



WHAT IT TAKES TO
GROW

Priorities for Canada's next Parliament

After over a year-and-a-half of lockdowns and sacrifice, Canadians are seeing the benefits of their efforts to stop COVID-19. The pandemic is not over, but we can now look beyond COVID to plan for our future.

As we do, each Canadian must ask these important questions during this election about the priorities for the next Parliament. How can we put the economic damage of COVID behind us? How can we overcome Canada's longstanding economic challenges? And how do we create 21st century opportunities for Canadians? In other words, are the parties proposing to do what it will take to grow the Canadian economy?

The choices in this election are critical. When the campaign buses have been parked for the final time and all the speeches have been made, our decision will not only determine how quickly we can resume more normal lives, but also whether future generations will enjoy more opportunities.

Reaching this point in the fight against COVID came at an enormous cost in lives, in time with our families and friends, and in the thousands of businesses that have closed permanently. But the fact that we can now plan for the future is also the result of Canadians' willingness to do what was needed, from wearing protective equipment and physically distancing to getting vaccinated at record levels.

Canada's business community also did its part. Factories and workshops retooled to provide critically-needed equipment and supplies, restaurants and retail stores reinvented business models to serve their customers in completely new ways, we introduced new processes and equipment to protect staff and customers and we collaborated with government and public health authorities to promote vaccinations.

Having joined forces to overcome the deadly threat of COVID, we all must now work together to repair the damage it has inflicted on our economy.

The pandemic saddled governments and businesses with a debt burden that would have been unimaginable just two years ago. The government projects that Canada's national debt will rise to \$1.4 trillion over the next five years. In addition, while economic activity has still not recovered in many sectors, countless Canadian companies — particularly our small businesses — have acquired a debt load that still threatens their very survival. They will require continued assistance to recover.

Canada's next Parliament must also fix longstanding fundamental problems that hold us back. We cannot borrow our way to prosperity. Nor should we confuse government spending with actual economic growth. Above all, we must not try to go back to where we were before COVID when Canada lagged its competitors in investment and growth. Compared with other leading economies, Canada's pre-COVID economic performance was weak and getting weaker.

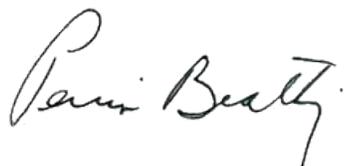
Canada's international competitors are working to improve their performance and create good jobs for their citizens. To succeed in the face of fierce competition, Canada must generate sustained business investment, jobs and growth here — not just in the short term, but for many years. All of our other goals for Canadian society depend on our ability to sustain a growing economy.

Canadians must collectively decide which party offers a plan that has what it takes to grow:

- 1) Finishing the fight against COVID.
- 2) Getting the fundamentals right.
- 3) Creating 21st century opportunities.

While the Canadian Chamber of Commerce will remain strictly non-partisan throughout the election, this document provides a perspective from the Canadian business community on how we can build a brighter future for all Canadians.

I hope it will help you as you consider the important choices ahead.



Hon. Perrin Beatty

President and CEO

Canadian Chamber of Commerce

JOB ONE: Finishing the fight against COVID

The sacrifices each of us has made have brought us a long way in our efforts to beat the pandemic. Now that the hope of more normal lives is finally in sight, we need to make sure everyone makes it safely to the shore.

Offering an extra hand for the hardest-hit

Many small enterprises and businesses in the hardest-hit sectors, including tourism, travel and hospitality, will not recover until public health restrictions are lifted and economic activity returns to normal. Until that time comes, these fellow Canadians require ongoing support.

To help the hardest-hit return to growth:

- 1) **Create a replacement program for the Canada Emergency Wage Subsidy (CEWS) and the Canada Emergency Rent Subsidy (CERS).** This should be exclusively available for businesses that are still hurt by pandemic-related public health restrictions. This program should cover the period from October 2021 until spring 2022. The revamped version must retain at least the 75% (CEWS) and 65% (CERS) subsidy rates, in line with what businesses in other sectors had access to until they were permitted to recover.
- 2) **Introduce debt relief by forgiving interest payments on COVID-related government backed loans for SMEs in the hardest-hit sectors.** This measure should apply to the Canada Emergency Business Account (CEBA), the Business Credit Availability Program (BCAP) and the Highly Affected Sectors Credit Availability Program (HASCAP).

