Energy Regulator (CER) will similarly consider the principles and objectives of the strategic assessment of climate change. The strategic assessment of climate change may also apply to other federal lifecycle regulators' environmental reviews and be used in regional assessments.

The 2020 SACC marks the end of a democratic process that began in July 2018 with the release of a discussion paper, followed by terms of reference for the SACC in March 2019, which led to the revised revision October 2020 version adopted today.

In contrast to the draft SACC, the final one includes further detail and several significant changes regarding offset credits in the IAA regime. An essential requirement in the SACC is that credits must be "obtained from a project registered in a Canadian regulatory offset program that aligns with best practices outlined in the Canadian Council of Ministers of the Environment Pan-Canadian Offsets Framework." A reasonably clear methodology for generating, using, and calculating offset credits should have been provided by this document clearly and transparently. As one would expect, the SACC explicitly requires the verification of offset credits "to a reasonable level of assurance." Furthermore, the SACC specifies that credits cannot be older than five years and must be issued on the basis that the GHG reductions and removals have already occurred. In addition to establishing parameters on where credits come from, the SACC also explicitly mentions the connection between the Paris Agreement and the IAA regime.

Specifically, the guidance indicates that offset credits must be sourced from offset projects within Canada unless the offsets "fully comply with rules for Internationally Transferred Mitigation Outcomes (ITMOs) established under Article 6 of the Paris Agreement, and applicable decisions adopted by the Conference of the Parties" and any further criteria developed by Environment and Climate Change Canada. There is a critical need for a clear link between IAA rules and Paris Agreement rules, and this section fills some of that gap. In summary, it prevents double counting. Despite the need for further clarification of the Article 6 rules as the guidelines for IAA applications are finalized, this is a welcome clarification in the SACC.

Carbon offsets and Social Cost of Carbon (SCC) are widely acknowledged as imperfect, though there are varying degrees and threads of critique. In general, most criticisms are centred on the assertion that SCC is too uncertain to be used in government decision-making. More specifically, these critiques point to uncertainty in modelling parameters, lack of transparency in modelling practices, inadequate representation of climate damages, inadequate representation of catastrophic events, uneven capturing of inter-sector and inter-regional interactions, imperfect substitutability of environmental amenities (i.e. assumption that natural system losses can be compensated with non-climate goods), and expression of SCC as global value (as opposed to using just domestic values).

Under the draft SACC, only projects with potential impacts on sinks and net and upstream GHG emissions above the 500 kt threshold were required to explain how the project may impact global GHG emission reductions and Canada's efforts to reduce GHG emissions. This is another example of the SACC generally moving away from using the rigid 500 kt threshold that was prominent in the draft SACC.

One problematic dimension persists, the invitation for proponents to discuss how a project "may displace emissions internationally." On the one hand, this creates dissonance by scoping out analysis of downstream emissions while, on the other hand, providing a basis for a proponent to cherry-pick data about a project's downstream impacts. For a proponent to comment on the displacement of emissions internationally, they must engage in some degree of downstream emissions analysis for their own products' emissions and concerning the other jurisdiction's emissions. Further, given that this part of the SACC is framed as optional. The core requirement of the guidance here is neutrally phrased to require "a discussion on how the project could impact global GHG emissions." Given that articulation of the provision, one would hope that the IAAC will apply this part of the requirement equally to projects that do and do not have the potential to displace emissions internationally, notwithstanding the tilted nature of the framing in the SACC.

Of further concern is the current language around reviewing the document every five years. How projects will be impacted as the government approaches the designated five-year review and benchmarking changes may unintentionally lead to rigorous and radical change to projects already in the queue or submitted near the five-year review mark.

The Federal Government has taken a step in the right direction in drafting and adopting policies that seek to mitigate climate change, but they must also consider the benefits that Canadian-based projects may have on the global scale. We urge the government to look at high-quality standards and thus high-quality credits and ensure these projects do not lead to double-dipping on the purchase of offset credits (i.e. fuel cells). By adequately registering, monitoring, and retiring these credits, these credits recipients are not double-dipped, bringing those offsets down under a false pretense.

RECOMMENDATIONS

That the Government of Canada:

1. Reform the Strategic Assessment on Climate Change to allow for the purchase of international offsets and account for net-zero offsets derived from the project to be applied to the total emissions from said project provided they meet current Canadian requirements.

2. Clearly define how projects will be impacted as the government approaches the designated five-year review and benchmark what changes may be applied to avoid a more rigorous and radical change to projects already in the queue or submitted near the five-year review mark.

3. Work with provinces and territories to ensure GHG emissions are based on industry circumstances, scientifically supported, and published in the short-term.

4. Improve transparency and access to GHG emission data to help identify gaps and research funding priorities, while ensuring actions on the ground are informed with best available information.

NOTES

[1]

[1] Articles refereced:
https://www.canada.ca/en/services/environment/conservation/assessments/strategic-assessments/climate-change.html
https://ablawg.ca/2020/08/10/final-strategic-assessment-on-climate-change-zero-net-effect/

Special Issues

The Urgent Need to Address Canada's Pandemic Risk Insurance Gap

DESCRIPTION

The Covid-19 pandemic has exposed significant gaps and challenges for small and medium sized business relating to business continuity and interruption insurance. Insurance coverage for many has not adequately protected against pandemic-related losses. We have repeatedly heard disheartening stories of businesses whom thought they were insured for risks relating to business interruptions and related issues caused by the being denied insurance for various reasons and based on various policy exceptions. To make the situation worse, some businesses now find they cannot obtain insurance due to significant costs increases making the coverage financially unviable or an unwillingness of insurers to cover certain pandemic-related risks at all.

BACKGROUND

Canadian businesses across every sector and industry have done the right thing by shutting down when required, following health guidelines, sacrificing profit for safety and struggling to keep staff on the books and their livelihoods intact throughout the pandemic. Business owners are facing three more barriers to their survival, first the inability to access claims monies based on denied or delayed business interruption claims, second the inability to renew commercial and property insurance, and third the disproportionately skyrocketing cost of premium increases.

By way of example, the researchers of this paper communicated with the owner of one of Canada's most iconic multi-purpose resorts located on Georgian Bay whose property and casualty insurance premiums increased approximately 70% from 2019 to 2020 despite the fact that this business owner has made no claims related to pandemic-related losses. In this case, we are talking about a premium increase of tens of thousands of dollars. As a result, this business owner has had to self-insure for several months now and has been unsuccessful so far in even obtaining quotes from insurers.

The insurance industry has had challenges of their own. The Deloitte study on "The State of the Canadian Commercial Property and Causality Insurance Market" points out that extreme and changing weather conditions, Covid-19 and ongoing macroeconomic conditions have all put increasing demands on claims funds and increased risks thus making it more challenging for the industry on several fronts. Within the paper, it is noted that the Insurance Bureau of Canada (IBC) is working on a task force to address the Covid-19 challenges in supporting retail and hospitality businesses. While this is welcomed, it won't be enough to protect those operators who need support now, especially as many are entering their peak seasons.

While deferrals and other government programs have supported businesses to some extent, the inability to collect on business interruption coverage as well as the inability to renew at fair rates or worse be dropped without cause or viable alternatives are major issues that could gut an entire sector well into the future. These issues must be urgently addressed if businesses are to survive and thrive in a post pandemic environment.

The use of risk pooling options is not new. After 9/11 in the United States, the Terrorism Risk Insurance Act was passed to provide for public-private risk pooling by government underwriting a portion of the related risk in exchange for mandating that private-sector insurers provide coverage with respect to the risks relating to terrorism after many markets faced similar challenges with refusals to cover the associated risks (see Marsh & McLellan Companies Report on Pandemic Risk Protection June 2020).

RECOMMENDATIONS

That the Government of Canada:

1. Immediately form a task force comprised of representatives from provincial governments, the Office of the Superintendent of Financial Institutions (OSFI), the Insurance Bureau of Canada, businesses most affected by this issue, and insurance and financial industry stakeholders such as provincial chambers of commerce, in order to identify the underlying causes of gaps in pandemic risk and the inability of businesses to obtain commercial insurance coverage that mitigates risks they face at reasonable rates.

2. Work with the task force to further develop innovative solutions to the underlying causes of the gaps and failures in the commercial insurance system causing undue hardship on business and take immediate action in implemented those solutions. This may include creating private-public partnerships for risk pooling to ensure that Canadian businesses can reliably access private-sector insurance that adequately addresses pandemic risks at a reasonable cost.

Corporation Representation at the Tax Court Of Canada

DESCRIPTION

Currently, there is an unjust barrier by precluding corporations from being represented by a non-lawyer regarding General Procedure Appeals.

BACKGROUND

Under Rule 30 of the Tax Court of Canada Rules (General Procedure), a party can seek leave to be represented by a non-lawyer. The Federal Court of Appeal held that, as a corporation is a separate legal entity, it is not legally or logically possible for it to be self-represented. Accordingly, the Federal Court of Appeal held that, as a result of section 17.1 and despite Rule 30, a corporation cannot be represented by a non-lawyer, even if it sought leave of the Court. In comparison, non-corporations (e.g. sole proprietorships and partnerships) can be self-represented by their respective owner/partners or representatives.

In light of the Federal Court of Appeal's decision, corporations now must retain counsel if they wish to dispute a (re)assessment under General Procedure (i.e. tax disputes in excess of $25,000). This effectively makes it uneconomical to appeal (re)assessments in the range of $25,000 - $100,000.

Given the likely legal costs, the small corporation owner is reluctant to take a tax dispute to Tax Court.

Smaller corporations are more likely to rely on their accountant or other advisors. Individuals, such as accountants, who could potentially properly represent the corporation before the Tax Court of Canada, without requiring substantial costs to be incurred.

By precluding corporations from being represented by non-lawyers, it effectively makes it uneconomical to appeal (re)assessments in the range of $25,000 - $100,000.

RECOMMENDATIONS

That the Government of Canada:

1. Have section 17.1 of the Tax Court of Canada Act and Rule 30 of the Tax Court of Canada Rules (General Procedure) be amended to permit that a corporation be represented by a non-lawyer, with leave of the Court.

2. Have a low bar test for leave where the corporation is a closely held corporation (e.g. the shares are owned by a single or relatively limited number of shareholders, which are sold infrequently).

