

# 2021

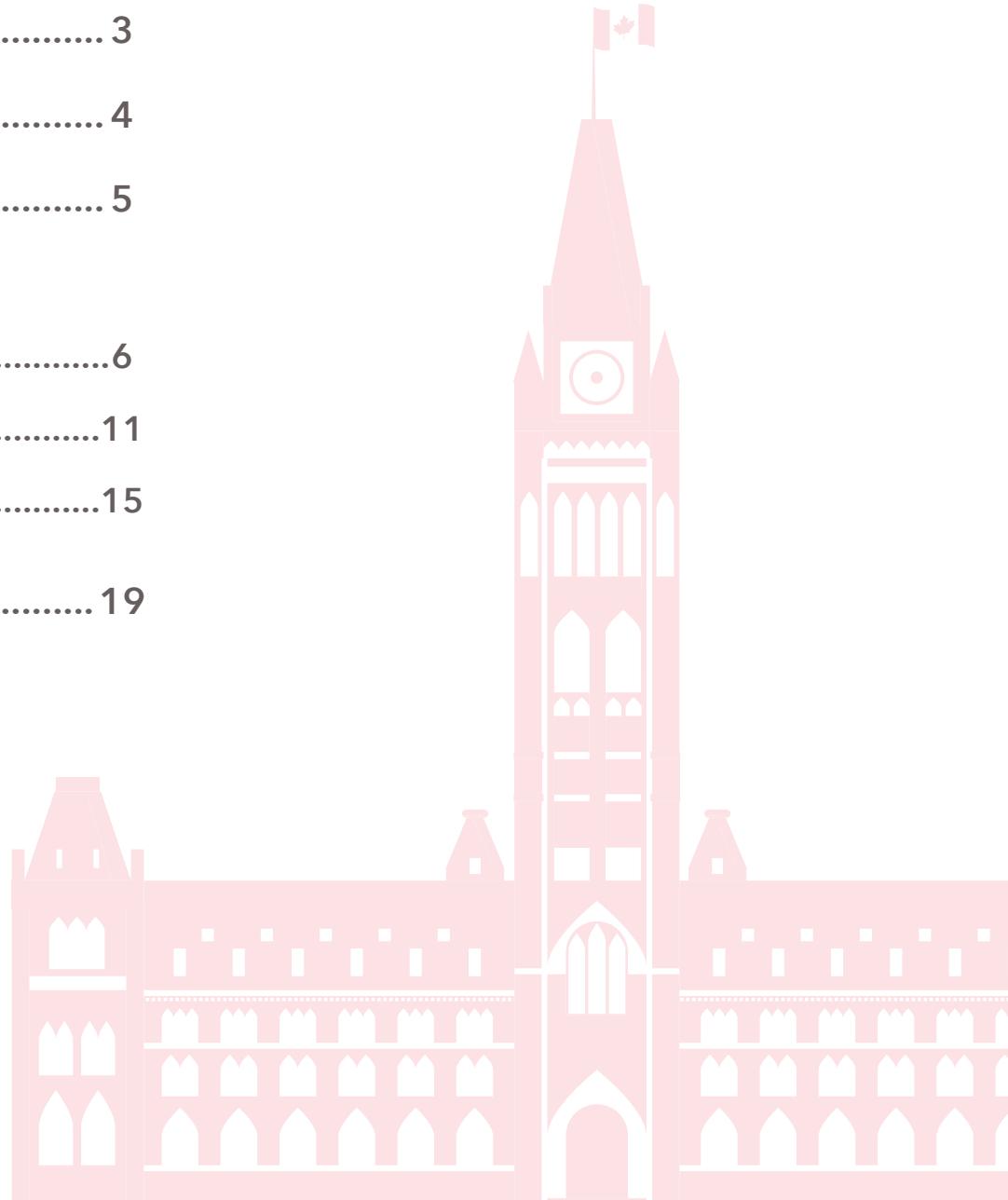
# **Federal Pre-Budget Submission**



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## About the Ontario Chamber of Commerce

Together with almost 140 member chambers of commerce and boards of trade and our network's diverse 60,000 members, the Ontario Chamber of Commerce is the indispensable partner of business.

For more than a century, the OCC has undertaken important research on Ontario's most pressing policy issues, advocating for solutions that will foster the growth of Ontario businesses and lead to the creation of jobs in the province. Through our focused programs and services, we support businesses of all sizes, encouraging workforce development and inclusive economic growth. This work is based on the belief that strong businesses are the foundation of a prosperous Ontario.

Our mission is to convene, align, and advance the interests of our members through principled policy work, value-added business services, and broad engagement to build prosperity for all Ontarians.

We are the most respected, trusted, and indispensable partner of business, driving government decision-making and leveraging assets across our province-wide membership to support their growth and a competitive business climate in Ontario.

From innovative SMEs to established multinational corporations and industry associations, the OCC is committed to working with our members to improve business competitiveness across all industries. We represent local chambers of commerce and boards of trade in almost 140 communities across Ontario, steering public policy conversations provincially and within local communities.

The OCC is the indispensable partner of business.

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## Introduction

Dear Minister Freeland,

For over a century, the Ontario Chamber of Commerce (OCC) has been an indispensable partner of business. Our mission is to support economic growth by defending business priorities on behalf of our network's diverse 60,000 members. The OCC is pleased to provide the Standing Committee on Finance with proposals that we believe are essential for the next federal budget.

