



# ROADMAP

to Prosperity 

## *Minority Parliament Guide to Economic Growth*



Canadian  
Chamber of  
Commerce

Chambre de  
Commerce  
du Canada

The Voice of Canadian Business™  
Le porte-parole des entreprises canadiennes<sup>MD</sup>



# Minority Parliament Guide to Economic Growth

In the lead-up to the 2019 federal election, the Canadian Chamber of Commerce presented its plan for economic growth through the *Vote Prosperity* platform. The Liberal, Conservative, New Democratic and Green parties all incorporated various elements from our economic plan in their own platforms.

On October 23, two days after voters re-elected his government with a minority, Prime Minister Trudeau stated that he would not pursue a formal or informal coalition. Instead, the Prime Minister would seek the support for legislation in the new minority Parliament on a case-by-case basis.

Given the Prime Minister's preference for case-by-base legislation, we are pleased to provide Parliamentarians with our guide to economic growth. In it, we look at important policy measures that the government or other parties have proposed, in particular those the Canadian Chamber and our network of over 450 local chambers in every part of the country, support.

After all, a stronger economy puts more money in the pockets of Canadians through higher incomes and lower unemployment. A stronger economy means more government revenues to invest in public services, infrastructure projects and environmental protection. A stronger economy makes all Canadians more prosperous.

The following issues are platform commitments from the major, national parties that will help address important issues facing our economy and that are currently supported by the Canadian Chamber of Commerce. Despite the divisive election campaign, there is a surprising amount of common ground the government can find with the various opposition parties in Parliament among these issues.



- The Liberal and Conservative platforms both reference the importance of **ratifying the Canada-United States-Mexico Agreement**. We strongly support ratifying the agreement through a ratification process that moves in parallel with U.S. ratification to eliminate uncertainty for Canadian exporters. Our members do not want to see the agreement reopened and a restart of negotiations.
- The Liberal, Conservative and NDP platforms all contained proposals to **help Canadian businesses take advantage of trade agreements**. The Liberal platform proposes to create a Canada Commercial Consular Service to help small- and medium-sized businesses encountering significant trade disputes by connecting them with local legal assistance and support. Similarly, the NDP platform proposed to streamline access to government export services and make it simpler to break into foreign markets by providing small- and medium-sized businesses with a single point of contact. Finally, the Conservative platform proposed to provide industry-by-industry market intelligence to exporters so they could learn where the greatest opportunities are. We support providing new tools to help businesses take advantage of new international market opportunities. We recommend that the Liberal proposal for a Canada Commercial Consular Service should *proactively* help businesses *avoid* difficulties and provide advice to ensure products or services meet the foreign market's laws and regulations. To ensure these services remain focused on their mandates, our members believe this group should be a separate, but complementary, organization to the Trade Commissioner Service.
- The Liberal platform proposes to **provide additional resources to the WTO** for trade rule enforcement. Given the importance of trade for the Canadian economy and the businesses that drive it, predictable enforcement of trade rules is critical. We support this proposal and believe Canada should also remain active in the WTO's negotiating functions, particularly driving forward an ambitious outcome in globalized ecommerce negotiations.
- The NDP platform proposes to introduce new legislation to **address "unfair tax treatment" of family transfer of small businesses**. Levelling the taxation playing field to ensure the sale of a business to a family member is treated and taxed the same—or more favorably—as if it were to a third party is critically important to our members. Seventy-two per cent of business owners intend to exit their businesses within the next 10 years, representing \$1.5 trillion in assets to be transferred to a new generation of business owners. The federal government should support the NDP's proposal; the importance of ensuring the tax system does not penalize owners wishing to transfer their businesses to family members cannot be overstated.





- The Liberal platform proposes to continue to **support Indigenous-led processes for rebuilding and reconstituting their nations, advancing self-determination and, for First Nations, the transition away from the *Indian Act***. Similarly, the Conservative platform states that the party will work collaboratively with Indigenous communities and leaders to review the *Indian Act* and other government policies and procedures to remove barriers to prosperity. We believe these proposals are key to Indigenous peoples having equal opportunities to participate in our economy and to reconciliation. We encourage the two parties to work together to deliver upon their commitments. We also believe relationships amongst the Crown, Indigenous peoples and the business community would be greatly improved if the federal government completed its strategy regarding the alignment of federal laws with the principles of United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). As part of that process, the federal government needs to be honest and transparent with Indigenous peoples in emphasizing that more than 30 years of Canadian jurisprudence has been clear that free, prior and informed consent (FPIC) does not confer a veto. We hope the federal government will engage with the business community and provincial/territorial governments to establish jurisdictionally-aligned frameworks for the duty to consult and accommodate Indigenous peoples.
- The Liberal platform proposes **moving forward with a Municipal Nominee Program focused on attracting highly skilled workers to Canada**. We support a focus on economic immigration to align with labour market needs. We also believe we must accelerate our shift towards more local levels of decision-making. Local solutions built by communities for communities to address community workforce needs is a proven approach the federal government should incorporate in its strategy.
- The Liberal platform proposes the **creation of a Canadian Apprenticeship Service to help the so-called Red Seal apprentices get the work experience needed to finish their certification**. Similarly, the Conservative platform proposed to expand the Red Seal program to recognize common credentials. We are a willing ally in the federal government's efforts to enhance and improve the Red Seal Program and to support tradesmen/tradeswomen throughout their training and education.





