

## **Ensuring Canada's Economic Success Using Information and Communications Technologies**

The federal government must do more to stimulate the adoption of information and communication technologies (ICT) in Canada. Many countries have recognized that investments in e-commerce and ICT results in increased productivity and growth in the overall economy and Canada can no longer afford to lag behind the world. In the global economy, you lead or you lose.

In 2006, the federally-appointed Telecommunications Policy Review Panel's report noted that the government should create a National ICT adoption strategy that would strengthen ICT implementation by business, particularly the small- and medium-sized enterprises (SMEs) across Canada. Given the current state of the economy, it is even more vital that the government allocate resources for investments in ICT to jump-start Canada's economic recovery. While the 2009 federal budget provided for \$225 million over three years for broadband internet, much more still needs to be done. By establishing a solid strategy, the government can provide businesses and Canadians in general with the tools they need to continue to drive growth, innovation and jobs in the digital economy.

The United States, Australia and Denmark continue to make significant investments in their ICT and e-commerce networks. For example, Australia, seeing that greater investment must be made in ICT, has a standalone Minister for Broadband, Communications and the Digital Economy. In Denmark, the government has established the Department of Science, Technology and Innovation and annually produces a report card on ICT engagement.

By hosting a conference on the future of the digital economy in June 2009, the federal government has indicated its willingness to examine the advantages of ICT and the role the government can play. But Canada's business community, especially the SMEs, need help to be well positioned to prosper in the digital economy.

### **Innovation and technology in Canada**

Canada's productivity gap relative to the United States is widening. For Canadians to continue to enjoy a high quality of life and standard of living, we must improve our productivity and competitiveness through innovation. The Conference Board of Canada has noted that "innovation is the ability to turn knowledge into new and improved goods and services" and that "Canada's performance on innovation over the past three decades rates a consistent D." That's simply not good enough.

At the Canadian Chamber's 2008 Annual General Meeting, James Milway, Executive Director at the Martin Prosperity Institute, stated that Canada is lagging behind in productivity compared to other G7 countries. Milway also spoke about the importance of Canadian companies going global to succeed.

Milway suggested that as part of a prosperity and productivity agenda, Canada needs to:

- Focus venture capital efforts on quality, not quantity
- Continue to expand innovation policy to include building management capabilities

Pursue the reduction of barriers to investment and trade

### **Canada can become a global leader in innovation and ICT**

Canada is a world leader in many areas: energy, natural resources and the financial services sector to name a few. While the availability of broadband internet across the country remains high, we have slipped internationally in ensuring that our digital infrastructure is world class and, as a result, we risk being able to attract and keep jobs in the knowledge-based economy. ICT infrastructure is now a 21<sup>st</sup> century pillar and must be treated as importantly as traditional infrastructure. As the world begins to focus more on the knowledge-based economy, we cannot afford to be left behind.

Without proper investment and dedication to ICT, innovation and protecting intellectual property rights, Canada's productivity will be limited and other nations will continue to surpass us as a destination for both domestic and international business investment. Canada must take back its proper place as a world leader in innovation and invest in our future economic growth immediately.

### **Recommendations**

That the federal government:

1. Build on its National Science & Technology Strategy by working with business and academia to launch and execute a national ICT strategy. This strategy should commit to accelerating Canada's economic leadership in the 21<sup>st</sup> century by investing in the requisite infrastructure, skills and should also ensure that the proper policy environment is in place.
2. Accelerate investments in next-generation networks by amending tax policies to stimulate investments on a geographically and technologically neutral basis; remove regulatory disincentives to capital investments; and deliver more government services electronically.
3. Promote a culture of excellence and take an active role in encouraging youth to get more engaged in ICT and entrepreneurship opportunities that exist in innovative technologies. Continue to build the necessary skills for future success in the digital economy.
4. Increase engagement with the private sector to accelerate e-business adoption among SMEs, especially given the increasing growth rate in this sector. Create a more favourable investment climate that encourages foreign and domestic investment in Canadian e-business opportunities, e-business transformation and the creation of new e-business ventures.