Ontario's business community has remained steadfast in its commitment to supporting policymakers in the fight against COVID-19. Whether it was helping source personal protective equipment (PPE) for frontline workers or providing freezers to store the vaccine, the business community has demonstrated tremendous leadership by diverting critical resources during this difficult time.

Throughout the pandemic, we have brought together diverse members – from all sectors and across the province – to provide government with pragmatic solutions. The recent launch of our Ontario Vaccination Support Council (OVSC) includes nearly 250 businesses, chambers of commerce, boards of trade, non-profits, unions, and post-secondary institutions – representing hundreds of thousands of employees. The OVSC is identifying resources that government can leverage to support its historic vaccination efforts.

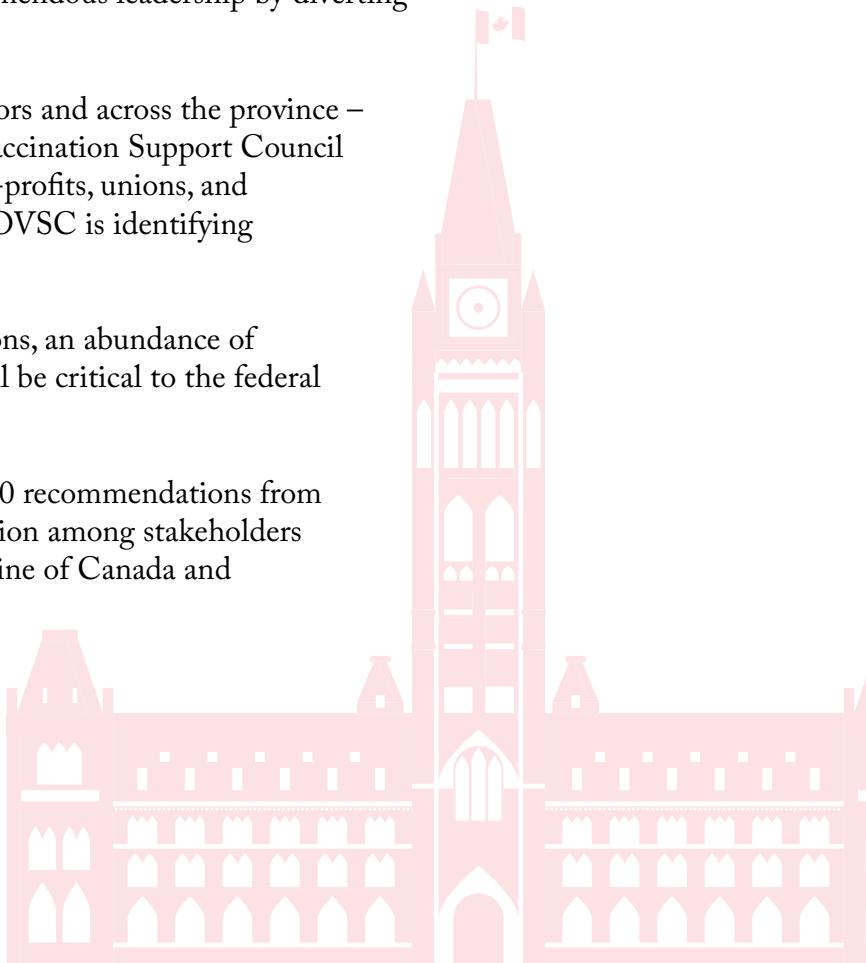
Now more than ever, the Government of Canada is faced with complex policy decisions, an abundance of competing priorities, and limited resources. In such an environment, collaboration will be critical to the federal government's ability to accomplish its objectives and end the pandemic.

This document prioritizes three areas – resilience, growth, and modernization – and 20 recommendations from our members. Within each area, we identify opportunities in which greater collaboration among stakeholders could produce meaningful results and help ensure Ontario remains the economic engine of Canada and recovers from COVID-19.

Sincerely,



Rocco Rossi  
*President and CEO*  
*Ontario Chamber of Commerce*



# Summary of Recommendations

## 1. RESILIENCE

- a. Support small business recovery and enhance access to capital.
- b. Advance women's economic recovery.
- c. Increase health transfer payments to Ontario.
- d. Optimize the role of testing and therapeutics.
- e. Develop a long-term vision for virtual care.
- f. Prioritize mental health.
- g. Tackle food insecurity.

## 2. GROWTH

- a. Get Canadians back to work.
- b. Accelerate investments in broadband infrastructure.
- c. Address drug shortages.
- d. Invest in research on eye care and vision health.
- e. Leverage private sector expertise to advance decarbonization.
- f. Recognize nuclear power as a clean energy source.
- g. Advance the deployment of small modular reactors.

## 3. MODERNIZATION

- a. Prioritize tax reform and reduce regulatory burden.
- b. Develop a national pandemic preparedness plan.
- c. Modernize the procurement of health care technologies.
- d. Take a principled approach to national pharmacare.
- e. Launch the Canadian Food Policy Advisory Council.
- f. Develop a national excise stamp for cannabis products.