- The Liberal platform proposes to move forward in **the removal of interprovincial trade barriers by promoting mutual recognition of standards** from-coast-to-coast-to-coast. At the same time, the Conservative Platform proposed to create a process to determine whether differences in laws and regulations unnecessarily prevent trade or whether they are reasonable exercises of provincial jurisdiction. We have long called for greater use of mutual recognition to eliminate regulatory barriers between provinces to allow for the freer movement of labour, goods and services in Canada. We support all efforts to remove internal trade barriers and we call upon the remaining Premiers to follow the lead of Alberta and Manitoba, who have dropped almost all of their exceptions under the CFTA.
- The Liberal platform proposes to **support the labour market integration of underserved communities, including veterans, newcomer women and those with disabilities**. As part of our inclusive growth initiative, we are enhancing support to our members to help them fill talent and skills gaps through underrepresented segments of the Canadian population. We urge the government to develop programs and policies that make it easier for businesses of all sizes to hire from these important groups.
- The Liberal platform proposes to **increase the number of childcare spaces, including for parents who work outside of normal hours**. Inadequate childcare services put additional pressure on local businesses that are already experiencing reduced access to skilled labour, rising turnover costs and increased absenteeism. We support the federal government's efforts to address the recruitment and retention crisis in the childcare sector. Our members will also appreciate any other investments in programs across Canada that support and supplement childcare.
- The NDP platform proposes **a new tax credit for graduates to work in designated rural and northern communities**. The Canadian Chamber and its members support this idea to address skills shortages in these communities and urge the Liberal party to work with the NDP to introduce this tax incentive.
- In the last Parliament, in response to a Canadian Chamber policy report, the Liberal government proposed to look at legislative changes that would **make regulatory efficiency and economic growth a part of regulator mandates**. The Conservative platform also committed to mandate all ministers and regulators to support innovation, economic growth and competitiveness. We believe there is an opportunity for the Liberal and Conservative parties to work together to pass legislation to improve Canada's regulatory competitiveness, which is woefully lagging that of other countries.
- The NDP platform proposes, in partnership with provinces and territories, to address gaps in immigrant settlement services and **improve Canada's ability to recognize foreign credentials**. We urge the federal government to work with the NDP on this policy proposal, which is fully supported by our members.



- The Liberal platform proposes that **multinational technology companies pay corporate tax on the revenue they generate in Canada**. We agree that working to achieve an international standard in this area is the right approach. The Organisation for Economic Co-operation and Development (OECD) standard ensures international digital corporations (whose products are consumed in Canada) collect and remit the same level of sales taxation as Canadian digital corporations. In light of the progress made at the OECD for achieving a multilateral solution, the risk of trade friction and uncertainty of implementing a unilateral, Canada-only approach makes the short-term potential gain unwarranted. We encourage the government to adopt the standard set by the OECD.

***Amongst party platforms, the Canadian Chamber found several ideas that would benefit from a business perspective to ensure they are implemented in a cost-effective manner and without unintended economic consequences. The following issues are platform commitments from the parties that the Canadian Chamber can help improve upon.***

- The Liberal platform commits to **ensuring every Canadian, including those in rural, remote and northern communities, have access to reliable, high-speed internet by 2030**. The Conservative and NDP platforms also included commitments to expand rural broadband. We fully support this initiative. As the digital economy continues to grow, it is imperative that all Canadians have access to broadband internet to not only participate, but also thrive in the world economy. Building this critical infrastructure, across a massive country with unique geographical challenges, represents a significant capital cost outlay for Canada's telecom companies. At the same time, the Liberal and NDP parties have proposed to instruct the same telecom companies to reduce the wholesale costs they charge to third party resellers. However, an August 2019 Competition Bureau [report](#) found that facilities-based internet service providers are the single most important factor in the deployment of new networks. The report goes on to say a government-determined wholesale access regime will have catastrophic impacts on new infrastructure development. We must find a better balance in the market interventions for internet wholesale rates to ensure the companies that build networks continue to have the incentive to do so.





