

Budget 2010

Prime Minister Harper prorogued Parliament for five weeks to recalibrate the government's strategy in order to complete Canada's transition through economic recovery and into long-term competitiveness. The results were delivered in the 2010 speech from the throne and federal budget. The Canadian Chamber of Commerce and its members called on the government to deliver concrete measures in three areas. The government heard the voice of Canadian business and both the throne speech and the budget aligned with the Chamber's call for action:

- ✓ Stay the course on the recovery plan.
- ✓ Lay out a strategy to return to balanced budgets over the medium term without raising taxes.
- ✓ Focus on how to make Canada more competitive in the international marketplace.

Our Success =
your gain

Fiscal

The issue

In its pre-budget submission, the Canadian Chamber called on the federal government to get its fiscal house in order so that Canada has the economic flexibility needed to prepare for the jobs of tomorrow and meet the challenges posed by an aging population. First, we urged the government to get the committed stimulus funds out the door to ensure a sustainable recovery and stimulate job creation. Second, we asked the government to chart a credible path back to fiscal discipline by reigning in spending and ensuring efficiencies, and to do so without raising taxes – a move that would have resulted in fewer jobs being created, slowed the recovery and weakened our international competitiveness.

What we got for you

- ✓ Budget 2010 aims to contribute to the economic recovery by confirming \$19 billion in federal stimulus in fiscal 2010-11 under year two of *Canada's Economic Action Plan*. This includes \$3.2 billion in tax relief for Canadians.
- ✓ No personal or corporate income tax increases planned over the next five years. Budget 2010 maintains previously-announced actions to lower the general corporate income tax rate to 15

per cent by 2012 from 18 per cent at present, saving businesses about \$0.5 billion per year for every percentage point cut in the rate.

- ✓ The government announced improvements to the international tax system to facilitate investment, cut red tape and streamline the compliance process associated with the taxation of cross-border activity. The Canadian Chamber advocated for such measures in its 2008 submission to the Advisory Panel on Canada's System of International Taxation. Individuals and corporations that trade and invest across international borders will benefit to the tune of \$145 million over the next five years.
- ✓ Budget 2010 proposes to shave government spending by \$17.6 billion over five years and implies a return to balanced budgets in 2015-16. A smaller and more efficient government will facilitate a lower tax burden for Canadians and Canadian businesses.
- ✓ The government will undertake a comprehensive review of its administrative functions and overhead costs in an effort to balance the books. The Canadian Chamber advocated for a review of all direct program spending and operating costs to determine where the payoffs were the greatest so that all taxpayers get more value for money from public services.
- ✓ The government responded to the Canadian Chamber's call and will explore whether new rules for the taxation of corporate groups – such as the introduction of a formal system of loss transfers or consolidated reporting – could improve the functioning of the tax system.

How does this benefit me?

The government's focus on ensuring a sustainable recovery is critically important to the performance of Canadian businesses and Canadians' job prospects. The federal government estimates, as of January 2010, the stimulus plan created or maintained 130,000 jobs. Additionally, the focus on balancing the books sooner rather than later will make Canada less vulnerable to interest rate fluctuations and put us in a better fiscal position to deal with unforeseen crises, meet the needs of an aging population and free up money (that would otherwise go to servicing the debt) for productivity-enhancing investments. It will enhance business competitiveness and Canada's standing in the world by keeping taxes low.

Energy and Environment

The issue

The Canadian Chamber called on the federal government to develop policies that would ensure that Canada continues to have an environmentally sound, stable and secure, and diverse energy supply. We also called for the federal government to take actions to improve the regulatory assessment process for large energy and resource projects.

What we got for you

- ✓ Funding to improve the regulatory system for project reviews, including \$11 million over two years to accelerate the review process for resource projects in the North, \$2.8 million over two years to the Canadian Environmental Assessment Agency (CEAA) to support consultations with aboriginal Canadians and delegation of responsibility for large energy project reviews to departments with the appropriate expertise.
- ✓ Continued support for Canada's world-leading nuclear industry, including \$126 million over five years for the TRIUMF nuclear research facility in British Columbia and continued funding for Atomic Energy of Canada Limited.
- ✓ Significant support for the development of clean energy, including \$1 billion over five years under the Clean Energy Fund, \$1 billion over five years through the Green Infrastructure Fund and expansion of the accelerated capital cost allowance (CCA) for clean energy generation.

How does this benefit me?

The changes to the regulatory system will help our energy industry maximize the use of our vast resources so that Canadians will continue to have access to a stable, secure and environmentally sound energy supply. Support for the development of nuclear power and other forms of clean energy will assist Canada on its path to reduced greenhouse gas emissions and other forms of pollution. These initiatives are two of the core components needed to ensure that Canadian businesses will have the energy they need at prices they can afford to remain competitive in the global marketplace.

Innovation and Competitiveness

The issue

Canada needs more investment and dedication to information and communications technology (ICT), innovation and the protection of intellectual property rights. Without a focus on these issues, Canada's productivity growth will be constrained, and other nations will surpass us as a destination for business investment. The Canadian Chamber called on the federal government to make ICT a priority, to update copyright legislation and provide stronger protection for intellectual property rights, including implementing measures to stop counterfeit goods at the border. The Canadian Chamber also called on the federal government to implement the Competition Policy Review Panel's recommendations to improve Canada's overall competitiveness. In addition, the Canadian Chamber advocated for small- and medium-sized enterprises (SMEs) support for the commercialization of new products.