## 1. Resilience

COVID-19 has had a disproportionate impact on certain sectors and demographics, including small businesses, frontline workers, women, lower-income, racialized, and Indigenous Canadians. It has also magnified several longstanding policy issues. By addressing the concerns identified in this section, the federal government could foster economic resiliency among those that were hit hardest by the pandemic and within our health care system.

### a. **Support small business recovery and enhance access to capital.**

Between February and September 2020, 25,614 businesses closed their doors in Ontario.<sup>1</sup> Small businesses need tools to help them maintain their operations and adapt to a changing economy. As we enter a period of economic recovery, access to the right forms of capital will be key to the rebound of small businesses and entrepreneurs across the country.

In its 2021 Budget, we encourage the Government of Canada to:

- **Continue to simplify the eligibility criteria and language used for support programs.** Consulting the business community in advance can avoid confusion and optimize spending during an emergency.
- **Expand the Canada Small Business Financing Program (CSBFP)** to include soft costs (e.g., training, franchise fees, and some working capital as eligible expenses) and increase the maximum loan amount from \$1 million to \$1.5 million, with borrowers being allowed to use up to \$1 million.
- **Modify the Highly Affected Sectors Credit Availability Program (HASCAP)** to include a forgivable loan option. Mounting debt is not a feasible solution for businesses that are already overleveraged and on the brink of bankruptcy. A forgivable loan option would better support the hardest-hit businesses.
- **Make child care an eligible business tax deduction** to support women-owned businesses.
- **Consult businesses and financial institutions on further measures to enhance small business financing,** including tax policies to incentivize increased investment in small businesses and opportunities to modernize existing programs.



<sup>1</sup> Statistics Canada. 2020. "Monthly estimates of business openings and closures, September 2020." <https://www150.statcan.gc.ca/n1/daily-quotidien/201224/dq201224c-eng.htm>.

## **b. Advance women's economic recovery.**

In *The She-Covery Project: Confronting the Gendered Economic Impacts of COVID-19 in Ontario*, the OCC explains how the pandemic is having a disproportionate economic impact on women and leading to what economists have called a “she-cession.” In March 2020, women between the ages of 25 and 54 in Ontario lost more than twice as many jobs as men and women’s labour force participation rate fell to its lowest level in 30 years. The pandemic has been particularly challenging for certain groups of women, including low-income, racialized, immigrant, and Indigenous women, single mothers, women with disabilities, and those living in rural areas.

While the long-term impacts of COVID-19 on women in the workforce remains unknown, the sluggish job recovery may have future wage penalties and put women at a higher risk of long-term separation from the labour market. The she-cession poses a risk for women and the economy.

To tackle this complex issue, the Government of Canada should consider the following recommendations:

- **Use procurement to incentivize diversity and inclusion.**
- **Include women** in all decision-making bodies around economic recovery.
- **Address the shortage of early childhood educators and improve long-term affordability and accessibility of child care.**
- **Support women’s reskilling**, and scale interventions proven to increase women’s representation in skilled trades and other traditionally male-dominated sectors/occupations.
- **Foster an inclusive innovation ecosystem** for entrepreneurs.

## **c. Increase health transfer payments to Ontario.**

The pandemic has demonstrated that a healthy economy and strong health care system go hand-in-hand. Ontario’s health care system is experiencing a tremendous backlog of treatments and services as a result of the pandemic. Between March and August, 13.3 million fewer patient services were provided in Ontario when compared to the same period in 2019.

Some oncologists are warning of a “cancer tsunami” due to limited cancer screening during the pandemic. A survey commissioned by the Canadian Cancer Survivor Network found that, although cancer services resumed after their sudden suspension with COVID-19, 55 percent of respondents reported having their appointments, tests, and treatments cancelled or postponed. Respondents had to wait an average of 34 days to reschedule cancelled or postponed in-person appointments, and 52 days to reschedule surgeries and other procedures.<sup>2</sup> Consequently, conditions are worsening, patients’ quality of life and mental health is being compromised, and this will increase future costs to Canada’s health care system.

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<sup>2</sup> Canadian Cancer Survivor Network. “Cancer Still Waiting.” February 4, 2021. <https://www.newswire.ca/news-releases/cancer-still-waiting-canadian-cancer-survivor-network-801586791.html>.



Against this backdrop, the Government of Canada should **increase its transfer payments to provincial/territorial governments**. Doing so will help the health care system tackle the backlog in care and cover costs that have emerged for doctors and other health care professionals during the pandemic. It will also help address future demands on our health care system due to our aging population, which will require more care and treatments.

Beyond this, there is a need for the federal government to **better collaborate with its provincial and territorial counterparts when it comes to health care and the sharing of health data**. First, pan-Canadian silos divide Canada into a series of health systems, which are further fragmented by region and demographics. Second, inter-department silos hinder collaboration between departments responsible for economic development and those responsible for health care. Finally, intra-department silos mean that some leaders are focused on costs while others are focus on optimizing outcomes. Without action, these silos will continue to impede the effective introduction of innovative health technologies and the delivery of seamless, integrated, and coordinated care.

There is also a need for the federal government to work with the provinces to promote much-needed investments in health research and biomanufacturing in Canada. To achieve this, we encourage the Government of Canada to **prioritize funding towards the life sciences sector** as the Ontario and Quebec governments have done to help support the country's economic recovery.