Ensuring a National Pharmacare Plan is Effective and Sustainable

DESCRIPTION

The Government of Canada has indicated its interest in establishing a national pharmacare program. While ensuring all Canadians have access to their medicines is a laudable goal, any pharmacare program must be designed in a way that is fiscally responsible, ensures continued access to innovative medicines, and is additive in focus rather than unnecessarily conflictive with coverage options offered by the private sector. If the government is to move forward with a federal pharmacare plan, the plan must give Canadians an advantage over what the system currently offers. Practically speaking, the plan should fill gaps and not replace what is working.

BACKGROUND

While medicines taken in hospitals are covered by provincial governments, those medicines taken in a community setting are paid for in different ways, including public drug plans, private group and individual insurance plans, and cash payments out of pocket. Most Canadians currently have, or are eligible for, some type of drug coverage. A strategic, additive approach to pharmacare would therefore be one in which government and private sector stakeholders work to 'fill the gap' for Canadians who are not currently eligible for, or enrolled in, insurance coverage under either a public or private plan. This plan should also ensure that drugs that treat rare diseases or are extraordinarily expensive have coverage under the Federal program.

The case for improved access to prescription drugs is a strong one: decreased access and adherence to medicines as prescribed can lead to suboptimal health outcomes for patients and increases spending in other areas of the health care system, such as hospitals and health professional resources. A well-designed pharmacare program would help drive down costs in other areas of health care by reducing costlier interventions like surgery and easing the burden of an impending health care human resource shortage. Integrating the financing of prescription drugs into the broader health care system would also provide opportunities for administrators to consider how and where spending may impact other treatments and subsequent outcomes.

However, many stakeholders – such as the pharmaceutical industry, benefits providers, health care providers, and patient groups – have identified that the primary goal of any government plan should be to improve drug access and adherence, and thereby improve health outcomes for Canadians.

Continued access to a comprehensive drug formulary and innovative new medicines is critical to ensuring Canadians remain healthy and productive. A focus on cost rather than access will harm Canadian patients, and Canadian businesses both inside and outside of the health sector.

When Canadians were asked to weigh pharmacare against other health care priorities in a 2019 study, mental health, senior care, wait times, and more were seen to be much more in need of government funding. Note that this research was completed before the COVID-19 pandemic and elder care, public health coordination and vaccine access are likely to be much greater priorities since the original data was collected.

As is expected of Canadians, people have indicated that they want to make sure everyone has coverage – but they do not want to lose their existing benefit plans.

RECOMMENDATIONS

That the Government of Canada:

1. Collaborate with the Provinces and Territories to ensure any changes to a pharmacare plan are effective across diverse health care systems, delivers equitable access for all Canadians who require it, and is implemented independent of cost-cutting legislation.

2. Choose an affordable solution for government that focuses on Canadians who do not have drug coverage.

3. Endorse collaboration between the public and private sectors to ensure that no Canadian lacks timely, equitable access to the new innovative medicines they need. This will ensure that no one loses the workplace coverage they count on, including 7 million Canadians who need their coverage to access drugs that are not covered by public plans. It also ensures that workers and families continue to have access to dental care, mental health supports and other services that are part of workplace plans.

4. Leverage the existing public-private coverage system to provide for patient choice, harnessing the efficiency of private sector administration.

5. Consult and engage with private sector stakeholders (such as pharmaceutical companies, benefits providers, and health care practitioners) when designing and implementing a national pharmacare program to prevent unintended consequences, i.e., loss of access to medicines.

6. Use a national pharmacare approach to streamline and incentivize local innovation and R&D across the country, particularly clinical trials, to ensure Canadians continued access to a high quality of care; and

7. Create with Provincial and Territorial governments, a national strategy for rare disease drugs and a national drug formulary to ensure equal access by Canadians to the right drugs to ensure their continued wellbeing.

A Pathway to Fixing the Affordable Housing Crisis in Canada

DESCRIPTION

Affordable stable housing is an integral part of economic growth and a healthy social environment. Investment in affordable housing is often overlooked and absent from economic development plans and job proposals. To ensure long-term community sustainability the role of affordable housing in the shifting economy must be considered. Access to affordable housing is not caused by individual factors and decisions alone. Some people face disadvantages due to the structure of our systems in our society and the ways in which our systems operate. The responsibility of this development towards economic stability begins and should be led by the Federal Government as outlined in the continually evolving National Housing Strategy.

BACKGROUND

Housing affordability and the housing supply challenge has been top of mind coast to coast. Affordable housing can encompass many things but for the purpose of this document it is defined as government supported housing available for Canadians, who because of financial, social or other circumstances, cannot afford private market housing.

The housing and homelessness crisis in Canada are serious and widespread, covering each province and territory, hitting everyone from the middle class to our most vulnerable residents. Research is showing that high rents and working poverty are often thought of as urban issues, something that affects places like Toronto and Vancouver. However, the country is seeing that small, medium, and large populated areas are all facing this issue. In a provincial comparison it is shown the less populated and less urban Maritime provinces will be the hardest hit proportionally. [1],

In November 2017, the Federal Government launched a response to the crisis with the introduction of the National Housing Strategy. This created a platform for federal, provincial, and municipal governments to come together and discuss how to best improve housing outcomes for the people of Canada. Prior to 2017, Canada was the only G8 nation that lacked a National Housing Strategy. This was a welcome response by many throughout the country with numerous encouraging strategic steps. Housing is considered 'affordable' when a household spends no more than 30% of its gross income on shelter. [2],

Pre-pandemic approximately 3.3 million Canadian households (25.2%) spent 30% or more of their total income on shelter. In 2018, Statistics Canada reported that 628,700 Canadian households were registered as living in social and affordable housing. An additional 283,800 Canadian households had at least one family member on a waiting list for social and affordable housing.

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[1] Tranjan, Ricardo. "The Rent is Due Soon Financial Insecurity and COVID-19." Canadian Centre for Policy Alternatives. March 2020.

[2] Canadian Mortgage and Housing Corporation. "Overview of the Summer 2020 Housing Market Outlook Report". https://www.cmhc-schl.gc.ca/en/blog/2020-housing-observer/overview-summer-2020-housing-market-outlook-report. Accessed 20 January 2021.

In March 2020, progress towards resolving the housing issue met a brick wall with the initial onset of the Covid-19 pandemic. Those from the middle class to our most vulnerable residents, who were experiencing a paycheck-to-paycheck reality, were not receiving normal income due to restrictions throughout the country.

As pressure mounts at the municipal level to create affordable housing many mid-size populations are facing the influx of migration due to lack of affordability in the larger centres. The mixture of business and social challenges such as building regulations, land use bylaws, social pressure and community tensions are at an all time high.

With the desire to achieve a national recovery, Canada must put into action a plan for growth with housing available for the workforce needed to achieve this growth. Workers need places to live, so demand for housing increases, thereby stimulating housing production. [3], Employment growth often translates into more housing needed– but does the relationship apply in reverse? Specifically does a lack of access to affordable housing lead to higher unemployment for those seeking work while simultaneously creating the appearance of labour shortages? Is the lack of affordable housing preventing talented people from entering our workforce? How do employers employ someone without a fixed address?

Access to an affordable home means that Canadians will be healthier, more productive, and able to spend money in their local economies. Certainly, there is strong evidence that quality affordable housing also generates improved social outcomes for low-and-moderate income households. It stands to reason that good quality affordable housing yields positive health and education outcomes by lowering household stress, enabling the purchase of nutritious food, and supporting family stability. [4], A healthy and educated workforce can attract employers and job-related investment in communities. For children living in inadequate or unaffordable housing, a secure home improves their likelihood of academic achievement and the completion of post secondary education. Moreover, post-secondary graduates earn nearly $5000 more annually than those with a high school education – a number likely to increase as workers advance their careers. [5], The result of this increased earning potential is greater contributions to future economic growth.

[3] Saks, R. "Job Creation and housing construction: Constraints on metropolitan area employment growth. Journal of Urban Economics. Vol. 64. Issue 1. 2008.
[4] Mueller, E and Tighe, R. "Making the Case for Affordable Housing: Connecting Housing with Health and Education Outcomes. Journal of Planning and Literature. Vol: 24. Issue 4. 2007.
[5] Mueller, E and Tighe, R. "Making the Case for Affordable Housing: Connecting Housing with Health and Education Outcomes. Journal of Planning and Literature. Vol: 24. Issue 4. 2007.

Despite the benefits of affordable housing and job creation, according to the Community Housing Affordability Collective, many projects in Canada remain currently uncatalyzed because of access to low-cost financing. [6], Indeed, access to low-interest financing can mean the different between a project idea and shovels in the ground. Reducing borrowing costs to buyers and assisting in developer financing could help to reduce the housing affordability gap. This could be accomplished by improving access to finance for low-income households by reducing the cost of mortgage funding and the risk of lending, as well as leveraging collective saving. Governments could help by cutting costs for developers by making affordable housing projects less risky and guaranteeing buyers or tenants for finished units. In addition to new construction for affordable housing, existing community housing also faces significant sustainability challenges. [7] Conditions in the private housing market make challenges in community housing and homelessness prevention even worse. The conversation around "affordable housing" needs to be developed into a more specific language. There needs to be distinction between homelessness, non-market housing, and workforce housing and real estate development. There are people in our communities who are vital to economic growth but are unable to find housing on their own. Many people turn to community housing to find shelter and are met with long waitlists. There is a need to develop a mixture of market and non-market units to create affordability for those who unable to enter the real estate market.

The Lethbridge Chamber is a proponent of innovate solutions to address the housing supply and affordability crisis. Promising practices from jurisdictions within Canada and abroad should be balanced, identified, and considered. Any innovative housing policy options identified through this exercise must balance the needs of communities, while ensuring public safety. The sentiment "not in my backyard" often contributes to local opposition to new development which can lead to delays in approval timelines and slow down the construction of new builds. There is a role for the federal government to play to support provincial and municipal governments in gaining public acceptance for new affordable housing developments. Public education can change this culture and support new developments.

RECOMMENDATIONS

That the Government of Canada:

1. Research and share promising practices to make better use of existing homes, buildings, and neighbourhoods to increase supply of housing.

2. Reduce costs for developers through grants and / or tax incentives to make affordable housing projects more economically sound.

3. Reduce barriers to home buyers on housing that will be their primary residence.

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[6] Community Housing Affordability Collective. "Let's Make Housing Affordable in Calgary." http://www.chacollective.com/. Accessed 20 January 2021.

