



Pre-Budget Submission

2021 Budget Consultations

August 7, 2020

List of Recommendations

Reduce Regulatory Burden for Recovery and Growth

1. Introduce legislation to include economic considerations in the mandate of health, safety, environment and other federal regulators as first committed to in the 2018 Fall Economic Statement.
2. Implement a 2-for-1 rule that would see two regulatory requirements eliminated for every new one introduced over the next five-years.
3. Encourage Statistics Canada to capture and publish internationally-comparative data on the time and cost of administrative burden created by government regulation.

Harness Canada's Tax System for Recovery and Growth

4. Adopt the recommendations put forward by the Canadian Chamber's comprehensive tax review set for publication in mid-October.
5. Mobilize a privately financed stimulus package for productive and inclusive recovery. Examples may include creating an Opportunity Zone tax credit or allowing 100% capital cost allowance deduction in the first year of tangible capital investments.
6. Repeal the automatic escalator on excise duty rates applied to beer, wine and spirits.
7. Coordinate the development of a national excise stamp for cannabis products and work with the regulated cannabis industry to develop policies that will further displace the illegal cannabis market.

Adopt Technology and Innovation

8. Expedite broadband rollout throughout Canada and fill the financial gap where there is not a business case for the private sector to do so.
9. Introduce programs and financial incentives to foster technology adoption in businesses (of all sizes and across all sectors) to improve Canadian productivity.
10. Establish continuity planning and cybersecurity certification programs (for small and medium sized businesses in particular) and offer financial incentives for completing them.

11. Prioritize the auction of the 3,500 and 3,800-megahertz spectrum so Canadians can take advantage of 5G networks.
12. Accelerate the pace of mmWave spectrum allocation so businesses can use the power of the Internet of Things for logistics, smart cities/towns and other industrial purposes.
13. Adopt an “innovation box” regime to reduce the corporate tax rate for income derived from patented inventions and other intellectual property connected to new or improved products, services and related innovative processes developed in Canada.
14. Help Canada’s financial institutions (FIs) accelerate their pace of digital transformation by implementing changes made through the 2018 Budget to allow Canadian FIs to invest in and collaborate more broadly with FinTechs.

Strengthen Supply Chain Resilience

15. Work with provincial and territorial governments to step up efforts through the Regulatory Reconciliation and Cooperation Table under the Canada Free Trade Agreement to deliver regulatory mutual recognition and harmonization.
16. Bring forward budgeted infrastructure funds from future years of the long-term infrastructure plan to recapitalize the National Trade Corridors Fund.
17. Review legislation and policies related to Canada’s free trade zones (FTZ) to simplify access, remove restrictions on value added manufacturing and enable sales of FTZ production.

Ensure a Resilient Resource Sector

18. Improve the circulation of Canadian energy products both domestically and internationally through the creation of an energy corridor that would provide a unique and fast-tracked regulatory regime for energy infrastructure, such as transmission lines, pipelines, renewable energy, and future green and blue hydrogen projects.
19. Develop the Canadian Minerals and Metals Plan to improve Canadian resilience and develop an export strategy that helps Canada feed into the recovery packages of other nations, especially as they pursue mineral-intensive green infrastructure and energy projects.
20. Use eco-renovation incentives to support internal demand for Canadian forestry products and improve the energy efficiency of Canadian homes 20 years and older, as well as encouraging provincial/territorial governments to do the same.
21. Continue working with Canada’s energy producers, transportation industries, and energy-intensive industries, to develop a Clean Fuel Standard that ensures emission reduction without sacrificing economic competitiveness. This can be achieved by improving the percentage of carbon credits transferred across fuel streams, revising the CFS to avoid instances of exposure to multiple carbon pricing regimes and exempting industrial fuels from the standard.

22. Accelerate clean technology beyond biofuel, solar and wind. This should include enhanced deductibility for clean technology and emission-reducing infrastructure, as well as the creation of tax measures to incent the mitigation and capture of CO₂, which are outcome-focused, so Canada can compete against the United States' recent success achieved through the 45Q program.

Get Canadians Back to Work

23. Develop business-led labour market strategies tailored to communities by using local labour market information and real time data.
24. Use Canada's chambers of commerce and boards of trade as local hubs for employer collaboratives that provide facilitated time and space for future workforce planning.
25. To achieve the two objectives above, fund the Canadian Chamber's national Talent Pipeline Management program at \$50 million over three years.
26. Enhance workforce participation and productivity of Canadian parents/guardians by supporting the availability of reliable and affordable childcare.
27. Conduct a comprehensive review of Employment Insurance (EI) to address current gaps exposed by the pandemic and infuse robust training for upskilling and reskilling into the revised system.

Strengthen our Public Health Infrastructure

28. Address gaps in the procurement of medical equipment, supplies, vaccinations and personal protective equipment through domestic production where possible or more-diversified international sourcing and stockpiling where needed.
29. Expedite regulatory processes for COVID-19 testing, antibody testing and vaccine clinical trials. Ensure rapid wholesale distribution once a vaccine is available.

Plan for Small and Medium Business (SME) Continuity and Formation

30. Simplify the eligibility criteria and language used for support programs. Consulting the business community in advance can avoid confusion, time or resources lost during an emergency.
31. Integrate AI and other digital tools into emergency support application processes to reduce the need to provide core information each time businesses apply for programs.
32. Encourage SMEs to retain savings for emergencies by introducing a Tax-Free Business Emergency Savings Account. All firms eligible for the Small Business Tax Rate should qualify and the annual limit would be the same as for individuals (\$6K in 2020).
33. Automatically supply new business registrations with a "welcome package" of business tools and ecosystem supports curated by the Canadian Business Resilience Network.