#### **d. Optimize the role of testing and therapeutics.**

COVID-19 testing (e.g., antigen, PCR, and serological testing) has been an important cornerstone of the public health strategy during the pandemic. Screening more widely and frequently would allow public health officials to identify COVID-19-infected individuals more rapidly to isolate and support them, helping to better manage and control the virus. Proactive testing is also key to identifying asymptomatic patients and catching these cases before the virus can spread. When taken together, this could help support the safe re-starting of the economy.

To better manage and control the pandemic, and until vaccination efforts are complete, the federal government should **work with industry to optimize the role of testing** to control the spread of the virus. This includes<sup>3</sup>:

- **Using the full range of testing options that are available** to identify cases in symptomatic and asymptomatic populations.
- **Expanding contact tracing** to locate potential areas of COVID-19 incidence.
- **Enhancing isolation and prevention strategies** to help restrict the spread of the virus.

The federal government should also **prioritize and target direct investments in federal, provincial, and territorial laboratory infrastructure** to ensure increased diagnostic readiness in anticipation of subsequent waves and/or other pandemics. The pandemic has underscored the need for robust laboratory testing to protect Canadians' health and

<sup>3</sup> Medtech Canada. 2021. *Call for Comprehensive COVID-19 Testing Strategies in Canada*. [https://cdn.ymaws.com/medtechcanada.org/resource/resmgr/position\\_papers/Position\\_Paper\\_-\\_COVID-19\\_Co.pdf](https://cdn.ymaws.com/medtechcanada.org/resource/resmgr/position_papers/Position_Paper_-_COVID-19_Co.pdf).



quickly respond to emerging public health crises. Laboratory capacity and capability will contribute diagnostic information needed to reopen businesses, schools, and the economy.<sup>4</sup>

Given the challenges associated with vaccine supply and distribution, the federal government should **continue to invest to support the development and purchase of COVID-19 therapies to ensure wide availability and affordability of effective treatments for patients who are most at risk**. Emerging variants of the virus mean that, even after most Canadians are vaccinated, Canada needs to be well-positioned to develop, secure, and deploy subsequent generation vaccines and therapies in the coming months and years.

#### **e. Develop a long-term vision for virtual care.**

As outlined in the OCC's recent policy brief, *Realizing the Full Potential of Virtual Care*, virtual care has enabled patients to continue accessing timely care when in-person medical visits have become more difficult. Beyond accelerating investments in broadband infrastructure to ensure equitable access to virtual care for patients in rural, remote, and northern communities, the federal government should:

- Develop a long-term vision for virtual care and robust digital health infrastructure.<sup>5</sup>
- Ensure data governance, prioritize data interoperability, and ensure stakeholders can access timely health data.
- Build public-private sector partnerships that leverage the technological capabilities and know-how of the private sector to support provinces/territories in the delivery of virtual health and mental health care.

#### **f. Prioritize mental health.**

Due to the pandemic, many Canadians are anxious about their health, employment, finances, and future. Between March and May 2020, Statistics Canada found that the share of Canadians reporting poor or fair mental health had worsened. Over half of respondents said their mental health had declined as physical distancing measures were put in place to prevent the spread of the virus, resulting in feelings of social isolation for many.

Mental health advocates have expressed concerns about the mental health of certain workers and demographics, namely essential workers who face heavier workloads in much riskier work environments, racialized groups, disabled individuals, and those with low incomes. The Canadian Medical Association has expressed concerns about physician burnout and mental health during the second wave<sup>6</sup>. In light of the backlog of delayed care, the stresses placed on health care professionals will continue to be felt in the months and years ahead. Since advocates have warned about

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<sup>4</sup> Medtech Canada. 2020. *Submission to Pre-Budget Consultations for the 2021 Budget*. [https://cdn.ymaws.com/medtechcanada.org/resource/resmgr/government\\_submissions/medtech\\_canada\\_-\\_fina\\_submis.pdf](https://cdn.ymaws.com/medtechcanada.org/resource/resmgr/government_submissions/medtech_canada_-_fina_submis.pdf).

<sup>5</sup> Ibid.

<sup>6</sup> Canadian Medical Association. 2020. *Committee Appearance: House of Commons Standing Committee on Health (HESA)*. <https://policybase.cma.ca/en/viewer?file=%2fdocuments%2fBriefPDF%2fBR2021-05.pdf#phrase=false>.



an ‘echo pandemic’ of mental health problems in the future, we recommend that the federal government **continue to treat mental health as a priority area and support the mental health needs of care providers.**

Furthermore, as some workers return to the office and others work remotely, employers need to keep employee mental health top of mind. Not only does poor mental health impact individuals, but it also negatively impacts employers and government in terms of higher health and disability costs and lower productivity. As previously noted by the OCC, the private sector has a role to play in supporting Ontarians’ mental health. We recommend that the federal government **empower employers to create psychologically healthy and safe workplaces.**

### **g. Tackle food insecurity.**

Although not a new issue in Canada, food insecurity has resurfaced as an area of concern amid the pandemic. Many workers have faced reduced hours or job losses, which has led to income insecurity and rising rates of food insecurity. Food insecurity has risen from almost 11 percent in 2017/2018 to almost 15 percent in May 2020, prompting more Canadians to access food banks. This may continue to worsen as businesses face liquidity challenges and the expected rise in food prices this year.