[7] Calgary Housing Company. "Home is what we do." https://calgaryhousingcompany.org/about/. Accessed 20 January 2021.

Addressing Workplace Mental Health

DESCRIPTION

Mental health challenges faced by employees and entrepreneurs are directly impacting the nation's economy. COVID-19 has changed the demands on leaders as they have the additional burden of supporting employees during times of extreme uncertainty, fear of contracting the deadly virus in workplaces and adapting to new processes to accomplish work related goals. Efforts to compile mental health related research and data nationally and internationally, documenting trends and best practice treatments could improve outcomes for those suffering with mental health issues while reducing cost to business. Anxiety and depression from exposure to excessive stress impacts productivity and depletes the entrepreneurial spirit.

BACKGROUND

Entrepreneurs create the vast majority of new jobs, pull economies out of recessions and create prosperity. We need a healthy, mentally well workforce to lead economic resurgence.
Despite their importance to the country, entrepreneurs struggle silently with elevated levels of stress, anxiety and depression due to the high stakes of starting a new business.

There is no question that COVID-19 has gravely impacted the mental health of Canadians, with the greatest impacts on the workforce age group of 15 to 64 years old. Statistics show that those already experiencing poor mental health before COVID-19 were impacted even more by the pandemic. Since the onset of COVID-19, fewer Canadians report having excellent or very good mental health (55 per cent in July 2020 down from 68 per cent in 2019). Those reporting poor mental health are up to four times more likely to report increased substance use since the pandemic began.

A 2017 study by Bluteau DeVenney showed that 72 per cent of entrepreneurs live with some form of mental illness, 40.5 per cent report their mental health had worsened since becoming entrepreneurs and 47.3 per cent report a decline in their overall health. Entrepreneurs are 3.5 times as likely to experience mental illness and five times as likely to contemplate suicide as the general public.

These issues have a high cost to business and the economy. According to a 2011 study by the Canadian Mental Health Association, the economic burden of mental illness in Canada was estimated at $51 billion per year. This statistic is a decade old and new data is necessary to guide legislation and investments. This stark number, includes health care costs, lost productivity, law enforcement, corrections and reductions in health-related quality of life. In any given week, pre-pandemic, at least 500,000 employed Canadians were unable to work due to mental health problems. It is estimated this number is now much higher. The cost of a disability leave for a mental illness is about double the cost of a leave due to a physical illness.

In addition to lost productivity, Canadian businesses, through employee assistance programs, healthcare benefits and disability costs also bear a significant cost for mental health care in this country. In fact, with medication, psychologists and specialized treatments, including therapies for PTSD, not typically covered by government-funded health care, many Canadians turn to their employers' benefits programs for help. Costs related to mental health for employees were escalating pre-COVID-19 and are growing at exponential rates. Prevention and management is essential.

In 2010, the Mental Health Commission of Canada conducted a pan-canadian study of mental health that estimated over the next 30 years the total cost to the economy could reach to more than $2.5 trillion if focused action is not taken to address issues related to mental illness

The impact of mental health problems and illnesses is especially felt among working aged people. People in their early and prime working years are among the hardest hit by mental health problems and illnesses. About one person in five of the working population in Canada experience mental health problems and illnesses, which can affect their productivity. Mental health problems and illnesses account for approximately 30% of short – and long-term disability claims and are rated one of the top three drivers of such claims by more than 80% of Canadian employers. The scope and cost of allowable Workers' Compensation claims has broadened across the country. Increasing claims of workplace mental health injuries are causing rates to rise crippling some businesses.

Action to develop an updated mental health strategy for Canada, dedicated to research and data collection measurement and tracking of incidence rates, broadly sharing treatment techniques, and creating awareness will assist government bodies in developing legislation and regulation. Wide-sweeping impacts of mental illness must be addressed collectively with support of academia, government, health professionals and private business.

It is essential to provide improved access to mental health supports for entrepreneurs to support growth in Canada's economy.

RECOMMENDATIONS

That the Government of Canada:

1. Work with provinces and territories, municipalities, First Nations, business, labour, academia, health care leaders and individual citizens to update a national strategy on mental health including best practices of current programs in an effort to improve the management of mental health in the workplace. This would include collection of pan-Canadian and international statistics to compare benchmarks, proven examples of prevention, early action to combat stress and early identification of problems focused on increasing worker productivity, along with support for entrepreneurs and employees while highlighting the impact of mental Illness on the economy.

2. Ensure funding committed to health in federal budgets continue to provide dedicated amounts for provincial/territorial plans to address mental health challenges within their health care systems.

3. Review government benefits compensation programs for individuals with mental health issues to ensure they are relevant to today's needs and do not disproportionately place the cost burden on employers.

NOTES

[1]

[1] https://www.mentalhealthcommission.ca/sites/default/files/2016-06/Investing_in_Mental_Health_FINAL_Version_ENG.pdf

Helping Businesses Safely Reopen During COVID-19

DESCRIPTION

Vaccination rates and reopening plans will see more Canadians getting back to their workplace. Businesses across the country need clarity on what they can and cannot ask of their employees as it relates to vaccination status, as well as guidance on what steps they must take to ensure a safe work environment – For employees and customers/clients. Without guidance from the federal government, employers will forge their own path, resulting in a patchwork of policies that could lead to legal disputes and jeopardize the progress made in containing the virus.

BACKGROUND

A survey commissioned by the Canadian Chamber of Commerce (CCC) in March 2021 found that 51 percent of Canadians were continuing to go in to the office most of the time; 36 percent are working from home full-time; and 12 percent are splitting their time between the office and their home[1]. With case counts falling and vaccination numbers increasing, Canadians are beginning to consider what a safe return to work looks like.

By Fall 2021, more Canadians will be fully vaccinated, and more Canadians may choose to go into the office. Many Canadians will return to the office – either on a full-time basis or under a hybrid model. They may be commuting and/or interacting with clients/customers in-person. While case counts and vaccination rates are promising, evolving variants will require vigilance and workplace health and safety protocols. Employers will need to implement a plan for what comes next, yet many questions still remain.

The federal government has a fundamental role to play in setting public health regulations for businesses, and addressing the questions employers have as public health measures ease[2]. For instance, can employers ask staff about their vaccination status? Can employers mandate the wearing of masks and social distancing in the workplace?

Importantly, the CCC's survey also found 50 percent of respondents who want to return to a physical workplace would not be comfortable doing so if some of their colleagues are not vaccinated. This underscores the notion that, while individual employees have the right to privacy, employers have a responsibility to protect the safety and wellbeing of their entire organization, as well as clients and customers who may be interacting with their office or staff.

Some Canadian businesses and post-secondary institutions acted early and announced what steps they will take. For instance, Western University, Fanshawe College, and the University of Toronto will require students living in residence to have at least a first dose of the COVID-19 vaccine in the Fall of 2021.

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1 https://www.kitchenertoday.com/local-news/the-canadian-chambers-of-commerce-puts-out-four-reccomendation-in-order-to-open-offices-successfully-3868772.

2 https://chamber.ca/wp-content/uploads/2021/06/Reopening-the-Workplace_FINAL-EN.pdf.

In the US, Morgan Stanley is requiring employees, visitors, and clients to be fully vaccinated to enter buildings at some of their company offices. Individuals will not be required to prove vaccination status as the policy will operate on an honorary system[3].

Without guidance from the federal government, Canada risks a patchwork approach – or a situation in which some employers are unsure what they should or can do, others failing to take appropriate steps to protect employees and customers/clients in their workplace, and/or others overextending their authority. This situation could also lead to a myriad of approaches across the country. Further, without government guidance, employers could expose themselves to protracted legal issues and grievances from employees[4].

Businesses across the country and in every sector are taking steps to safely reopen and prevent workers from being exposed to the virus, including considerations around masking, rapid testing, sanitization, workplace layouts, HVAC systems, and contact tracing when positive cases occur. While the federal government provided employers with general advice[5], guidance on infection control and prevention is needed to help businesses keep Canadians safe in the workplace[6]. Without such guidance, the progress that has been made in containing the virus could be undone.

Finally, given the demand for rapid testing kits, the federal government should continue to make single-use kits available to Canadian businesses free of charge. The kits are easy to operate, can be used on asymptomatic employees, and deliver results in about 15-minutes. They will be key to curbing the spread of the virus in workplaces, safe reopening, and economic recovery[7].

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3 https://news.yahoo.com/morgan-stanley-require-covid-19-171143159.html?guccounter=2.

4 https://chamber.ca/wp-content/uploads/2021/06/Reopening-the-Workplace_FINAL-EN.pdf.

5 https://www.canada.ca/en/public-health/services/diseases/2019-novel-coronavirus-infection/prevention-risks/guidance-workplaces-covid-19.html.

6 https://chamber.ca/wp-content/uploads/2021/06/Reopening-the-Workplace_FINAL-EN.pdf.

7 https://www.thestar.com/business/2021/05/10/theres-enormous-demand-for-this-ontario-businesses-scramble-for-rapid-testing-kits-as-government-unlock-access.html.

RECOMMENDATIONS

That the Government of Canada:

1. Provide employers with clarity on rules and guidelines related to vaccine status, specifically:
a) Whether they can require or voluntarily request vaccination status from their employees and/or customers; and
b) What security and privacy safeguards need to be implemented by employers to ensure such data is protected[8]. This guidance should be developed in consultation with legal experts as well as federal and provincial privacy commissioners.

2. Provide businesses with guidance on workplace infection control and prevention to help keep employees safe.

3. Continue to provide Canadian businesses with COVID-19 rapid antigen screening kits at no cost (where provincial/territorial regulations permit on-site antigen screening by non-medical professionals) as long as public health officials recommend this practice to support a sustained and safe re-opening.

[8] https://chamber.ca/wp-content/uploads/2021/06/Reopening-the-Workplace_FINAL-EN.pdf.

Transport

Transportation Demand Management Solutions for Canada's Industrial Areas & Business Parks

DESCRIPTION

The urban planning concepts of developing goals, land use designations, and policies which support "complete communities " where "higher density trip-generating development" are being directed to Urban Centres and Frequent Transit Development Areas where "most trips can be taken by transit, walking or biking" across North America. As a result, the workers and businesses that, by necessity and land use policy, operate in these areas do not have equitable access to alternatives to single-occupant vehicles as do workers and businesses operating in sectors within urban centres for their commute.