- The Liberal party platform proposes to **lower monthly cell phone bills by 25% in the next two years** by using federal regulatory powers. Similarly, the NDP platform proposed to **put a price cap on cell phone bills**. Reducing the cost of access to mobile technology can be an important economic development tool. However, the use of regulatory and/or interventionist pricing policies will have a negative impact on the deployment of new networks like 5G. There is a direct relationship between the ability of telecom companies to make investments in new networks in rural and remote areas and the cost-efficiency of the regulatory environment. If the development of 5G networks for all Canadians is critical to Canada's competitiveness, we must create the conditions for companies to invest. However, there is another path to reducing prices and ensuring companies invest in rural/northern communities. According to an August 2019 report from the GSMA, there is also a direct link between the cost of spectrum allocation and consumer pricing for mobile access. Currently, Canadian companies pay among the highest price in the world for spectrum licences, which is essentially a tax on the telecom industry. The GSMA study estimates that an additional 7.5% of the population would be covered if government implemented lower spectrum prices. If Canada chose to do the same, an additional three million Canadians could receive new coverage, particularly in suburban and rural area. We look forward to exploring win-win scenarios with the federal government on this issue.
- Every federal party has signalled that it would like to see Canada **develop rules for managing commercial and retail waste, as well as bans on single use plastics**. The circular economy model presents an opportunity for Canadian businesses to reduce waste, improve resource inefficiency and bolster their bottom lines. The opportunities are clear, but Canadian businesses want an approach to the so-called "extended producer responsibility" (EPR) that does not put the cost burden solely on business. Of equal importance, the policy approach must avoid creating a patchwork of different EPR frameworks sprouting up across different provincial jurisdictions. Canadian businesses want to work with the federal government to develop a national EPR framework that can be harmonized across Canada.



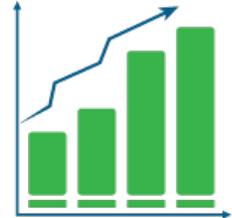
- The Liberal platform proposed to **create a universal national pharmacare program for Canadians**. We agree that no Canadian should go without the medicine he or she needs. However, we believe this goal is best achieved by building on the strengths of the existing system. We look forward to working together with federal and provincial governments to ensure any national pharmacare program focuses on the small percentage of Canadians who do not have access to provincial or employer-sponsored plans and does not reduce or replace the coverage already enjoyed by most Canadians. We believe this is a positive opportunity for the Liberal and Conservative parties to work together on a shared approach, one that will also partially address an NDP platform priority.
- The Liberal platform proposes **moving forward with the Canada Training Benefit (CTB)**. The business community has stepped in to fill an education/training gap, developing short courses, badge systems and micro-credentialing. Businesses have provided their employees with time and materials to upskill and, in many cases, have supported re-skilling when needed. The federal government should rely on business to become a critical player in skills development, and we look forward to working with the federal government to ensure businesses are funded and supported in their training initiatives through the CTB. While we recommend incentives for businesses, rather than imposing penalties, this approach would provide an opportunity for the government to work with the NDP, who proposed that employers spend at least 1% of payroll on training their employees annually.
- The Liberal platform proposes a number of **changes to unemployment insurance**, including a disaster assistance benefit, support for seasonal workers, a career insurance benefit, qualifying employees who quit their jobs to go back to school, reducing qualifying hours and allowing for EI training in advance of losing a job. We believe the federal government should undertake a comprehensive EI review to refocus the program on its original intention of temporary income and facilitate a speedy return to work. This would help reinforce accountability, serve Canadians facing skills transitions due to technological changes, reduce real payroll costs for employers and increase real salaries for employees to help businesses stay competitive





*The following issues are of utmost importance to Canadian businesses of all sizes and all regions of the country. Unfortunately, these critical issues received little attention in party platforms. As parties move from the theatre of campaigning to the realities of Parliament, the Canadian Chamber would like to see these issues included in the upcoming Speech from the Throne and ministerial mandate letters and addressed in the new Parliament.*

- The Canadian Chamber's Vote Prosperity Platform proposed a **comprehensive review of Canada's tax system**. Our taxes fund government programs and initiatives that contribute to making Canada the great country it is, and businesses are willing to pay their share. However, while other jurisdictions make their tax systems more competitive, Canada is becoming increasingly complex and inefficient, killing investment and jobs. Canada has not undertaken a comprehensive review of its tax system since the 1960s. Until we do, it will remain a cumbersome, inefficient patchwork. We can fix this problem by initiating a full, independent review with the goal of aligning it with the realities of today's competitive environment and helping set our businesses up for success.
- Over the last two years, the Canadian Chamber has proposed a series of **reforms to reverse Canada's declining regulatory competitiveness**. Canada urgently needs a concerted federal effort to modernize Canada's regulatory frameworks to increase investment, growth and the number of jobs for Canadians. This initiative should include a plan to generate a net reduction in the regulatory burden, adding economic competitiveness to regulator mandates, improving regulatory cooperation and establishing a dedicated Minister of Regulatory Efficiency responsible for leading regulatory reform. This issue is an excellent opportunity for the Liberal and Conservative parties to work together, as the latter included these measures in its platform.





