

# A CANADA THAT WINS

## THE NATIONAL ELECTION PLATFORM OF THE CANADIAN CHAMBER OF COMMERCE

May 2015



# FOREWORD

As the country's largest and most representative business advocacy network, it is fitting that the Canadian Chamber of Commerce launched its 2015 election platform, *A Canada that Wins*, on Parliament Hill and met with parliamentarians to discuss the measures needed to increase the ability of Canadian businesses to compete.

Over the course of the next several months, as Canadians turn their thoughts to the fall federal election, our chamber network will be meeting with political hopefuls in ridings across Canada. This is an incredible opportunity for the chamber network to shape the agenda for businesses and communities across the country.

Many factors are contributing to uncertainty in the economic landscape, and we want to work with parliamentarians in crafting forward-thinking, long-term public policies that foster a globally-competitive business sector. Between now and the election, our chamber network will be focusing on the role of government in creating an environment in which Canadian businesses can win at home and internationally.

Our platform zeroes in on four elements that are critical to allowing businesses to compete—and win—in domestic and global markets:

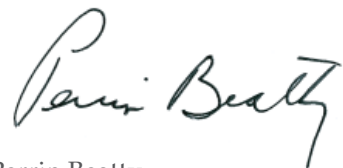
- **Access to a powerful workforce**
- **Access to capital**
- **Access to technology and innovation**
- **Access to markets**

Policy improvements in all of these areas are needed for Canadian businesses to get the edge on their competitors, allowing businesses to create quality jobs for young people, reinvest in new technology and generate the wealth necessary to improve schools, infrastructure and social programs.

Our network is like no other. It stretches across the breadth and depth of Canada's business sectors. And our chamber network is one of the only networks with feet on the main street in communities throughout the country—mirroring the map of the federal political constituencies.

At each level of the network—local chambers, provincial/territorial chambers and the Canadian Chamber—we are always at work within our communities and with governments to ensure the conditions are in place to foster business success.

Over the coming months, our members look forward to an ongoing dialogue with candidates out on the hustings. We welcome the opportunity to speak to those who will shape Canada's next Parliament about Canada's ability to compete. We are all here for the same end result—we want our communities to be vibrant and we want our citizens to succeed.



Perrin Beatty  
President and CEO



# INTRODUCTION

When Canadians go to the polls on October 19, they will chart the course for Canada moving forward.

We all want to ensure Canada remains strong and competitive in this fast-changing world. We want to see our economy grow and we want more jobs for Canadians. The outcome of this election will be central to ensuring we have a rising and sustainable standard of living and a strong economy that is able to generate the wealth we need to provide for our aging population and the social programs we cherish.

The challenge, today, is that we are racing against the greatest competitors in the world's toughest marathon – the global economy – and are losing ground to the frontrunners. Ten years ago, we were the world's 10<sup>th</sup> largest exporter. Today, we rank 13<sup>th</sup>. In 2014, the World Economic Forum ranked Canada 15<sup>th</sup> in global economic competitiveness; down five spots from 2009.

The question we are faced with is: how do we stop this decline and turn things around to bring Canada back to the front of the pack?

The Canadian Chamber of Commerce is calling on political parties to engage with businesses and commit to practical solutions and actions in the four areas that are critical to the competitiveness of the Canadian economy:

1. **Access to a powerful workforce**
2. **Access to capital**
3. **Access to technology and innovation**
4. **Access to markets**



# 1. ACCESS TO A POWERFUL WORKFORCE


Canada's competitiveness will depend, in large part, on its ability to find and foster workers with the skills businesses need to succeed. The shortage of skilled workers is making it impossible to meet the rising needs of many sectors. We need to better align skills development with immigration policy goals. We must also fix the increasingly complex and costly immigration system currently in place, allowing employers to find workers with the skill sets needed for them to compete in the new global marketplace.



The Canadian Chamber calls on all parties to commit to:

- Investing in more and better labour market information
- Ensuring immigration changes stop unduly limiting employers' access to the international talent they need
- Addressing the serious processing issues and inflexible features of the Temporary Foreign Worker Program that are negatively affecting employers' access to workers in a range of sectors
- Providing incentives for employers to offer more post-secondary co-op placements and internships
- Creating a financial incentive for employers to retain employees through to the completion of their apprenticeship training

## 2. ACCESS TO CAPITAL

A photograph showing three business professionals in a meeting. An older man in a light grey suit is pointing at a document on a laptop. A younger man in a blue suit is looking at the document. A woman in a white blazer is looking towards the man in the blue suit. They are in a bright office with large windows in the background.

Capital is the oxygen that enables businesses to grow, create more jobs and export to new markets. For start-up companies, access to capital is the difference between life and death as they move from the early stages of innovation to the commercialization of products and services. Canadian start-up companies often depend upon venture capital (VC) as the lifeblood needed to take an idea to the market. Yet Canada's VC industry is still small and punching below its weight, particularly when compared to the U.S.