BACKGROUND

Industrial Areas and Business Parks are zoned to specifically accommodate the needs of manufacturing, processing, warehousing, distribution, repair, and goods-handling businesses of a variety of intensities. Due to the nature of their work, these business uses are permitted in areas away from residential zones, with 'buffering' types of businesses located in the areas between their locations and that of the majority of a community's housing.

At the same time, regions and municipalities are planning growth with greater density of housing and services to surround "Urban Centres." These areas are encouraged to have neighbourhood-serving shops and services, with enriched public realms, higher density office and commercial buildings, educational and public institutions like universities and museums, and all the other amenities which ideally allow for "most trips to be taken by transit, cycling and walking."

These planning concepts are an excellent value for residents who live in and commute within or to other urban centres, frequent transit development areas, and/or through frequent transit networks, where transit services area planned and transit infrastructure investments area made. However, businesses and workers in Industrial Areas and Business Parks – intentionally located further away from housing options, place workers at significant distances from work. Public transit options, such as regular bus services, are not provided with the same frequency or convenience for these skilled trades and technical workers who are therefore required to use their own single occupant vehicle to travel to and from work.

Recognizing the importance of the industrial sector to Canada's economy, some regional districts, such as Metro Vancouver, are beginning to develop specific policies and strategies around protecting their Industrial Lands, and designating more specific uses for Business Park zoning areas, which the BC Chamber of Commerce has been advocating for and is reflected in its Policy; PROTECTION OF INDUSTRIAL LANDS FOR FUTURE PROSPERITY (2019). While this Strategy addresses the importance of protecting the land itself, and it does mention the need to "provide transit for industrial workers" it goes no further into what – if any – changes to services or investments by government will be made to ensure that these transportation options are available.

Transportation Demand Management is a methodology of governments (often at a municipal or regional level) working with developers or business owners within particular areas to develop plans for alternative transportation options which may meet the specific transportation needs of their business' or area's workers. For example, if two warehousing facilities within a business park are interested in adding a third shift to increase capacity within their facilities, then they may contact Translink's TDM team for support in this via coordinating a shuttle bus, vanpool, or car share program.

A current case study of this support is that of the Gloucester Business Park in Langley, where Translink surveyed 200 employees from 12 businesses (a sample size of 10% of businesses in the area) and found that 40% of those workers would be interested in participating in a vanpool program to access their work. Translink assessed the respondents and found that 21 potential vanpool groups could be developed, consisting of 100 people.

Understanding what opportunities are available (such as vanpools) or investing in the expansion of bike paths in order for workers to safely and effectively commute to and from work requires the investment of time and money by municipal , regional , provincial, and federal governments. These investments benefit not only the specific businesses and workers in those Industrial Lands and Business Parks. They benefit all those on the road, by reducing commuter traffic and increasing travel safety; and they benefit our collective effort to mitigate greenhouse gas emissions. The federal government announced its intention, in March 2021, to develop Canada's first National Active Transportation Strategy that will "coordinate active transportation investments that reflect best practice planning, design, regulations, and standards across levels of government, Indigenous communities, not-for-profits and the private sector." Including Industrial Lands and Business Parks into infrastructure planning processes at all levels of government, Canada will ensure that all workers have equitable access to participate in programs and activities that reduce greenhouse gas emissions and improve the efficiency of regional transportation systems.

RECOMMENDATIONS

That the Government of Canada:

Engage with provinces, territories, municipalities, Indigenous communities and not-for-profit organizations and businesses to include plans for for providing transportation service to Industrial Lands and Business Parks in the development of the National Active Transportation Strategy and any future public transit infrastructure investments.

NOTES

[1], [2], [3], [4], [5], [6], [7], [8], [9], [10], [11], [12], [13]

[1] About Metro Vancouver 2050 (Accessed February 19, 2021), Capital Regional Growth Strategy Indicator Report (Accessed March 3, 2021), Regional District of Nanaimo Regional Growth Strategy Annual Report 2019 (Accessed March 3, 2021) A Place to Grow: Growth plan for the Greater Golden Horseshoe (Accessed May 26, 2021)

[2] Edmonton Metropolitan Regional Growth Strategy (pg. xi pp 3.1, pg. xii pp 5.2 – Accessed June 3, 2021)

[3] Metro Vancouver Regional Planning Committee March 5, 2021 Meeting (timestamp 44:35-50:49)

[4] "Business Parks": We are using this definition to encompass land uses which are labelled in a variety of ways across the country, but which have similar functional purposes. Some districts or municipalities will call these areas Employment, Mixed Employment, Corridor, Commerical-C2, Trade-Oriented Land, etc.

[5] Why Manage Transportation Demand?, Victoria Transport Policy Institute (Equity) 2017 (Accessed March 5, 2021)

[6] Transit Future Plan, Prince George – January 2014 (pg 26) Accessed March 1, 2021

[7] Metro Vancouver Regional Industrial Lands Strategy Report (pg 56) Accessed February 2, 2021

[8] Translink TDM Plans for Development Guidelines FINAL – July 2019

[9] "Survey responses from Gloucester Business Park indicate positive demand with over 40% of respondents being somehow interested in joining the Vanpool program." (Translink TDM Vanpool test case in Gloucester)

[10] Transporation Demand Management (TDM) Functional Plan – Halifax Regional Municipality, NS (pg. 3, pp 3.1 - Accessed June 8, 2021)

[11] As consistent with, and complementary to, BC Chamber of Commerce Policy, ENHANCING SUPPORT FOR CYCLING AS A MODE OF WORKPLACE TRANSPORTATION (2019)

[12] Transportation Demand Management: A Small and Mid-Sized Communities Toolkit, Fraser Basin Council (Accessed February 18, 2021)

[13] Fraser Valley Future 2050: Fraser Valley Regional Growth Strategy – working DRAFT 6 (pg 32, 42-43) Accessed March 3, 2021

Improving Competitiveness, Connectivity and Market Access by Creating a National Infrastructure Corridor

DESCRIPTION

Focused leadership and investment in the coordination, planning and implementation of a national infrastructure corridor would facilitate the flow of Canadian goods from coast-to-coast-coast and improve connectivity between key rural and remote regions of the country. A dedicated corridor would be a timely and important investment in the economic, social and environment quality of life of all Canadians. Further, it would strengthen our competitive position as a lead exporter of natural resources and goods on the world stage.

BACKGROUND

Canada is a vast country spanning 9,984,670 km2 coast to coast with unique jurisdictional boundaries overseen by numerous stakeholders. A cohesive national infrastructure corridor of "rights-of-way" across Canada – to develop and expand transportation and transmission infrastructure in the national interest – is not a new concept but it remains as important as ever. Major-General Richard Rhomer was the first to formally propose the idea in Canada's Centennial year, over five decades ago. Since then, many have picked up the cause and argued for the idea to support Canada's prosperity, economic growth and competitiveness into the future.

The potential economic and social benefits of this network are many, providing opportunities for rural and remote communities to connect to vital transportation and transmission grids required to access domestic and international customers. Although governments have frequently emphasized the digital divide, the lack of reliable internet access continues to impose major challenges in First Nations reserves and rural communities[1]. Economies of scale also dictate that infrastructure costs will decrease for the public as connectivity and more efficient pathways are created.

An established corridor network will help to provide development certainty and attract private sector investment. Currently, mining operations in northern remote locations face average costs that are 2.3 times higher than non-remote projects[2]. By reducing this disparity, future projects will be attracted to these areas.

The same is true for the oil and gas sector that has experienced lower prices for crude without direct and efficient access to tide water and international markets. Current limitations, and pipeline politics, have stalled pipeline construction across Canada.

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[1] The Canadian Northern Corridor Research Program. (2020). Infastructurte Policy Trends – The Digital Divide and the Lack of Broadband Access During COVID-19. Retrieved from: https://www.policyschool.ca/wp-content/uploads/2020/06/Infrastructure-Trends-Digital-Divide.pdf
[2] Association of Consulting Engineering Companies. (2015). Levelling the Playing Field. Retrieved from: https://www.acec.ca/files/Publications/levelling_the_playing_field.pdf

A December 2020 report indicated that delays for new pipelines have cost Canadian heavy crude producers approximately $14 Billon (US dollars) over the last 5 years.[3] Delays in construction, including the recent announcement of the cancellation of the Keystone XL pipeline and the precarious situation with Line 5, speak to the pressing need for a comprehensive plan that spans the country, reducing land conflicts and providing a clear political path forward.

Along with economic benefits, there are notable environmental gains that would be achieved through the creation of a national infrastructure corridor. By definition, a corridor would provide the most direct and efficient route for national infrastructure development, requiring less geography and land than is currently needed to move and transmit energy products, telecommunications, consumer goods and natural resources across the country. By extension, environmental assessment costs would be lowered without sacrificing quality or efficiency. Additionally, clean energy products and raw materials could be transported more efficiently and safely using the "rights-of-way" route a corridor would provide.

Much of the current research conducted on a possible solution and pathway for a corridor is being conducted at the University of Calgary School of Public Policy and the Centre for Interuniversity Research and Analysis of Organizations (CIRANO) with funding provided by the federal government.[4]

RECOMMENDATIONS

That the Government of Canada:

1. Fund and support further research into the creation of a national infrastructure corridor system.

2. Plan to establish an integrated, national infrastructure corridor network to enable efficient market access from all provinces and territories to any Canadian coast.

3. Involve key industry stakeholders and Canadian companies in exploring options for the pathway(s) for a national infrastructure corridor and refining a strong business case in support.

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[3] HIS Markit Analysis. (2020). Delays for New Pipelines Cost Canadian Heavy Crude Producers at Least $14 Billion Since 2015, IHS Markit Analysis Finds. Retrieved from: https://news.ihsmarkit.com/prviewer/release_only/slug/2020-12-22-delays-for-new-pipelines-cost-canadian-heavy-crude-producers-at-least-14-billion-since-2015

[4] University of Calgary School of Public Policy. (2021). The Canadian Northern Corridor. Retrieved from: https://www.canadiancorridor.ca/

Establishing a National Infrastructure and Retail Framework for Zero-Emission Vehicles (ZEVs) and Electric Vehicles (EVs) in Canada

DESCRIPTION

There is currently a lack of infrastructure and market support to adequately facilitate the rise in ZEV and EV usage in Canada, which will have a negative impact on the Federal Government's aim to grow the net-zero economy.