Food insecurity disproportionately impacts certain demographics, namely single parents, social assistance recipients, children, newcomers, and remote communities where food must be transported over great distances.

Food insecurity has real, long-term health and mental health implications. Compared to food-secure households, respondents experiencing moderate food insecurity were almost three-times as likely to report fair or poor mental health and moderate or severe anxiety symptoms. Rising rates of food insecurity may be another factor that contributes to a potential “echo pandemic” of mental health issues as a result of COVID-19.

The Government of Canada should consider the following recommendations outlined in the OCC’s forthcoming policy brief, *Growing a More Resilient Food Supply Chain in Ontario*:

- Work with the Government of Ontario to **invest in road development and all-season roads in remote and northern communities** to reduce the high cost of transporting food in these regions as well as connect communities and spur economic activity.
- **Release yearly and detailed reports on food insecurity in Canada** that includes analysis on the:
  - **Rates of food insecurity among children, rural, remote, northern, and Indigenous communities;**
  - **Direct and indirect cost of food in northern and Indigenous communities** and the impact this has on food security; and
  - Long-term impacts associated with food insecurity during COVID-19, including the **impact on Canadians’ health, mental health, and the cost to the health care system.**



## 2. Growth

This section examines how leveraging the private sector, chambers of commerce, boards of trade, and other stakeholders could help Canada strengthen its economic competitiveness, improve living standards, and advance its climate change agenda in its pursuit of economic recovery.

### a. Get Canadians back to work.

While recruiting and retaining talent has long been difficult for employers, the pandemic has introduced new challenges. The skills Canadians require are shifting; employers are increasingly looking to automation to maintain operations and reduce future risks; and a substantial proportion of employers are moving toward remote work operations permanently. Getting Canadians back to work will be challenging and employment may not return to pre-crisis levels for some time.

Accordingly, Canadians will need reskilling and upskilling to help them get back to work. This can be facilitated through data-driven reskilling strategies. There is also a need for robust and timely labour market information (LMI) to help guide policymaking and the development of responsive training programs. The LMI available through the federal government lacks granularity, specifically details about where labour is needed across Canada and what skills are in demand. Also, while the National Occupation Classification (NOC) provides a standardized language for describing the work performed by Canadians, it is updated every five years through Statistics Canada's census cycles and may not reflect the rapid changes and new job categories in Canada's labour market.

Immigration can be a tool to fill the talent gaps described by employers. However, the Ontario Immigrant Nominee Program (OINP) takes in a limited number of successful applicants – 8,050 across all streams in 2020. Further, the federal government launched a Rural and Northern Immigration Pilot in 2018 to spread the benefits of economic immigration to smaller communities, but intake was limited.

To ensure that Canada has access to timely labour market data and a strong talent pool, the OCC recommends that the Government of Canada:

- **Develop business-led workforce development strategies tailored to communities** by using local LMI and real-time data.
- **Work with governments, employers, and post-secondary institutions to develop an inter-governmental strategy to address deficiencies in the quality (as well as sharing) of LMI.**
- **Work with key stakeholders, including chambers of commerce and boards of trade, to establish a process that would allow new and updated NOC categories to be registered in a timely fashion, and incorporate**



these recommendations into the 2021 census revisions.

- **Increase Ontario's allocation of economic immigrants by expanding the OINP.** Coordinate immigration procedures with the provinces/territories to streamline requirements and reduce wait times.
- **Evaluate the outcomes of Canada's Rural and Northern Immigration Pilot and share findings publicly.** If successful, consider implementing it as a permanent program.

### **b. Accelerate investments in broadband infrastructure.**

Access to reliable broadband internet has been a longstanding issue in Canada that has been magnified by COVID-19. Beyond the important role it plays for workers and students, broadband has enabled businesses to sell their products and services online, as well as allowed Canadians to stay connected with friends and family and access mental health and primary care.

While the economy became increasingly digital with COVID-19, this shift presents significant challenges for businesses and workers who encounter unreliable or nonexistent internet in Canada. Given the uncertainties around when COVID-19 vaccines will be distributed, virtual ways of doing business, virtual learning, and teleworking are here to stay for the foreseeable future.

While the provincial and federal government's recent investments in broadband infrastructure in unserved and underserved communities were welcome news, the Government of Canada should:

- **Accelerate investments** in digital broadband infrastructure to support economic resilience in rural, remote, and northern communities.
- **Coordinate investments more strategically** to ensure public funds are addressing gaps in private sector expansion plans, rather than competing with private investments.
- **Streamline the application and reporting process** for participants to ensure requirements are proportional to the scope of each project and encourage smaller providers with limited resources to apply for small contracts. Funders should provide as much clarity as possible to local businesses regarding how their funds will be disbursed in advance.