Making every dollar count

Sustained growth requires private sector investment to replace the government stimulus measures designed for crisis management. Over the past year, Canadians, businesses and our governments have added debt to help manage through the crisis. These difficult decisions were necessary to protect our resources and livelihoods.

Borrowing capacity is significantly more limited today. To protect our government finances and sustain public services, we need to get maximum mileage for every dollar spent. It is essential to restore a solid fiscal anchor.

To protect Canada's finances:

- 1) **Return to pre-pandemic deficit-to-GDP ratio levels within five years.** Ensure GDP growth exceeds pre-pandemic levels by a substantial margin and public spending is focused on generating economic growth.

JOB TWO: Getting the fundamentals right

As Canada emerges from COVID, we must not mistake spending for economic growth. Even before COVID, Canada spent significantly but lagged in economic growth, in attracting investment and in creating good jobs for Canadians.

COVID-era recovery programs, while important, were not designed to address the fundamental problems plaguing Canada on infrastructure investment, regulatory burdens, taxation, SME competitiveness and internal trade barriers. Canada must get its house in order to fuel real growth that creates jobs for its citizens.

Supporting our SMEs

Canadians are hardworking and innovative, so it is no surprise SMEs are Canada's biggest employers. The next Parliament must ensure an environment that helps Canada's entrepreneurs grow and create jobs.

To support Canadian entrepreneurship:

- 1) **Increase the revenue threshold for GST/HST registration.** Increasing the threshold will support small business creation and promote the commercialization of existing Canadian innovation.
- 2) **Modernize the tax system so it works for SMEs.** Form a Government of Canada Tax Working Group to further simplify Canada's tax system, particularly for small businesses.
- 3) **Develop a Small Business Net-Zero Strategy.** This strategy will provide Main Street SMEs with incentives and opportunities to participate in Canada's plan to achieve net-zero emissions.
- 4) **Continue facilitating the secure digitalization of SMEs.** The government can enhance growth by making cybersecurity part of the recently launched Canada Digital Adoption Program and by championing the development of cybersecurity standards across the country.

Building our infrastructure

Businesses will only reach new customers if they can get their products to market. Getting there requires high-quality infrastructure with sufficient capacity to carry goods across different modes of transportation.

To build Canada's growth-supporting infrastructure:

- 1) **Finance the National Trade Corridors Fund with \$5 billion per year in total.** This measure will enable more provinces, territories and municipalities to receive infrastructure funding to move goods domestically and abroad.

Growing our workforce

If business drives job creation and growth, people are the engine. To create sustained growth, Canadian businesses need the capital and capacity to fill labour needs. To enable Canada to prosper once again, government policies must support the conditions for businesses to be inclusive, invest and grow.

Growth must be inclusive

To achieve economic growth, we must include all Canadians, including those who have been left behind until now. Our shared prosperity depends on a strong business community that can innovate, attract talent and capital and expand into new markets. To create inclusive growth, Canadians from all sectors, regions and backgrounds must be able to participate in the workforce and share in the benefits.

To achieve inclusive growth:

- 1) **Speed up the Indigenous reconciliation process.** Accelerate land claims settlements and implement the Truth and Reconciliation Commission's Call to Action 92.
- 2) **Create new opportunities for diversity-owned business and those with diverse workforces to access federal contracts.** Provide enhanced opportunities for diversity-owned businesses to secure public procurement contracts, including metrics and resources targeted at supporting access for women-owned and other diversity-owned businesses and those diversifying their workforces.
- 3) **Remove tax barriers for childcare expenses.** Make childcare an eligible business expense for SMEs, remove the requirement for the lower-income spouse to receive the childcare deduction and permit SME owners receiving non-eligible dividend income to claim childcare expenses against that income.

Getting Canadians working

Particularly given its aging population, Canada needs its workforce to generate economic activity as productively as possible.

To build an inclusive, productive workforce:

- 1) **Build closer collaboration among governments, employers and educational institutions.** To succeed in the 21st century economy, Canada needs a 21st century workforce, which it can only achieve through better communication and collaboration among the key players.
- 2) **Mandate Statistics Canada to collect comprehensive forward-looking data on labour market needs.** This information will inform education (including upskilling and reskilling) policy and improve the navigation of existing education programs and immigration policies.
- 3) **Modernize the Temporary Foreign Worker program.** Implement a Trusted Employers Program that includes both an appeals process and better alignment with regions facing chronic labour shortages.
- 4) **Create flexible, accessible, navigable upskilling and reskilling options.** Developing a culture of lifelong learning can create talent pipelines through targeted matchmaking programs. This approach will help build resilient employees and businesses alike, reduce risks for all groups and create a more diverse workforce.