BACKGROUND

The Federal Government has been consistent in its messaging of seeking to reduce Canada's GHG emissions, with a current target of net zero emissions by 2050. The Government of Canada has already initiated a multi-faceted approach to decarbonize transport as part of the plan to grow the Net-Zero economy, as highlighted in the 2021 Federal Budget. The Government has expanded this goal by announcing that all new vehicles sold by 2035 will be ZEVs. A move from combustion engine vehicles to ZEVs present a viable tool (along with other policy measures) to achieve this target, while also acting as an economic driver. EV's in particular, represent a market-led option to support this development as multiple companies, both within Canada and abroad, have announced their intention to shift their production to develop more EVs. GM have even announced that their entire line would move to EV's by 2035. This EV market within Canada is already growing, with electric vehicle purchases comprising 3.7% of new vehicle purchases in Q3 of 2020, up from 3.3% in the previous quarter. This growth will play a key role in the Federal Government's ZEV strategy, which is seeking to increase the market share of ZEVs to 10% by 2025 and 100% by 2050.

On a national level, Canada has been slow to react to this growing market. While there have been steps to increase domestic production, invest in mineral mining projects and provide purchasing incentives, there is no existing national infrastructure plan to facilitate this growth. The main issue is a lack of sufficient charging stations in Canada to effectively support a mass uptake of ZEVs on either a personal or commercial level. At present, there are over 5000 public EV charging stations across the country, which represent the most common ZEV charging options nationally. This compares negatively to other jurisdictions, including the United States, which has almost 100,000 public EV charging stations nationally. The most recent budget spending $376 million on ZEV charging and refueling stations nationally. Failure to deliver this infrastructure, along with continued investment in other ZEV options, will slow down any transition to ZEVs and EVs, which will hinder Canada's ability to reach its current GHG emission reduction targets.

Beyond a lack of national charging infrastructure, there are also concerns about the limited information available to consumers and retailers. In particular, a lack of information surrounding keys issues such as battery life and repair costs makes marketing and selling EVs more difficult. Only 20% of Canadians felt they had sufficient knowledge of EV's to be comfortable purchasing one, while only 38% were aware of present rebate options. Given that EVs make up the largest market share of ZEVs, consumer knowledge of other options (e.g. hydrogen) is likely even lower.

If customers lack sufficient knowledge and awareness of the full benefits of ZEVs and EVs, there is a knock-on effect on auto-retailers. Specifically, the market share of ZEVs overall is presently too small for auto retailers to significantly invest in stocking and servicing these types of vehicles given low demand.

The Canadian Government will need to ensure reliable information is presented to both consumers and retailers, to provide assurances and facilitate the transition to ZEVs and EVs.

RECOMMENDATIONS

That the Government of Canada:

1. Work with Provincial and Territorial Governments to develop a framework for ZEV and EV infrastructure to help the Federal Government to reach its GHG reduction targets and commercial retail targets.

2. Collaborate with provincial and territorial regulators and electricity utilities to develop consistent guidelines to accelerate the deployment of national EV charging infrastructure and develop a long-term framework to include greater private access to this infrastructure.

3. Ensure that there are sufficiently trained ZEV and EV mechanics in Canada, both by offering training credits and working with educational institutions to provide the required designations.

4. Make information including ZEV and EV battery life expectancy, repair costs and rebate benefits more accessible to provide retailers and customers' reassurances regarding EV reliability and costs.

5. Prioritize and increase funding and incentives for increased public and business charging infrastructure.

6. Encourage increased business adoption of Electric Vehicles (EVs) by Canadian consumers and businesses by broadening the iZEV Program rules/eligibility criteria to allow for more expanded options on EVs, including vehicles more suited to fleet applications, to be eligible to meet consumer and business transportation needs.

7. Work with regulatory and standard making bodies to ease barriers for national and international investment by unifying codes, standards, and permitting processes across Canada.

NOTES

[1], [2], [3], [4], [5], [6], [7], [8], [9], [10]

[1] https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/net-zero-emissions-2050.html

[2] https://www.budget.gc.ca/2021/report-rapport/p2-en.html#chap6

[3] https://www.cbc.ca/news/canada/calgary/canada-electric-cars-2035-1.6085540#:~:text=1678-,The%20Liberal%20government%20announced%20Tuesday%20it's%20speeding%20up%20its%20goal,will%20be%20zero%2Demission%20vehicles.

[4] https://www.barrons.com/articles/gm-stock-ev-all-electric-lineup-2035-51611867146?mod=article_inline

[5] https://electricautonomy.ca/2021/02/11/canadian-ev-sales-data-q3-2020/

[6] https://www.researchandmarkets.com/reports/5124718/canada-electric-car-miarket-2019-2025#:~:text=Canada%20electric%20car%20market%20is,20.0%25%20during%20the%20forecast%20period.&text=In%20addition%2C%20the%20federal%20government,2030%20and%20100%25%20by%202040.

[7] https://www.plugndrive.ca/public-charging/#:~:text=Canada%20has%20well%20over%205%2C000,can%20be%20difficult%20to%20find.

[8] https://www.statista.com/statistics/416750/number-of-electric-vehicle-charging-stations-outlets-united-states/

[9] https://www.budget.gc.ca/2021/report-rapport/p2-en.html#chap6

[10] https://ipolitics.ca/2021/05/12/canada-must-act-fast-to-benefit-from-americas-shift-to-electric-cars/#:~:text=The%20L%C3%A9ger%20poll%20found%20that,up%20to%20%245%2C000%20is%20available.

Improving Canada's Freight Rail Fluidity

DESCRIPTION

Rail lines unified Canada as a nation and remain one of the pillars of Canada's economic activity, underpinning the movement of goods, commodities, and passengers across the country. When fluidity issues arise there are large economic impacts that affect rail line businesses and supply chain reliability.

BACKGROUND

According to the Railway Association of Canada, "Canada's freight rail industry is the backbone of our economy, transporting more than $320 billion worth of goods each year" on a system that connects coast to coast to coast. "Freight railways serve customers in almost every part of the Canadian economy: from manufacturing, to the agricultural, natural resource, wholesale and retail sectors." "Around 70 per cent of all intercity surface freight and half of Canada's exports are moved by rail."1

According to the Railway Association of Canada, rail is very economical, moving "a tonne of freight one kilometre" for just over three and a half cents.1 They are also more environmentally sound than other transportation forms. Trains, on average, are three to four times more fuel-efficient than trucks. Just one locomotive can haul a tonne of goods more than 210 kilometres on a single litre of fuel, while removing upwards of 300 trucks from our congested roads in the process."2

With over 40,000 kilometres of railway tracks that are federally regulated3, a key objective for rail transportation stakeholders is "fluidity", or the ability to freely move goods to their destinations. Bottlenecks can happen at various points in the transportation system, causing supply chain delays, financial loss, and safety concerns.

Whenever rail meets road directly at an "at-grade crossing", slowdowns can occur and safety concerns increase. It is important that various levels of government properly fund infrastructure for overpasses and bridges (grade separations), to meet these challenges.

Rail transportation can also face challenges with "first mile/last mile" gaps. Being able to ship goods from the main rail yards to final shipping destinations is an important part of a robust supply chain, and requires the right infrastructure and plans in place to meet and fill gaps.

While many fluidity issues are infrastructure-related, recent protests blocking Canadian rail lines caused significant disruption and safety concerns. Protecting critical infrastructure in the national interest from protesters is vital to a healthy national supply chain.

There are approximately 9,000 private and 14,000 public grade crossings3. Recently Transport Canada put new "Grade Crossings Regulations" for federally-regulated grade crossings that rail lines were to meet by the end of 2021. However, due to the extraordinary circumstances of the past year, rail stakeholders have shown concern about meeting this deadline, and Transport Canada has responded by proposing a one-year extension for high-risk grade crossings and a three-year extension for all other crossings.4 This proposal allows companies a little extra time while working to fix high-risk locations first.

We applaud the federal commitment made in Budget 2021 that promises to invest $1.9 billion to recapitalize the National Trade Corridors Fund that helps make "Canada's transportation system more fluid, supporting economic recovery and increasing prosperity across Canada. Alleviating bottlenecks and congestion will also reduce greenhouse gas emissions in Canada.[5]"

RECOMMENDATIONS

That the Government of Canada:

Work with the rail industry and relevant stakeholders to:

1. Create a national strategy for critical infrastructure gaps that relate to safety concerns or the timely movement of goods to address general rail improvements, road crossings and overpasses, and improved port-related facilities.

2. Support shortline rail infrastructure investments to improve first mile/last mile needs.

3. Given the extraordinary circumstances of COVID-19, allow for a revised timeline for railway companies to meet the Grade Crossings Regulations prioritized by appropriate risk levels and to improve timely market access.

NOTES

[1], [2], [3], [4], [5]

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[1] https://www.railcan.ca/101/canadas-freight-railways-moving-the-economy/
[2] https://www.railcan.ca/101/rail-is-green-transportation/
[3] https://tc.canada.ca/en/rail-transportation/grade-crossings/grade-crossings-regulations-what-you-need-know
[4] https://letstalktransportation.ca/gcr
[5] National Trade Corridors funding – Canadian Budget 21 – page 144

High Frequency Rail (HFR) Project by Via Rail Canada

DESCRIPTION

Sharing the rails between freight and passenger traffic has reached its limits along the Windsor-Quebec City corridor, creating a bottleneck for many Canadian industries forced to transit through the country's most populous and busiest region. VIA Rail Canada's HFR project - as outlined in the federal budget tabled on April 19, 2021 - will provide new dedicated tracks for passenger traffic between Toronto and Quebec City, greatly improving the efficiency of parallel freight traffic. With more frequent, faster and more on-time passenger trains, VIA Rail Canada's HFR project will contribute to economic recovery through job creation, interregional economic growth, tourism, and infrastructure optimization, while helping to reduce GHG emissions.

BACKGROUND

With a growth of more than 30% over 2015-2019, passenger volumes in the Windsor-Quebec City corridor reached 4.7 million fares sold before the pandemic. However, this surge in intercity travel on VIA Rail trains is hindered by the ability to add departures - and thus increase growth - because VIA Rail owns only 3% of the infrastructure on which its trains run.

With 60% of Canada's population living along the corridor, the dedicated route of the HFR project becomes a strategic issue for Canada in the following ways:

- Job Creation: In a post-pandemic economic recovery, VIA Rail's HFR project expects to create thousands of jobs over the project's life cycle.