- During the election, no party proposed measures to **address regulatory and legislative problems that restrict the ability of regulated cannabis companies to compete with the illegal market and prevent Canada from realizing the full economic potential of its cannabis industry**. The Canadian Chamber's National Cannabis Working Group is comprised of more than 70 organizations with a shared interest in helping governments achieve their health and safety objectives while improving the growth and competitiveness of the Canadian cannabis industry. The working group is prepared to work with the government and new Parliament on issues like streamlining regulatory frameworks, reducing interprovincial trade barriers, eliminating the excise tax on medical cannabis, re-evaluating excessively restrictive marketing and branding rules and undertaking a whole-of-government approach to maximize the economic benefits to Canada of an increasingly global industry.

***Finally, there are policy ideas unveiled during the federal election with which the Canadian business community has serious concern and that are not in Canada's national economic interest.***

- The Liberal platform has no **plan to return the federal budget to balance** and only proposes to shrink the federal deficit as a proportion of the economy each year. We have concerns about this plan, given the likelihood of an economic downturn occurring before the budget is balanced and the deterioration of the federal debt-to-GDP ratio in this situation. The government should present a concrete plan, with timelines, to return the federal books to balance.
- **Climate change policy** was a significant theme in the election. Both the NDP and Green Party platforms called for the cancellation **of the Trans Mountain Expansion (TMX) Project** while the Liberal and Conservative parties supported the project. The TMX project is a critical piece of infrastructure that will allow Canadian energy producers to get fairer prices for their products and gain access to world markets. Achieving these objectives will help relieve the economic pressure on western Canada and will be critical to restoring Canada as a competitive jurisdiction for investment in major projects. Failure to complete the project will make it more challenging for Canada to raise the estimated \$150 billion in new capital necessary for its transition to a lower-carbon economy. Consequently, this critical infrastructure must not be used as a political bargaining chip in this minority Parliament.



- Canada's businesses community has taken a leadership position on climate policy in Canada. In continuing their leadership, many Canadian businesses have signalled that they need policy predictability. Predictability is critical to project planning, ensuring global competitiveness and pursuing long-term strategic priorities. We urge the government to simplify carbon pricing by keeping its price on carbon explicit so businesses can clearly understand the costs and adjust their operations accordingly. Costs on carbon hidden in regulations and standards, such as the Clean Fuel Standard, are harder to predict and often come at higher costs than necessary. Reducing duplicate prices on carbon through the stacking of regulations, standards and carbon taxes will ensure Canadian businesses pursue effective action on climate change without sacrificing their competitiveness against other jurisdictions. This is an opportunity for all parties to work together towards policy stability that will continue unchanged regardless of who is in power, bringing much needed policy certainty to businesses and investors. **Canada's businesses are asking all parties to commit to streamlining carbon pricing and ensure the policy remains intact from one government to another.**
- The Liberal platform proposed to move forward with **Canada's Digital Charter in order to establish a new set of online rights regarding the protection of personal data.** The business community takes privacy and trust in the digital economy seriously and has learned that adding regulatory compliance obligations for consent and data governance does not, and will not, solve security concerns. We need a more complete and transparent public dialogue on cyber resilience. Investment in skills and training will help. Better enforcement, with massive penalties against those who perpetrate cybercrime and enforcement resources to go after bad actors will also help. The real solution for Canada is to build a world-leading cybersecurity solutions industry. Providing policy and financial incentives for business to invest in new technologies, like artificial intelligence and quantum computing, will be far more effective than adding new consent requirements for the collection of personal information, which are already adequately addressed in legislation.
- The Liberal platform proposes to **implement a \$15.00/hour federal minimum wage.** Similarly, the NDP platform proposes introducing rules to require part-time and contract workers to be compensated equally to full-time work. The Canadian Chamber membership, comprised of small businesses from communities across the country, believes these policy proposals will have unintended consequences in terms of costs and jurisdictional issues. As these costs continually and cumulatively mount, the results will be increased costs to consumers, downward pressures on wages and a loss of Canadian competitiveness. Increased costs will very likely detrimentally result in delayed hiring and substitution models for human resources.



*Canada's 43<sup>rd</sup> Parliament is facing a number of challenges, including significant regional divisions and increasing economic headwinds. On behalf of job creators across Canada, the Canadian Chamber of Commerce is ready to work with this minority Parliament to help grow the Canadian economy. We believe that successfully addressing these issues will support Canadian unity and generate shared economic growth.*

*Despite the significant political divisions in Canada, our analysis shows there is still considerable common ground between the parties and the business community to build a more prosperous Canada for more Canadians. As Churchill wisely noted, the only thing worse than fighting with allies is fighting without them.*