### **c. Address drug shortages.**

Although not a new issue, drug shortages have emerged as an area of concern during the pandemic as additional strain has been placed on the supply and distribution of drugs. Since drug shortages negatively impact patients and health care providers, the federal government should:



- Work with hospitals and community stakeholders to develop a critical drug list and monitor Canada's essential medication list to ensure a sufficient supply of drugs in the National Emergency Strategic Stockpile.<sup>7</sup>
- Establish supply accountability standards for drug manufacturers/suppliers to ensure a robust supply of critical drugs and help prevent supply shortages.
- Work with relevant stakeholders and health care providers to develop a centralized drug supply monitoring system that provides real-time updates on drug supply and distribution that is accessible to physicians, pharmacists, and other prescribers.<sup>8</sup>

#### **d. Invest in research on eye care and vision health.**

In 2012, vision health and vision loss cost the federal government \$11 billion in direct costs and an additional \$8.1 billion in indirect costs. The Canadian Association of Optometrists (CAO) notes the indirect costs to government owes, in large part, to the impact that vision loss has on productivity. Working-aged Canadians who have vision loss have low employment rates and consequently lost earnings. Poor visual function contributes to lower educational attainment and employment rates, higher absenteeism, decreased income, and premature retirement, among other challenges. Vision and vision policy has yet to be explored by the federal government. Currently little data exists about eye care and vision health and, where it exists, it is fragmented, not granular enough, and does not reflect current realities, such as how our aging population is increasing vision disease and conditions. Accordingly, the Government of Canada should **undertake new research on eye care and vision health in Canada, assess Canadians' eye health, identify priorities, and develop mitigation strategies.**

#### **e. Leverage private sector expertise to advance decarbonization.**

Canada's revised climate plan<sup>9</sup>, announced in December 2020, sends a strong signal to the public, businesses, and investors that the federal government is committed to decarbonization. The OCC supports the priority areas outlined in the plan, including clean technology, electrified transportation, clean fuels, and building retrofits.

In pursuing its climate objectives, Canada will need to take advantage of a full array of technologies and energy sources capable of meeting residential, industrial, and transportation needs. To that end, we encourage government to leverage the expertise the private sector has to offer and tap into each region's competitive advantages.

For example, Ontario's nuclear sector provides 89 percent of the energy capacity needed to phase out coal. The \$26

<sup>7</sup> Ontario Medical Association. 2021. *A Remedy for Canada's Drug Shortage Dilemma: Opportunities and Recommendations*. <https://www.oma.org/uploadedfiles/oma/media/public/a-remedy-for-canadas-drug-shortage-dilemma.pdf>.

<sup>8</sup> Ibid.

<sup>9</sup> Environment and Climate Change Canada. 2020. *A Healthy Environment and a Healthy Economy: Canada's strengthened climate plan to create jobs and support people, communities and the planet*. [https://www.canada.ca/content/dam/eccc/documents/pdf/climate-change/climate-plan/healthy\\_environment\\_healthy\\_economy\\_plan.pdf](https://www.canada.ca/content/dam/eccc/documents/pdf/climate-change/climate-plan/healthy_environment_healthy_economy_plan.pdf).



billion infrastructure investment being made to refurbish existing nuclear assets at Bruce Power and Ontario Power Generation (OPG) can also be leveraged to enhance economic recovery efforts, production of life-saving medical isotopes, and new nuclear innovation (see discussion of SMRs below). Nuclear power displaces millions of tons of greenhouse gas emissions (GHGs) each year by replacing Canada's reliance on fossil fuels with a clean, reliable, stable source of generation. The federal government should **amend Class 43 to ensure projects that use nuclear technology are eligible for accelerated cost depreciation**.

Additionally, decarbonizing Canada's transportation systems will require a combination of electricity, hydrogen, and renewable natural gas – all of which are being researched and developed by businesses. On hydrogen, Canada should pursue the full spectrum. While industry has ambitious plans for green hydrogen, there are equally promising opportunities around blue hydrogen. We recommend government **focus on carbon intensity – not on production pathway – and support the associated carbon capture, utilization, and storage (CCUS) infrastructure buildouts needed to enable hydrogen deployment**. The federal government could use a combination of tax credits and direct investments to de-risk and scale private sector investments in CCUS.

#### **f. Advance the deployment of small modular reactors**

Small modular reactors (SMRs) are a powerful tool to reduce GHGs within heavy industry, replace coal-fired generation, and provide reliable energy to rural, remote, and Indigenous communities across Canada. Domestic deployment of SMRs would also serve to strengthen Canada's competitive advantage in an area that has significant long-term global potential.

The success of SMRs will build on Canada's strong foundation of existing nuclear projects and supply chains. With governments across the country (including Ontario, New Brunswick, Saskatchewan, and Alberta) having expressed interest in deploying SMR technologies, a pan-Canadian fleet approach will be the most cost-effective way to move forward, maximizing economies of scale.

To that end, OPG has been leading a pan-Canadian SMR initiative to support projects around the country. The OCC urges the federal government to **support OPG's pan-Canadian SMR initiative**. Government investment will be critical to de-risk this innovative project. This is time is sensitive. If Canada does not move quickly on SMRs, it risks having its leadership overtaken by other countries, such as the United States, which recently made financial announcements to support its own SMR development and deployment.



### 3. Modernization

COVID-19 has shed a light on various shortcomings and outdated policies. Looking ahead, the Government of Canada needs to put in place timely plans, policies, and advisory bodies that can help, rather than hinder, business competitiveness and economic recovery efforts.

#### a. Prioritize tax reform and reduce regulatory burden.

For 60 years, successive federal governments have avoided tackling comprehensive tax reform due to the inherent complexity of the tax system. However, we know that the road to economic recovery will be long and recovery will require a strong focus on growth and pro-growth policies. The federal government should **leverage Canada's tax system and make reforms that can power economic growth, business investment, and support recovery efforts.**

As an example, the Government of Canada should **repeal the automatic escalator tax that increases the excise duty on beer, wine, and spirits every year on April 1.** Restaurants, pubs, and Canadians pay some of the highest alcohol taxes in the world. Freezing this tax would help the restaurant and hospitality sectors, as well as small businesses in this space, that have been significantly impacted by the pandemic.