- Economic Development: As part of the HFR project, VIA Rail is proposing to expand its existing network with more than 850 km of track and expects to significantly increase passengers in the Corridor by reducing travel times, increasing on-time performance to more than 95%, and increasing departures in some parts of the Corridor. By connecting more communities with more and more on-time departures, more business-friendly schedules, and faster travel times, the HFR project will help build business relationships by simplifying business travel and making it easier to work and rest on trains. The HFR project will also allow employers in the corridor to expand their labour pool by combining transportation and telecommuting. The HFR project would also enable better connexions between various modes of public transportation, including existing or planned public transit networks and airports.

- Tourism: The tourism industry accounted for 2% of GDP in 2017, accounting for 1 in 10 jobs according to a study by McKinsey (2018). This same study shows that the industry's growth potential is significant, thanks to the global appreciation of the "Canada brand", but is hampered by the lack of transportation between cities (74% of tourists go to Toronto, Montreal and Vancouver). The HFR project will improve intermodal connections by increasing transfers between various modes of transportation, with the goal of getting more tourists to travel within Canada.

- Infrastructure Optimization: As identified by several chambers of commerce, the creation of a separate passenger rail corridor between Quebec City and Toronto will benefit the freight sector, which will also be able to optimize its own infrastructure and generate more economic activity. For example, one can think of the benefits of further optimizing rail lines to move grain products from the Prairies, or consumer goods across the rail line between British Columbia and Quebec, even more efficiently. The HFR project also frees up some of the highway traffic in the corridor, which causes significant traffic congestion when entering cities.

- GHG reduction: Thanks to the increased frequency, timeliness of trains on dedicated tracks, and the increased speed of travel, the train becomes an alternative to cars. For example, the Canadian Chamber of Commerce estimated in its 2017 report "Stuck in Traffic for 10,000 Years" that the HFR would reduce traffic congestion by 2.4 million cars in the corridor, in addition to reducing highway maintenance costs. Commissioned in 2018, a newly built fleet of trains will enter service between 2022 and 2025 on the existing rail lines, with dual-mode electric-diesel locomotives. The HFR project includes the electrification of tracks and the new locomotives will be ready to run on them. Introduction of the HFR will assist in Canada's effort to meet its new GHG reduction target.

It should be noted that several municipalities have publicly expressed their desire to see VIA Rail's HFR project move forward, with the goal of getting it into service as soon as possible, including open letters signed by the mayors of Toronto, Peterborough, Ottawa, Montreal, Trois-Rivières and Quebec City. More than half of the segments travelled are not between two major cities on the current route.

RECOMMENDATIONS

That the Government of Canada:

1. Approve the overall funding and urge VIA Rail Canada to proceed with the entire HFR project as soon as possible.

2. Prioritize the HFR project and other passenger rail service as a key part of meeting our climate change targets.

3. Develop a strategy for expanding HFR service beyond the current Toronto – Quebec project.

Maintaining Operations in Strategic Maritime Transport Infrastructures and Resilience of International Supply Chains

DESCRIPTION

Ports are essential parts of the supply chain and gateways that bring products to market: they are therefore an important part of the Canadian economy and the competitiveness of Canadian businesses. Port infrastructure is an essential link in supporting these international partnerships by ensuring the safe arrival and movement of goods destined for global trade, the value of which exports alone represents more than 90 billion Canadian dollars. Recognized by the Canada Marine Act as a strategic economic agent in trade, our international ports with container terminals also ensure the safety of communities by supporting a diverse and steady supply of goods, including food and medical products that are not otherwise available in Canada. To function properly, this strategic infrastructure must be both reliable in its supply and its capacity to handle large volumes of goods for the entire country. While port operations can be hindered by employees that are not part of the Canada Port Authorities, they are essential to tens of thousands of businesses and to all Canadians, both in and out of the coastal regions, who are the end users of the imports and exports that take place there. With the country's desire to increase international trade made possible by the new free-trade agreements, Canada's reputation cannot be put in jeopardy by any disruption at one of its major ports. The Government of Canada has a responsibility to maintain operations in strategic freight transportation infrastructure to ensure the resilience of international supply chains.

BACKGROUND

The COVID-19 pandemic and the disruptions caused by a rail blockade and labour disputes at the Port of Montreal (2020 and 2021) have shown, along with the strike at the Port of Vancouver (2019), that Canada must maintain the flow of goods and commodities into, out of, and through its territory. Goods and commodities that transit through strategic infrastructure, as recognized in the Canada Marine Act, are essential to the economic prosperity of the country, but also to the health and safety of Canadians who cannot afford to experience shortages, especially when it comes to pharmaceuticals or bio-food products. As many industry associations have pointed out, from the forestry industry to agricultural production, automotive manufacturing and retail, port operations involving container handling cannot be completely shut down without serious consequences for manufacturers, food producers and health services across all provinces.

The competitiveness of Canadian businesses and Canada in the global marketplace depends on having the transportation infrastructure in place to move or source the required goods at a competitive price and in a timely manner. The ripple effects of a work stoppage significantly undermine the economic recovery and threaten quality jobs in Canada's strategic sectors. Moreover, every moment of uncertainty regarding the reliability of a Canadian port's services ultimately favours a competing U.S. port in accepting traffic originally destined for a Canadian port whose services are uncertain or compromised. As a result, such a dynamic weakens Canada's competitiveness.

The right to negotiate a collective agreement cannot be interpreted as the right to legitimately cause disproportionate consequences or economic harm, as in the case of the $600 million hit caused by the first Port of Montreal container strike, nor can it be interpreted as the equivalent of closing a portion of our borders. This situation was acknowledged by the Parliament of Canada with the adoption of a special law to resume and maintain activities at the Port of Montreal after economic stakeholders from across the country denounced a situation that forced them to assume additional costs and delays that were not in the collective interest of Canadians.

The dynamics of international trade, a large part of which is carried out exclusively by container, and the nature of logistics activities make it difficult to maintain only the transportation of critical goods, such as biomedical and pharmaceutical products, which are protected by provincial laws giving them essential status.

RECOMMENDATIONS

That the Government of Canada:

1. Work with its partners, including port authorities, employer associations and unions, to adapt the Canada Labour Code in order to avoid economic disruptions by recognizing the critical nature of the marine supply chains to ensure that no significant work stoppages affect Canada's health, safety and competitiveness.

2. Identify and adopt labour dispute resolution mechanisms that are specific to operations within Canadian international ports.

Measures to Support Canadian Small and Medium Airports

DESCRIPTION

The impacts of the COVID-19 pandemic have been immense on the country's entire business community. Several safety and public measures to protect residents, necessary at times, have had a negative impact on the economy. Public health measures included closing the Canadian border to non-essential foreign nationals, and to keep operation in only four airports for international air travel have resulted in a decline in travel. With inter and intra provincial travel restrictions, and government messaging not to travel, domestic aviation has fallen to 10% of 2019 traffic (1). Airports lost more than $5.5 billion in revenue in 2020/2021, adding $2.8 billion in debt.(2) It is essential Canada maintains measures to support small and medium airports.

BACKGROUND

The COVID-19 Pandemic has revealed many flaws in our transportation management system, particularly with respect to small and medium-sized airports across Canada. In Atlantic Canada, all but two airports, Halifax and Greater Moncton, experienced a cessation of operations. Although operations persisted during the pandemic, all airlines ceased operations and almost all routes were suspended at these airports and in other infrastructures across the country. Nationwide the situation has been similar in several airports. Small and medium-sized airports with fewer than 3 million passengers per year have had to face difficult times since the COVID-19 pandemic struck, due to an almost total halt in connections and flights and the suspension of tourism activities. Airports from all provinces and territories must now adapt to a new reality and to be able to regain levels of 2019 will take many years.
Airports (A sample list based on passenger traffic. Not conclusive.)

- Alberta - Fort McMurray, Lethbridge, and Medicine Hat
- British Columbia – Abbotsford, and Prince George Airport
- New Brunswick – Greater Moncton, Fredericton and Saint John
- Newfoundland – Gander
- Nova Scotia - Sydney
- Ontario – London, and Thunder Bay
- PEI – Charlottetown
- Québec – Bagotville, Sept-Îles and Val-d'Or

(4)

Many other smaller airports are also facing extremely difficult and uncertain times in all provinces and territories.

Estimates from aviation experts and most airports suggest that a full return to regular levels of service and passenger volumes will not be possible before 2024 or 2025. In addition, the tourism sector in most Canadian destinations is also not expected to achieve results similar to 2019 data until the same period.

To avoid placing airports in an even more precarious situation, it is essential that the Government of Canada put measures in place to ensure a quick recovery when the air travel and tourism markets rebound.

Federal government efforts to assist small and medium-sized airports have been sporadic since the beginning of the pandemic and most of the time it was too little too late. Yet, the impact of airports on a national scale is major for the economic development of communities and regions across Canada. In 2016, Canadian airports directly contributed $48 billion in economic output, $19 billion in GDP, 194,000 jobs and $13 billion in wages. Airports' economic contributions are impressive, but even more impressive is their importance in supporting and enhancing opportunities for all Canadians – and Canadian businesses. (2)

The economic recovery from the COVID-19 pandemic offers tremendous opportunities for the federal government to review the funding mechanisms for small and medium-sized airports that provide economic development to the regions, as well as ensuring a constant connection to the rest of the country and other international destinations.

RECOMMENDATIONS

That the Government of Canada:

Since the majority of airport revenues come from the passengers passing through the airport gates, financial support should be regulated until business resumes and more passengers are starting to use airports more regularly for leisure and business travel. For that reason, to put small and medium airports in a position to access funding to modify infrastructure, if the need to accommodate testing, for COVID-19 purposes or other health crises, and to maintain proper operation in all airports, the government of Canada should introduce the following measures:

1. To continue the Canada Emergency Wage Subsidy (CEWS) to support wages of airports to maintain airport operations until June 30, 2022.

2. To maintain the Airport Relief Fund because of regional importance and the strategic significance within Canada's system of airports.

3. To keep the funding increases and eligibility criteria changes for the Airports Capital Assistance Program (ACAP).

4. To solidify regional routes and assist the air sector recover with regional connections, the Regional Air Transportation Initiative should be prolonged for at least five years.

5. To eliminate the ground lease rent to the federal government on an ongoing basis for airports with fewer than 3 million passengers per year.