In fact, many top Canadian companies and entrepreneurs look to investors and early adopters outside of Canada for funding. In addition to building up our VC industry, we must do more to attract international capital and foreign VCs. More incentives, a more supportive regulatory environment and a streamlined tax system are essential to our international competitiveness. Canadian and global companies must be encouraged to conduct leading-edge R&D in Canada.

The Canadian Chamber calls on all parties to commit to:

- Introducing better tax incentives for venture capital and angel investors
- Changing regulations to encourage insurance companies and pension plans to invest a modest part of their funds in venture capital
- Forming an impartial panel of experts to review the tax system and recommend measures to simplify Canada's tax system
- Increasing the income threshold for the (11%) small business tax rate to \$1,000,000 from \$500,000 to encourage small companies to continue growing
- Simplifying the Capital Cost Allowance rules from 52 separate asset classes to a few broad categories



### 3. ACCESS TO TECHNOLOGY AND INNOVATION

In an era of big data and Internet-driven machines and objects, speed and bandwidth are paramount, and digital infrastructure is a key factor for global companies when making investment decisions.

Although Canada has enjoyed world-leading connectivity and tools, it is essential that even greater investment be made in this area as our rivals deploy new technologies that enable their domestic firms to innovate and compete.

Canadian firms are struggling to adopt the advanced technologies that can vastly improve their productivity. For example, just 6% of firms in Canada are harnessing technologies to allow them to better monitor their production and distribution processes, and in a recent poll,<sup>1</sup> just 22% of executives said they are using the key metrics in data analytics as a tool to better understand product cycles and the real value of their own innovations.

Federal policy support for innovation in Canada is largely focused on primary research led by post-secondary institutions. The support provided to innovative academic research also needs to focus on marketplace needs and ensure the intellectual property that results from these efforts can lead to commercialization.

The Canadian Chamber calls on all parties to commit to:

- Providing incentives to move ideas from mind to market, such as an “innovation box” regime in Canada that would see any sales/revenues earned on a patent or a new technology developed here in Canada taxed at a much lower rate
- Investing in digital infrastructure (networks and switching required to handle the volumes of next generation data transfer) and rewarding private sector investment driven by profit motives
- Providing incentives that encourage collaboration through technology clusters or centres of excellence



1 <http://www.kpmg.com/Ca/en/topics/C-Suite/currentsuite/c-suite-presentation-q4-2013-dec-16-tc.pdf>

## 4. ACCESS TO MARKETS

As part of a small, open economy, most of Canada's businesses depend on international trade. Exports, imports and foreign investment create and sustain jobs in our communities, stimulate competition and innovation and give families affordable choices in the marketplace. Canada is also privileged to possess rich natural resources that support millions of jobs in fisheries and in the mining, petroleum, forest products and electricity sectors. Demand for our resources contributes substantially to our national economy and is the underpinning of our trade relationships, especially with the fast-developing economies of Asia.

Despite new trade agreements and a renewed commitment to trade promotion, Canadian companies continue to face more trade barriers than their foreign competitors – both within and outside Canada. Last year, Stephen Poloz, Governor of the Bank of Canada, pointed out that Canada has fewer international companies than it did before the 2008 financial crisis. While the U.S. and Australia have more or less doubled their exports of goods and services over the past 10 years, Canada's have grown by only 40%.<sup>2</sup> Canadian companies that are globally active still tend to be focused in mature markets with low rates of economic growth. The tourism industry is similarly losing ground to more aggressive nations, costing communities in every part of the country.

Finally, our ability to develop our resource advantage is being undermined by limited and aging export infrastructure, shortages in the skilled workforce and an inefficient regulatory environment in areas such as the duty to consult Aboriginal peoples and environmental assessment requirements.

The Canadian Chamber calls on all parties to commit to:

- Continuing an ambitious free trade agenda by concluding and implementing bilateral agreements in Europe and Asia, while pushing forward regional and multilateral trade talks
- Launching a national regulatory cooperation strategy that will mobilize resources and political attention to tackle internal trade barriers and enhance alignment with Canada's trading partners
- Strengthening export and tourism promotion services by improving coordination between the private and public sectors, expanding marketing campaigns and diplomatic presence abroad and establishing a national development finance institution
- Investing in transportation infrastructure and improving Canada's border services and visa administration to make it easier for businesses to get their products in and out of Canada
- Ensuring stringent but streamlined regulatory processes for the extraction and transportation of natural resources
- Supporting policies that will stimulate innovations in environmental sustainability and ensure a supply of skilled workers to help Canada meet the demands for its natural resource industries

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<sup>2</sup> World Trade Organization.

These measures are the best way to enable Canadian business to compete and win in the global economy. Investing in our economy is the only way to create great jobs for young people, develop new technologies right here at home and produce the wealth that pays for the education, infrastructure, health care and the other advantages we value as Canadians. The upcoming election is a unique opportunity to shape a Canada that is stronger, more economically stable and more competitive—a Canada that wins.



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