Realizing the full potential of #TeamCanada

Over the past year, Canadians have rallied together as part of #TeamCanada to retool manufacturing, modify supply chains, support remote work and keep each other safe.

Now, to grow we need to finally make Canada's economy truly national. We must end the regulatory patchwork and interprovincial trade barriers that separate Canadians.

To reach Canada's potential:

- 1) **Ensure the Canada Free Trade Agreement covers all sectors of the economy.** The agreement's value is greatly diminished by proliferating exceptions.
- 2) **Require all regulators to assess economic and business impacts in the regulatory process.** Understanding the impact of regulations on business is critical to a competitive regulatory process.

Modernizing our tax system

Canadians need a modern tax system that encourages business investment. Only by using all the tools in our toolbox — including the tax system — will we sustain long-term growth.

To have a tax system that meets the challenges of the 21st century:

- 1) **Commit to not introduce new uncompetitive taxes on businesses.** New taxes will prevent companies from making job-creating investments.
- 2) **Undertake a comprehensive and independent tax system review.** The results will ensure our country remains globally competitive and attractive for investment given the upcoming global tax regime changes being discussed at the OECD.
- 3) **Create an Investment Tax Credit.** By responding to the current U.S. competitive advantage on tax credits and deductions for capital investments, we can mobilize private capital, spur investment and create growth.
- 4) **Establish Economic Opportunity Zones in Canada.** The U.S. Treasury Department estimates that by deferring, reducing or waiving capital gains taxes on investments in more than 8,700 targeted geographic areas, Opportunity Zones will mobilize \$100 billion (USD) in private investment to create jobs and economic development. If Canada adopts a similar system, we can mobilize private capital for economic growth here.

JOB THREE: Creating 21st century opportunities

The Canadian brand is strong. We are seen as ethical and rules-based. We are blessed with world-class cities, abundant natural resources and talented, entrepreneurial people. While our country and people have all the ingredients for success, our global competitors are working hard to attract investment that can create the next generation of opportunities elsewhere.

Canada must ensure the types of jobs and opportunities people want are being created here.

Digitizing our world

In a digital world, Canadians are connected like never before. Our educated workforce and advanced digital infrastructure give Canada a strong starting point to be a leader in the global digital future, but our competitors are on the move.

Safely connecting Canadians and the world

As virtual activities increase, businesses and their customers must be confident that their data is protected. We also must help companies innovate to meet the digital needs of the world. In parallel, Canada needs to ensure it has the talent and skills in place to prepare Canadians through ongoing upskilling and reskilling.

To better support Canada's digital ecosystem:

- 1) **Re-introduce privacy reform legislation in the next Parliament.** This legislation will set a single national standard for privacy protection, preventing a patchwork of provincial rules.
- 2) **Expand investments in broadband through the Universal Broadband Fund.** Enabling more access to 5G internet in rural and remote communities will support job creation outside urban centres.
- 3) **Step up investments in cybersecurity.** Enabling businesses to write off cybersecurity-related investments will encourage investment and improve security. This measure should include software, education, training, certification and equipment in the same year those investments are made.

Protecting our environment

There is perhaps no greater challenge facing Canadians than protecting our environment for both current and future generations. Equally, the opportunity to realize net-zero has never been greater. By bringing together innovative technologies, common interests and intent, and world-leading standards, Canadian businesses can demonstrate to the world environmental stewardship, economic growth and attracting investment can go hand-in-hand.

Achieving our net-zero future

We must ensure Canada's pathway to net-zero allows our businesses to compete successfully, enhances investment, creates jobs for Canadians, promotes innovation and genuinely benefits the environment. How we get there matters. Canada's business community wants to collaborate with government to develop solutions to our country's greatest environmental challenges and enable economic opportunities for Canadians.

To achieve net-zero emissions and ensure the viability of Canadian businesses:

- 1) **Implement a strategy for low carbon exports.** A well-considered strategy will enable businesses to reach new customers who want goods that are less energy intensive.
- 2) **Develop common standards for sustainable finance.** These shared standards can ensure Canadian energy companies are recognized for their work to decarbonize their operations and support attracting investment into the Canadian energy sector.
- 3) **Allow carbon offsets purchased in foreign markets to be used to meet Canadian requirements.** By working with our trading partners, we will give our companies more tools to meet emissions targets.

