



## 10. ENCOURAGE INVESTMENT BY CUTTING THE COST OF DOING BUSINESS IN CANADA

In Canada, we have strong competitive advantages—a highly-skilled workforce, an incredible bounty of natural resources, several innovative technology clusters and a growing number of smart, savvy entrepreneurs—but we are a high-cost place to do business. Reducing those rising costs will provide a significant boost to our competitiveness and leave more money for businesses to invest.

Since 2015, all levels of government have imposed significant new costs on business. Although the motivations behind these initiatives may be virtuous, the combination of federal and provincial taxes and regulations stacked on top of one another has reduced the profitability of existing firms and the possibility of new investments.

Some key items:

- Canada Pension Plan contribution rates will increase by 2%.
- Small business tax rate reductions were deferred so that the planned reduction to 9% has been halted, and rates will remain at 10.5%.
- Alberta is raising the corporate income tax rate from 10% to 12%; Newfoundland's increased from 14% to 15%.
- Alberta businesses are also facing an increase in the minimum wage. It was raised by a dollar in October 2016 and will rise to \$15 by 2018—a 26% increase in total.
- Ontario's energy costs are among the highest in North America and they continue to rise.
- Alberta will double its carbon tax from \$15 per tonne to \$30 per tonne. The federal government will be bringing in a new pan-Canadian carbon price, which will reach \$50 per tonne by 2022.
- The Employment Insurance rate was previously supposed to decline to seven-year break-even rate of 1.49. Instead, it will be 1.63.
- The costs of complying with Canada's Anti-Spam Legislation range from \$5,000 to up to \$50,000 for a new business, and the additional red tape adds thousands of dollars of costs every year.
- The addition of a new federal income tax bracket of 33% on incomes over \$200,000 adds a new burden for thousands of entrepreneurs and small business owners.
- If federal and provincial governments are more aware of the cumulative burden on business, they can cooperate to reduce harmful taxes that undercut investment and jobs and subtract stimulus from the economy. One of the best ways to stimulate growth is to reduce the costs of doing business in Canada.

In 2017, we will advocate a set of government initiatives to create incentives for business investment—the essential element of economic growth. An important part of this strategy will be measures to reduce the cost of doing business in Canada.