Further, tax incentives are an important tool to encourage capital investment, which has been lagging in Canada and making businesses less competitive and less productive than our global peers. Due to the economic and financial pressures generated by the pandemic, it will prove more challenging for fleet lessors – particularly smaller ones – to access funds at a reasonable cost and run commercial vehicle fleets. Therefore, we encourage the Government of Canada to **increase the 2021 automobile deduction limits and prescribed rates for determining the taxable benefits on automobile operating expenses from \$800 to \$1,100 to keep up with inflation.** The limit has not changed since it was initially set at \$800 in 2001.

Finally, at a time when pro-growth policies are of the upmost importance, new government regulations that negatively impact businesses and impede growth should be avoided. The federal government should **prioritize red tape reduction as it is a low-cost approach to supporting economic recovery. Changes in legislation or regulations impacting business must be accompanied by a reasonable implementation period for businesses to adjust.** For instance, the World Trade Organization considers a 180-day implementation period to be reasonable. To foster accountability around red tape reduction initiatives, Statistics Canada should be directed to **publish internationally comparative data on the administrative burden created by excessive government regulation in Canada.**



## **b. Develop a national pandemic preparedness plan.**

The pandemic has underscored the need for the Government of Canada to **develop a pandemic plan that can serve as a manual for future governments**. There is also a need to **regularly review and update this pan-Canadian plan** to ensure the federal government is well-positioned when future crises occur.

The pandemic also revealed that governments were not prepared for the volume of PPE that health care and other frontline works needed to carry out critical work. The federal government should **improve its national stockpile of PPE as well as provide industry with incentives for domestic PPE production.**<sup>10</sup> This stockpile should be regularly monitored to ensure adequate supply.

## **c. Modernize the procurement of health care technologies.**

When it comes to public sector health spending, Canada spends almost \$600 billion annually on the health care system. The federal government has the potential to harness health procurement to spur health care innovation, developing and manufacturing the next generation of health care and life sciences technologies for domestic and export markets and improving health outcomes. The Government of Canada should **create a new centralized procurement agency to encourage the development, production, and commercialization of new health care technologies, including pharmaceuticals and medical devices.**<sup>11</sup>

## **d. Take a principled approach to national pharmacare.**

As the federal government has signaled its commitment to implement a national pharmacare plan, we have identified several criteria that such a plan must meet if it is to have a meaningful impact on Canadians and not create unintended consequences. To begin, pharmacare must be fiscally sustainable. As Canada's population continues to age, demand and costs associated with health care are projected to exceed sustainable levels. Employers are concerned that a national, single-payer plan will not achieve the same cost efficiencies as private/group plans and that additional costs may be borne by the employer community. A national plan could result in higher taxes, or the taxation of benefits, which would increase the cost of doing business and impact business competitiveness.<sup>12</sup>

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<sup>10</sup> Medtech Canada. 2020. *Submission for Pre-Budget Consultations for the 2021 Budget*. [https://cdn.ymaws.com/medtechcanada.org/resource/resmgr/government\\_submissions/medtech\\_canada\\_-\\_fina\\_submis.pdf](https://cdn.ymaws.com/medtechcanada.org/resource/resmgr/government_submissions/medtech_canada_-_fina_submis.pdf).

<sup>11</sup> Canadian Manufacturers and Exporters. 2020. *Written Submission for the Pre-Budget Consultations in Advance of the 2021 Budget*. <https://cme-mec.ca/wp-content/uploads/2020/08/CME-2021-Pre-Budget-Submission-FINAL.pdf>.

<sup>12</sup> Canadian Chamber of Commerce. 2018. *Written Submission by the Canadian Chamber of Commerce: Advisory Council on the Implementation of National Pharmacare*. [http://www.chamber.ca/events/CCC\\_Submission\\_to\\_Advisory\\_Council\\_on\\_Pharmacare.pdf](http://www.chamber.ca/events/CCC_Submission_to_Advisory_Council_on_Pharmacare.pdf).



Second, any national program should maintain both private and public plans. Employers are concerned that a national plan will not offer the comprehensive coverage that employees are accustomed to. This could impact coverage for employees and limit the tools employers can use to attract, retain, and compete for talent. The Government of Canada should therefore aim to reinforce, rather than replace or reduce, the comprehensive coverage already available to Canadians through private/group plans.

Third, it is important to note that most Canadians are not only covered under a private/group plan through their employer, but they are also satisfied with their coverage.<sup>13</sup> A poll conducted by the Abacus Data in 2020 found most benefits users are happy with their coverage. The vast majority (95 percent) of respondents supported a plan in which government and insurance companies work together to ensure that those with group plans keep their benefits intact and everyone has affordable access to the most common drugs.<sup>14</sup>

Finally, while a small percentage of Canadians are uninsured (approximately 5.2 percent of the population),<sup>15</sup> this gap in coverage results in poor health outcomes and introduces costs to other parts of the health care system.<sup>16</sup> The majority of Canadians believe that national pharmacare should provide appropriate coverage to those who need it, not those who already have prescription drug coverage.<sup>17</sup> The federal government should also focus on addressing coverage for rare diseases and costly medications – both of which concern employers and patients.<sup>18</sup>

As the federal government embarks on the development of its national pharmacare plan, the OCC recommends the Government of Canada:

- **Focus on filling gaps in drug coverage** by expanding public plans to cover Canadians who are not currently covered by public/private prescription drug plans.
- **Consider first addressing coverage for rare diseases and catastrophic illnesses before** coverage for common, often low-cost medications.