NOTES

[1], [2], [3], [4]

[1] Canadian Airports Council, 2021
[2] Canadian Airports Council, 2021
[3] Canadian Airports Council, The economic impact of Canada's Airports, 2019
[4] Statistics Canada. Table 23-10-0253-01 Air passenger traffic at Canadian airports, annual

Keep Pacific Gateway Business Moving

DESCRIPTION

BC is Canada's Pacific Gateway, the preferred gateway for Asian trade to North America and the world. A unique alliance of government and the private sector ensures seamless and reliable movement of containers, bulk, and break- bulk, and air cargo. Transportation is a key support for economic growth and development, and that is why it is singled out for special focus in the 2012-2020 Pacific Gateway Transportation Plan. (1) More than any other sector, it serves the dual purpose of generating direct employment and underpinning job creation, development, and progress throughout BC. While significant progress has been made in some parts of that strategy, a major deficiency exists in B.C.s Fraser Valley.

BACKGROUND

From semi-trucks and trailers hauling freight, to logging and industrial trucks serving the resource industries, to smaller trucks serving local businesses, trucking supports our economy and helps to maintain a high quality of life for all Canadians. The trucking industry accounts for 2 percent of BC's GDP, employs about 40,000 people, and is larger than other major industries, including forestry, pulp and paper, and oil and gas. (2)

Each year, more than $3 billion in goods are trucked between our gateway ports and the rest of Canada, and over one million trucks cross to/from the U.S. via the three Lower Mainland border crossings. For many communities and transportation stakeholders, increasing the economic efficiency and safety of the commercial trucking industry is critically important.

The 2016 Census indicated that Abbotsford's population grew by 5.9% in the last five years, above the national and BC average. Abbotsford's neighbours have been growing quicker with Mission up by 6.6% and Chilliwack up by 7.5%. Lower housing prices, compared to Metro Vancouver, will continue to bring even more population growth in the future.

A recent report on industrial land supply in the Lower Mainland, completed for the City of Abbotsford, (3) indicated that strong BC provincial economic performance has helped drive development and leasing interest in the region. However, a lack of new supply has created a very supply-constrained market characterized by extremely low vacancy rates. Conversion of industrial land in Metro Vancouver to residential use also added to this shortage.

The Fraser Valley has long represented a primary supply of industrial zoned land and the scarcity of land options in Metro Vancouver and rising values in recent years have accelerated the migration of industrial owner-occupiers eastward toward more affordable options in the Fraser Valley. The Abbotsford market is among the fastest growing with an annual inventory growth of 6.4% and Chilliwack is at 4.8% compared to Surrey (4.2%) and Langley (3.1%).

Highway 1 congestion, accidents, daily stoppages, and delays have become a way of life for commuters, students, and business traffic on the Highway 1 section between Langley and Abbotsford. Alternative routes are limited to local rural and residential roads or the two-lane Fraser Highway, which is already highly congested and not suitable for commercial traffic. While commuters get a lot of the media attention it is important to remember that the movement of goods and services from the Pacific Gateway is a critical part of the economy in the rest of Canada. Commercial trucks account for approximately 8.5 per cent of the total traffic on the Abbotsford section of the Trans-Canada Highway.

With the increasing volume of cargo through Port Metro Vancouver, continued growth of the Vancouver Airport and the migration of logistic facilities eastward into the Fraser Valley the demands by commercial traffic on current Highway 1 road infrastructure are reaching crisis proportions.

Canada's economy depends on a safe, reliable, and efficient transportation network. It is only a short leap of logic from that statement to recognition that a strong and healthy Canadian economy relies heavily on a vibrant, thriving, efficient trucking industry to keep that economy moving.

RECOMMENDATIONS

That the Government of Canada:

1. Recognize the priority of Hwy. 1 as a major economic enabler and establish a higher priority timetable for necessary widening and upgrades for the Pacific Gateway.

2. Ensure that a funding commitment is made by all levels of government to ensure timely project completion.

3. Revise and update the Pacific Gateway Transportation Plan to reflect the shifting base of industrial and commercial activity into the Fraser Valley section of the Gateway.

NOTES

[1], [2], [3]

[1] http://www.pacificgateway.gov.bc.ca/documents/120402_Gateway_Strategy.pdf
[2] http://www.bctrucking.com/news/bc-move-road-map-gets-it-right-trucking
[3] https://abbotsford.civicweb.net/filepro/documents/?preview=51140

Rural and Remote Air Access

DESCRIPTION

Air access for Canadians in rural and remote regions has always been a challenge. Airlines struggle to provide routes and access to rural and remote areas economically while maintaining a positive balance sheet. Airlines have often written off the losses incurred in providing service to rural areas in order to feed passengers into other domestic and international hubs or the increased costs have been born by primarily the business traveler.

Meanwhile airports typically rely on passenger traffic for as much as 90% of their revenues, but with very low traffic volumes, rural and remote airports have fewer airlines and passengers with which to cover the costs associated with maintaining expensive critical infrastructure and equipment.

Regional airlines and airports need federal assistance to survive the added burden COVID-19 has created to continue providing service to remote communities during the remainder of the pandemic and beyond.

BACKGROUND

Canada is the second largest country in the world, but with a population density of 10 people per square mile, Canada ranks at 222 out of 232 countries in terms of population density. Northern Canada has a population density of less than one person per square mile and accounts for about 40 percent of Canada's land mass but only about 0.3 percent of Canada's population.

Canada's large area and small population make it essential to have an air transportation network that links all Canadian communities efficiently and seamlessly. Communities in all three of Canada's territories along with communities in the northern regions of all of Canada's provinces rely heavily, and in some cases, exclusively, on regional air services for travel between regional communities and for access to regional hubs as well as for access to southern centers.

There are currently more than 20 regional air carriers providing air service to about two thirds of all Canadian communities currently receiving scheduled air service. Regional air carriers not only provide essential services to the communities they serve, but are also major contributors to regional economies through their local employment and local purchasing.

Regional route networks do not always have connectivity with mainline route networks, which places these communities and their travellers at a disadvantage with respect to regional economic development, travel costs, and access to national and international markets.

Meanwhile, municipal, provincial or territorial governments own and operate most of the rural and remote airports in Canada, and their finances depend on small tax bases and federal support for infrastructure. With low traffic volumes, rural and remote airports have always faced high costs associated with maintaining critical and expensive infrastructure and equipment, like runways, taxiways, runway lighting, snow removal equipment and aircraft firefighting equipment.

As air carriers are typically privately owned, rural communities that own and operate their own airports have done what they can to relieve the burden on them, in some cases suspending landing fees and waiving lease fees to provide short-term assistance to carriers. But both the airport owner and the air carrier need federal support to recover and ensure continued rural and remote air access in the coming years.

IMPACT OF COVID-19

The COVID-19 pandemic has affected business, communities and economic growth across the country with the travel and tourism industry among the hardest hit. Consequently, many airlines had to curtail services and some rural areas lost their only air service.

While restrictions were/are necessary to curb the spread of the virus, it obviously placed a significant burden on businesses, airports and airlines. The pandemic has brought to light the transportation inequities faced in rural communities.

The loss of scheduled air service to a rural/remote community is more than just the inconvenience of not having leisure travel options, it is the loss of medical services including visits out to specialists and specialized care such as surgeries, chemotherapy, and diagnostic testing, and trips in by dentists and doctors. It affects a community's ability to get out time sensitive cargo, such as laboratory testing. It means the loss of essential travel options for businesses looking to promote or expand.

Air service to rural and remote communities across Canada must be considered an essential service and we are calling on the government to ensure programs are in place to support our communities and to work with communities to ensure regional airports and airlines remain viable. There are examples internationally we can learn from and existing programs in Canada that can be extended and expanded.

EXISTING PROGRAMS INTERNATIONALLY, AND IN CANADA

The long-standing U.S. Essential Air Service program ensures that smaller communities retain a link to the U.S. national air transportation system, with a subsidy when necessary. The program addresses minimum service levels, the minimum number of seats that must be provided and other criteria

Australia, with a service area incorporating rural and remote regions, has put into place a Regional Aviation Access Programme (RAAP). This program provides "assistance to the owners of regional airports across Australia to undertake essential works, promoting aviation safety and access for communities through the Regional Airports Program." The RAAP guidelines state "The Australian Government is committed to ensuring that Australian's regional and remote communities have reasonable access to air services to major cities and other key centres." Funds have been tied to maintain/providing regional air connectivity over a period of time and the carrier has ensured community fares with a set dollar figure per passenger calculated to support minimum operating costs.

Along with temporary programs, like the Regional Airline Network Support (RANS) developed to ensure continued regional connectivity through the pandemic by subsidizing seats, the efforts in Australia have positioned their regional airlines to recover quicker than international counterparts, providing increased revenue to both airline and country.

Existing programs in Canada have helped, but need to be expanded and supplemented to support the needs for rural and remote communities. In particular, $75 million in funding for essential access to remote communities announced last year, the Regional Air Transportation Initiative (RATI) announced in the 2020 Fall Economic Statement, and the long-standing Airports Capital Assistance Program (ACAP) are extremely important programs that offer lifelines to regional airports and airlines.

Last summer, the federal government announced $75 million in funding, in partnership with the provincial and territorial governments, to ensure minimum levels of essential air access to 140 remote communities, and the continued supply of food, medical supplies, and other essential goods and services. That funding was important, but the pandemic endured longer than anybody anticipated.

RATI is designed to provide support to eligible regional businesses and airports that directly contribute to regional air transportation. The fund is designed to help ensure that regional air connectivity and services are maintained and that regional routes are reconnected. However, with only $206 million over two years to be distributed by the six Regional Economic Development Agencies, this funding will be spread thinly across the country.

ACAP, which provides financial assistance to regional airports with between 1,000 and 525,000 passengers a year for safety-related capital infrastructure projects and equipment. It was enhanced temporarily for COVID-19 through an additional $186 million over two years. With program funding previously frozen at $38 million a year for the past 20 years, even prior to the pandemic ACAP was underfunded. Canada's airports have been calling for at least $95 million annually to keep pace with inflation and growing regulatory requirements.