Canadian agriculture is part of the solution

Canadian agriculture and agri-food leads the world in the fight against climate change, and we have an opportunity to be a global leader in food production. From producers to processors, to manufacturers and everywhere in between, each is doing its part to feed the world sustainably.

With targeted investment programs and smart regulation, Canada can serve as a model to the world in reaching a net-zero future by unleashing the sector's potential.

To champion Canadian agriculture:

- 1) **Position Canadian agriculture as a global leader in the fight against climate change.** By championing Canadian best practices, such as the 4R program, carbon smart farming and nutrient efficiency, we can cut global emissions. Canadian agriculture contributes about 8% to domestic greenhouse gas emissions, compared to the global average of 23%.

- 2) **Pursue balanced economic and environmental objectives.** By fulfilling the export-based and economic objectives set out in the Barton Report on Economic Growth, combined with strategic investments in rural broadband and carbon-capture technologies, we can help the agriculture and agri-food sector reach its full potential and support Canadian job creation.

Championing our place in the world

With trade agreements in place with many of the world's largest economies, Canadian businesses are in an enviable position to win new customers. The door to world markets has been opened. Now we need to help Canadian businesses get through it.

Selling to the world

Ensuring Canadian interests are reflected in international trade rules will allow businesses to compete on a level playing field to support growth and create jobs.

To expand Canada's market reach:

- 1) **Renew the Canada-U.S. relationship.** Focusing on areas of alignment to ensure Canada is a valued ally, including critical mineral supply chains, a strengthened shared defence industrial base, a renewed and reinvigorated Regulatory Cooperation Council and joint action on climate change in the transition to a lower carbon economy.
- 2) **Increase agricultural exports.** Enhancing the ability of agriculture exporters to take advantage of trade agreements will increase the number of potential customers.
- 3) **Focus our multilateral trade efforts on key issues.** Resolving the major issues affecting Canadian companies will increase our ability to compete. These issues include digital trade, trade facilitation and trade-distorting industrial subsidies.

Fighting for Canadian natural resources

The resource sector remains a fundamental driver of Canada's economic growth. In the first quarter of 2019 alone, the resource sector added \$236 billion to Canada's GDP. Our ability to succeed in a post-COVID world will be shaped by the fortunes of our resource sector. With forward-looking government policies, Canada can unlock growth and meet its climate targets.

To allow Canada to sustainably supply the resources of the future:

- 1) **Develop energy and trade corridors to support resource exports.** By supporting our natural resource exports and infrastructure development, Canada can better decarbonize industrial activity and our power grids. Additionally, implementing energy and trade corridors as designated sites will help create a simpler and more predictable regulatory process.

- 2) **Improve the regulatory environment to attract capital.** By attracting investment capital, Canada will create new energy assets, including a hydrogen industry, and decarbonize current energy-intensive industries. The regulatory improvements include weighing Canadian exports as part of global emissions reductions, ensuring climate risks in financial markets are aligned with the U.S. and creating policy certainty.
- 3) **Execute a critical minerals strategy.** This strategy will help build extraction, value-added processing and end-use manufacturing in Canada. Working in close collaboration with allies, Canada will reduce its reliance on unstable markets to ensure consumers have reliable access to vital products, such as battery technology and hi-tech goods, as well as for its national defence.

Better protecting Canadians and creating resilient health infrastructure

The pandemic has shown the health of Canadians and of our economy are closely linked.

Canada must end its inability to make vaccines and other life-saving medicines. We face the dual challenge of an aging population and a weak biomanufacturing capacity to produce vaccines and life-saving drugs domestically. Improving our country's ability to host vaccine and medical technology supply chains is crucial to Canadians' health and economic security. It will also improve Canada's ability to help others around the world. Additionally, we need to modernize how we procure for our healthcare industry to protect the health of Canadians more effectively.

To create resilient health infrastructure:

- 1) **Implement a national life sciences strategy.** The strategy must execute specific measures that will attract investments from life sciences companies into Canada for domestic production, develop life sciences R&D infrastructure, improve the system of patient access, invest in life sciences talent and ensure Canada is part of global supply chains.
- 2) **Create a strategy for value-based healthcare in Canada.** This approach will foster innovation and a more holistic view of healthcare, including better measures to prevent high-cost illnesses by evaluating patient outcomes as part of the procurement process. The strategy should also help provincial and territorial governments implement trials with outcome-based delivery models within their jurisdictions.