What we got for you

- ✓ A commitment by the government to establish a digital economy strategy that will enable the ICT sector to create new products and services, accelerate the adoption of digital technologies and contribute to improved cyber security practices by industry and consumers.
- ✓ Commitments outlined in the throne speech to update intellectual property rights legislation and update copyright legislation.
- ✓ Budget 2010 launches a new Small- and Medium-sized Enterprises (SME) Innovation Commercialization Program with \$40 million over two years.

How does this benefit me?

The Canadian Chamber will work hand in hand with the government in developing a digital economy strategy. This will benefit members through increased direct online contact with the government. As well, the development of online business practices will help SMEs compete domestically and internationally. The SME Innovation and Commercialization Program will be rolled out this spring with the government holding events to promote the program across the country.

Transportation

The issue

The Canadian Chamber called on the federal government to invest in modernizing Canada's infrastructure and transportation networks. This is essential if Canadian businesses are to remain competitive within global supply chains. With the interwoven nature of the North American economy, our call included improving trusted trader and traveller programs and increasing efficiency of border operations.

What we got for you

- ✓ \$87 million over two years to improve border efficiency and border services.
- ✓ Continued enhancement of trusted traveller and trader programs such as NEXUS and PIP, including increased coordination with the U.S. and the setting of fees that are more closely aligned with costs.
- ✓ \$10 million over three years to Transport Canada to support the development of the Detroit River International Crossing Project as a public-private partnership.
- ✓ \$175 million over the next two years to help improve Marine Atlantic's services and renew its shore facilities and fleet.
- ✓ Allocation of \$28 million to support ferry services in Atlantic Canada which improve the efficiency of the movement of people and goods in these regions.

How does this benefit me?

The 2010 Budget will deliver \$7.7 billion in stimulus funding in 2010-11 to modernize infrastructure, support home ownership, and improve social housing across Canada that will create jobs and boost economic growth. Investment in transportation infrastructure boosts international trade and tourism, contributes to a higher quality of life for all Canadians, and is critical in encouraging both Canadian and foreign investment. Additional funding for improved efficiency of border operations will facilitate the movement of people and goods between Canada and the United States, which in turn will promote trade and foster economic growth.

Labour and Skills

The issue

Even as Canadian businesses see the signs of economic recovery, many employers are struggling to stay afloat without having to lay off valuable employees that will be needed when the economy recovers. At the same time, Canada faces a shortage of skilled workers that can only be partially addressed by immigration. We need to fully leverage the potential of a home-grown skilled workforce. This requires improving educational outcomes for aboriginal Canadians who represent the largest untapped labour force in the country.

What we got for you

- ✓ Existing or recently terminated work-sharing agreements will be extended by an additional 26 weeks, to a maximum of 78 weeks, until March 31, 2011. Additionally, more flexible qualification criteria will remain in place.
- ✓ \$30 million to support better elementary and secondary education outcomes for First Nations students.

How does this benefit me?

Many aspects of the Work-Sharing Program benefit employers and employees. Currently, 160,000 workers are participating in nearly 6,000 work sharing arrangements. Extension of this program will allow employers to retain valuable employees until the economy recovers.

Canada's aboriginal community continues to experience disappointing educational and workforce outcomes. More funding will help close the workforce disparity between aboriginal and non-aboriginal Canadians.

International Affairs

The issue

The current economic downturn and changing dynamics in global trade require Canada to focus its trade priorities and allocate negotiating resources more effectively to maximize value to Canadian companies. A focus on Canada-U.S. and multilateral trade must be coupled with the pursuit of bilateral trade and investment agreements with key markets, including the European Union, India and South Korea. Recently concluded free trade agreements (FTAs) with the European Free Trade Association, Jordan, Colombia and Panama are also important achievements, and need to be approved by Parliament.

What we got for you

- ✓ Building upon the 'Buy American' agreement gives Canadian companies permanent access to state and local government procurement in the United States.
- ✓ Government assurance to implement free trade agreements with Peru and the European Free Trade Association as well as the request that Parliament ratify new agreements with Colombia, Jordan and Panama.
- ✓ Diversification of opportunities for Canadian business through bilateral trade agreements, including those with the European Union, India and South Korea.
- ✓ Opening Canada's doors further to foreign investment in key sectors, gives Canadian firms access to needed funds and expertise.

How does this benefit me?

Maintaining access to the U.S. public procurement market remains a clear priority for Canadian companies. The 'Buy American' agreement was a step forward in ensuring access to this market. Of special note is the commitment to explore the potential for a permanent, reciprocal procurement agreement. The pursuit of bilateral trade agreements with the European Union, India and South Korea will likewise expand international market access for Canadian companies, and is essential to Canada's near-term and long-term growth.

Enhancing Canada's investment opportunities is essential in its ongoing global competitiveness. Opening our markets to foreign investment enhances Canada's competitiveness by revitalizing domestic industry and increasing the flow of goods and services between Canada and its trading partners. Foreign investment creates jobs, introduces new technology and new management techniques, and opens up new markets for Canadian companies.