RECOMMENDATIONS

That the Government of Canada:

1. Treat air service to remote & rural communities as an essential service through financial support of rural and regional airports and airlines and by promoting connectivity into the global networks of Canada’s major air carriers;

2. Review other international models of regional air service supports for access to rural and remote communities, such as in the U.S. and Australia, and implement a model that works for Canada;

3. Extend financial support to regional airports and airlines through the federal government’s program for essential air access to remote communities and the Regional Air Transport Initiative with additional funding for 2022 and beyond;

4. Extend expanded funding for the Airports Capital Assistance Program to $95 million per year indefinitely and review outstanding airport infrastructure gaps that must be addressed through other programs;

5. Engage with regional airlines, airports, local business, indigenous & non-indigenous communities to determine guidelines, minimum capacity requirements, and cost challenges post Covid-19 for regional airlines operating in remote and rural communities; and

6. Support regional airports and airlines through other grants or subsidies, where determined necessary.

Air Sector and Tourism

DESCRIPTION

The Canadian aviation and tourism industries have been particularly hard hit by the COVID-19 pandemic. The myriad of public measures rightly taken to dramatically stem the transmission of the virus has resulted in a decline of international of travel by approximately 95% of 2019 levels. Public health measures related to travel including; closing of the Canadian border to non-essential foreign nationals, the imposition of a 72 hour stay in government approved accommodation and final destination quarantines, requiring pre-departure and arrivals PCR testing, and funneling essential international air travel through only four airports, have contributed to the decline in travel. In Canada, with the lockdowns, inter and intra provincial travel

BACKGROUND

The protracted pandemic will result in Canada's airports losing more than $5.5 billion in revenue in 2020/21 and adding $2.8 billion in debt to stay open and maintain safe and secure operations. According to the International Air Transport Association (IATA), globally, it is expected that air carriers will lose $47.7 billion in 2021. The impact of the pandemic on travel and tourism is greater than 9/11, SARS and the 2008 economic crisis combined.

The support provided by the government through the 2020 Fall Economic Statement and the 2021 Federal Budget is inadequate against the needs of the sector. The funding does not come with a clear sense of where the industry is going and is meant to only buoy the industry as travel slowly resumes. The $1 billion package of tourism supports in Budget 2021 is a valuable contribution of the tourism economy and provides the support required to ensure it can survive until the rebuild can begin. Similarly, with the aid packages provided to the air carriers that received them, the aim is to simply offer enough support to make it to the start of a recovery. Overall, none of these programs takes into account the long-term impacts nor embraces the potential to build back better, greener, and more resilient.

The immediate threat with long-term impacts of the pandemic on the sector include a rebuilding of air networks and global connectivity by foreign carriers whose countries are restarting sooner, with fewer restrictions, and more aid. It is not a given that Canada will recapture its role in the global aviation and tourism sectors. The negative results are likely to be reflected in a loss of jobs, lower foreign direct investment and trade, and with Canadians having less choice and higher ticket prices.

The post pandemic rebuild offers an opportunity for the government to take a new approach focused on realizing the economic potential of the travel and tourism industry. There exists the opportunity to move forward with a suite of policies and programs that will advance the interests of the industry while improving the economic, environmental and competitiveness of the nation. While some of these come with a cost, many are relatively low and no cost policy perspectives that can achieve significant benefits for the country.

RECOMMENDATIONS

That the Government of Canada:

1. Take proactive steps to ensure the costs of air transport infrastructure that rely heavily on the user pay model (airports, NavCanada, CATSA) are adequately financially supported so that service providers are not forced to substantially increase their fees and debt levels, in turn substantially increasing the cost of travel for consumers and undermining the global competitiveness of Canada's airports and airlines.

2. Provide a tax incentive to Canadians for the 2022/2023 tax years to travel locally or within Canada. The tax incentive should include the following features:
a) 25% tax credit on qualifying expenditures up to a maximum of $5,000, minimum claim of $500
b) Qualifying expenditures to be associated with a minimum of one-night's accommodation for non-business travel
c) Expenditures to include accommodation (hotel, motel, campsite), travel (air, train, bus), meals (restaurant) and activities (destination related)
d) Limited to Canadian travel

3. Reinstate the visitor GST rebate program for international visitors. Canada is the only OECD country with a sales tax on goods purchased by foreign visitors.

4. Sustain financial support for airport safety, security and transit infrastructure including:
a) A moratorium on ground lease for at least five years or until the business recovers, in order to cover operating costs and alleviate the need for rate increases during the recovery.
b) Offering more options for interest free loans and operational support programs.
c) Recapitalization of the Airport Critical Infrastructure Program (ACIP) in light of extremely high demand;
d) Make permanent the funding increases and eligibility criteria changes for the Airports Capital Assistance Program (ACAP).
e) Recapitalize and extend for five more years the Regional Air Transportation Initiative to ensure the program has meaningful impact and achieves its aim to assist the air sector recover with regional connections intact.
f) Open up funding application process for recapitalized National Trade Corridor Fund.

5. Support for the transition to a greener economy including sustainable fuels;

6. Support and promote the global connectivity of Canadian airports and air carriers and to make it easier to travel to and through Canada, the government should adopt policies that leverages Canada's geographic advantages in global travel, including:
a) Broadly implement electronic travel authorization (eTA) modernization (eTA 2.0). eTA 2.0 permits travellers from visa-required countries to visit or transit Canada with an eTA (electronic travel authorization) if they have a current U.S. visitor's visa or have had a Canadian visa in the past 10 years. This move will support international air routes and promote Canadian tourism by making easier for low-risk travellers to enter and transit Canada.
b) Overhaul Canada's visa system and replace it with modern digital visa infrastructure to reduce labour while enhancing the integrity of the visa system and traveller convenience.
c) Implement a Proof of Vaccination Certificate (PVC) program to digitally verify and communicate inoculation status and COVID-19 test results. The PVC should be integrated into the Canada Border Services Agency's existing ArriveCAN app, in the immediate term, and a globally integrated and interoperable program in the medium term.

7. Modernize the Customs Act to permit International Airports to offer Arrivals Duty Free for inbound international travellers. This would support Canada's tourism strategy and allow visitors to purchase made-in-Canada products on arrivals – similar to many other countries around the world – and allow airports to capitalize on this new revenue stream to support recovery and new tax revenues for government.

Improved Ground Connections to Canada's International Airports

DESCRIPTION

Airports are recognized as economic catalysts for the communities they serve, delivering jobs and investments. Globally competitive cities and regions rely on their airports to connect them to the world. The economic prosperity of a city and a city region is inextricably linked to their connectivity to the rest of the world. The Federal Government, along with all levels government, needs to support building necessary infrastructure for improved ground connections between Canada's international airports, and invest in the future.

BACKGROUND

Large international hub airports support Canada's economic growth and prosperity by expanding the reach of trade, foreign direct investment ("FDI") and tourism, and by facilitating deeper integration with international markets, greater connectivity provides cities and regions with increased opportunity for economic growth. In the ever-competitive global market, which has become even more so the case with the pandemic's impact on the global economy, Canada and Canadian cities must seize on opportunities that set our economies up for success.

Airports are also critical links in the supply chain of Canada. Canada is a trading nation and air transportation supports export activity both by allowing the rapid shipment of goods and by helping businesspeople connect with national and international markets. This importance of air cargo was made clear during the pandemic as Exports by Air increased by 3.8% in Q1 2020 vs Q1 2019 while other modes saw decreases or remained neutral. And key to a successful supply chain link is connection between the global sources and markets and the national ground network and global sources and markets that international airports provide.

Around the world, multi-modal transit hubs are a common component of large international airports. The transit connectivity these hubs provide serve multiple purposes; they connect air travel passengers to and from the airport; they divert cars from congested roads, leaving capacity available for the movement of goods; they serve as major regional ground transportation hubs, providing key links between regional locations and transportation modes; and they connect employees to jobs at the airport and to those in the surrounding employment zone.

Investing in better transit connectivity has shown to have positive results across the economy. It makes business more competitive, allows business to attract and retain talent, more efficiently move goods, strengthens our communities, and leads to reductions in GHGs and emissions.

For instance, the Greater Toronto Hamilton Area currently ranks as the 4th most livable region in the world, however with the worst commuting times in Canada, it's a significant issue holding this region back. Increasing road congestion has a negative impact on the economy as it limits or dampens potential economic growth in cities and regions. In the United States, 90 per cent of U.S. metropolitan areas with populations of 5M-7M have at least two major mobility hubs.

For instance, Chicago has Union Station and Lasalle Street Station and New York City has Grand Central Station, WTC Transportation Hub and Penn Station. With a population of 9.2 million, the Greater Toronto Hamilton Area only has one major mobility hub.

Understanding the value that transit connectivity to international airports, globally connected cities and regions, governments and airports have begun making important commitments and investments that will support the economic prosperity and competitiveness of local and the national economy.

In British Columbia, the Vancouver International Airport (YVR) was the first airport in Canada to have an airport rail link of any kind in Canada. The airport has its own station on the SkyTrain network called YVR-Airport which connects the airport and its passengers to Vancouver's rapid transit system via the Canada line.

The Federal government continued to recognize the importance of these critical multi-modal links through its recently announced support of the Réseau express métropolitain (REM) in Quebec, connecting Montreal's Trudeau Airport to Downtown Montréal, the North Shore, the South Shore and the West Island, and of the City of Ottawa's light-rail transit extension to Ottawa International Airport

In Ontario, Toronto Pearson International Airport, which is situated in the heart of the Greater Toronto and Hamilton Region, currently has a direct rail link between the airport and downtown Toronto but that is only once element of the required connectivity. Located at the intersection of four major highways, several planned and existing rail links (GO RER, Eglinton Crosstown LRT, Finch LRT, Mississauga BRT and a potential High Speed Rail line), the airport is an ideal location for a regional transit centre that would connect jobs and innovation centres across the Greater Golden Horseshoe and facilitate more efficient movement of goods in the country's second largest employment zone and the significant cargo warehousing and distribution operations.

Transit hubs are a common component of the world's airports. For Canada and its cities to compete in the global market providing travel options for the millions of people who travel to, from, and through our nation's airports, and ensuring unimpeded movement of goods, can no longer be considered a luxury.

RECOMMENDATIONS

That the Government of Canada:

Along with their provincial and municipal partners, develop greater transit connectivity between Canada's global cities and their international airports that enable local, regional and national economies to better compete in this globally competitive market. This should be done by supporting regional planning efforts, feasibility studies, infrastructure development and continued dedicated funding for transit connectivity.

NOTES

[1]

[1] https://www.international.gc.ca/gac-amc/publications/economist-economiste/state-of-trade-commerce-international-2020.aspx?lang=eng#23