Body of Submission

Canada needs an economic growth strategy. Governments across Canada must cooperatively work on economic recovery with the same energy and commitment they dedicated to establishing public health measures months ago. Canada's economic infrastructure has been severely damaged by the COVID-19 pandemic and must now be repaired to support the weight of \$1.2 trillion in public debt. Governments must be singularly focused on restoring the health and growth of our private sector economy. Governments must remove regulatory and other disincentives holding back new private sector investment in Canada. Canada's economic competitors will be doing the same and endeavoring to increase their global market share of trade in a post-COVID-19 world. As such, governments across Canada must consider all new targeted spending and tax relief through the lens of global economic competitiveness and growth.

To help federal policymakers with the work ahead, the Canadian Chamber has prepared a 51-point [Roadmap to Recovery](#) and [analyzed](#) the results of the Canadian Survey on Business Conditions – a new Statistics Canada product measuring microeconomic impacts.

Reduce Regulatory Burden for Recovery and Growth

Economic competitiveness and regulatory protections are not an either/or proposition, yet regulatory processes often result in the creation of new government-imposed regulatory barriers to growth. Many regulators do not fully consider economic and business impacts when making decisions. This failure results in regulations that negatively affect the ability of businesses of all sizes, in all sectors and in all parts of the country to expand and create new jobs. Even during the depths of the pandemic lockdown, when the majority of businesses could not operate, new regulations came into force as if it were business as usual. There is a clear need to amend the mandates of regulators so they are promoting both protection and prosperity in the way they operate. Reducing regulatory burden is a low-cost way to help support economic growth and recovery.

Harness Canada's Tax System for Inclusive Recovery and Growth

Canada will have to walk a fiscal tightrope between the need to reduce debt and deficits and supporting economic recovery. The most effective and least painful path to recovery is to aggressively encourage growth. As we look down the long road ahead of us, harnessing our tax system to power economic growth and business investment is critical to Canada's ability to recover from the pandemic's impact. Successive governments have avoided tackling comprehensive tax reform for 60 years, believing it too complicated to achieve. However, we have recently witnessed how sweeping policy change can be delivered in a positive way with little delay. As political leaders consider their next steps to foster recovery and prosperity post COVID-19, they need to make tax reform a priority.

Adopt Technology and Innovation

The pandemic is changing how we live, work and use technology. Consumer preferences and workplace norms are being rewritten. Many Canadians are working remotely, conducting virtual meetings and embracing online shopping and learning on a massive scale. An increasingly digital economy requires major investments in sophisticated telecommunication networks, cybersecurity and electronics. It forces businesses to adopt new technologies and models to interact with customers,

clients and employees. Governments need to support these innovations with greater speed and urgency than before.

Strengthen Supply Chain and Resource Sector Resilience

As Canada transitions to recovery, it must grapple with two underlying economic realities – Canada remains trade and resource reliant.

Getting business operations up and running after a prolonged shutdown is extremely challenging. While most industries are reactivating their supply chains, one weak point in the chain can undermine the entire process. Given the all-consuming nature of COVID-19, companies cannot afford to accommodate additional disruptions caused by regulatory gridlock and interprovincial/territorial trade barriers. Trade-enabling transportation infrastructure and policy is crucial to improving the flow of goods and people in Canada. Improving supply chain data and information can make Canadian supply chains more efficient and better prepared to respond to future disruptions.

Ensure a Resilient Resource Sector

Many Canadian resource companies find themselves in uncharted territory. The demand destruction from COVID-19 measures has caused oil prices to plunge. The crisis has also demonstrated the importance of energy security as an essential service that not only powers our economy, but also our health systems. With the right supports, Canada's resource sector has the opportunity to be a significant driver of Canada's economic recovery. At this time, the sector is in need of public policy supports that will improve investor confidence, reduce regulatory burdens, and find new opportunities to create demand. If embraced, Canada's abundance of natural resources, (e.g. energy, minerals, agriculture, forestry and fishing) can be a competitive advantage for recovery.

Get Canadians Back to Work

Getting Canadians back to work will take longer and be more challenging than originally anticipated. Employment may not return to pre-crisis highs for some time. The jobs and skills they require will shift in a post-pandemic world. Employers are increasingly looking to automation to maintain operations and reduce future risks. The format of work is shifting too, with a substantial proportion of employers moving toward remote work operations permanently. In this regard, Canadians will need reskilling and upskilling to help them get back to work. Such work can be facilitated through hyper-local labour market strategies. In addition, the availability of childcare to support workforce participation and educational training will be critical for ensuring parents, particularly women, are able to participate in the recovery.

Strengthen our Public Health Infrastructure

Sustained recovery means both effectively controlling the public health crisis and getting Canadians safely back to work as rapidly as possible. Governments must continue retooling our public health infrastructure with speed and flexibility. Doing so will require revisiting policies and healthcare infrastructure left untouched for too long.

Plan for Small and Medium Business Continuity and Formation

Emergencies (such as pandemics, natural disasters and cyber-attacks) pose unique challenges for SMEs. Most will not recover at the same pace as larger businesses and many will not survive such crises. SMEs need tools to help them maintain operations and adapt to a different economy.