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13 Canadian Pharmacists Association. 2017. *Pharmacare 2.0: What Canadians Are Saying*. [http://www.pharmacists.ca/cpha-ca/assets/File/pharmacy-in-canada/Pharmacare2.0\\_What%20Canadians%20Are%20Saying.pdf](http://www.pharmacists.ca/cpha-ca/assets/File/pharmacy-in-canada/Pharmacare2.0_What%20Canadians%20Are%20Saying.pdf).

14 Bruce Anderson. "Canadians' views surrounding pharmacare." February 27, 2020. Abacus Data. <https://abacusdata.ca/pharmacare-views-canada/>.

15 Greg Sutherland and Thy Dinh. 2017. *Understanding the Gap: A Pan-Canadian Analysis of Prescription Drug Insurance Coverage*. Conference Board of Canada. [https://www.conferenceboard.ca/temp/9b1ba5b7-4a49-4368-aa8f-31c528f41ac0/9326\\_Understanding-the-Gap\\_\\_RPT.pdf](https://www.conferenceboard.ca/temp/9b1ba5b7-4a49-4368-aa8f-31c528f41ac0/9326_Understanding-the-Gap__RPT.pdf).

16 Ashley Challinor. 2018. *Principles for an Effective Pharmacare Program*. Ontario Chamber of Commerce. <https://occ.ca/wp-content/uploads/Pharmacare-Test-of-Principles-1.pdf>.

17 Canadian Chamber of Commerce. 2018. *Written Submission by the Canadian Chamber of Commerce: Advisory Council on the Implementation of National Pharmacare*. [http://www.chamber.ca/events/CCC\\_Submission\\_to\\_Advisory\\_Council\\_on\\_Pharmacare.pdf](http://www.chamber.ca/events/CCC_Submission_to_Advisory_Council_on_Pharmacare.pdf).

18 Ibid.



### e. Launch the Canadian Food Policy Advisory Council.

Canada's food supply chain experienced many shocks and pressures since COVID-19 was declared a pandemic. Given the inherent complexity of the food supply chain and the many sub-sectors that make-up this complex chain, joint-solutioning will be critical. The Canadian Food Policy Advisory Council (CFPAC) is one entity who, if launched promptly with a range of experts and sufficiently resourced, could address the challenges industry, farmers, and consumers experienced during the first wave.

While diverse stakeholders from across the food system were being sought and the nomination process closed in September 2019, the federal government has yet to announce the members of the CFPAC. Given the disruptions that emerged in our food supply chain with COVID-19, the federal government should **expedite the appointment of the CFPAC**. Further, given the range of issues that the CFPAC aims to tackle, the federal government should **ensure that this Council includes a diversity of perspectives and experts**, such as representatives from industry, farmers, the non-profit sector, academia, and Indigenous communities. Finally, the federal government should **provide the Council with funding** needed to directly engage individuals and communities who disproportionately experience food insecurity.

### f. Develop a national excise stamp for cannabis products.

With the *Cannabis Act* receiving Royal Assent in June 2018, nearly a century of prohibition came to an end in Canada. However, as the OCC's recreational cannabis report outlines, several challenges soon emerged, including excise stamps.<sup>19</sup> These stamps are meant to show consumers, retailers, and law enforcement that cannabis products are legally produced and applicable duties have been paid by a licensee. Since the stamps were not designed for automation, they must be adhered manually, which is a time-consuming process. The stamps also have a specific colour band and background for the province/territory in which the product is intended to be sold. The cannabis licensee packaging the product must determine and apply the appropriate excise stamp before the product can be sold legally. To address this issue, the federal government should **develop a common excise stamp that could be adhered to cannabis products, regardless of province or territory**, to allow licensed producers to more efficiently ship products across Canada. Continued engagement with the regulated cannabis industry will be critical to displacing the illegal cannabis market.



<sup>19</sup> Catrina Kronfli. 2019. *Supporting Ontario's Budding Cannabis Industry*. Ontario Chamber of Commerce. <https://occ.ca/wp-content/uploads/Supporting-Ontarios-Budding-Cannabis-Industry.pdf>.

## Conclusion

During this unprecedented period, governments around the world must make policy decisions that are responsive, inclusive, evidenced-based, and fiscally sound. While this is undoubtedly a complex undertaking at the best of times, COVID-19 has introduced many new challenges for the Government of Canada. OCC members are eager to contribute to these important discussions, vaccination efforts, and recovery plans.

This submission prioritizes three areas in which greater cooperation between the Government of Canada and the private sector could produce tangible benefits for Ontarians. We look forward to Budget 2021 and working collaboratively with your government and appropriate stakeholders as the federal government develops solutions to improve Canadians' lives and livelihoods during the COVID-19 pandemic and beyond.

