

Standing Committee on Finance (FINA)

Pre-budget consultations 2012

Greater Kitchener Waterloo Chamber of Commerce

Responses

1. Economic Recovery and Growth

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

Our Chamber proposes the following fiscal measures for sustained growth and economic prosperity: - the federal budget should be balanced by 2015 at the latest; - the debt-to-GDP ratio should fall below 30 percent by 2016; - growth in program spending should be limited to an average of 2.1 percent through 2016-2017; - continue an examination of options to reduce costs across the federal government, particularly in the areas of service delivery, corporate asset management, and administrative systems. Given on-going global and domestic economic uncertainties, our Chamber supports the current overall government fiscal approach that should provide greater flexibility in the event of unanticipated spending pressures.

2. Job Creation

As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?

Our Chamber strongly supports the mandate and continuing operation of the Federal Economic Development Agency for Southern Ontario (FedDev Ontario). Many of our members in the private and public sectors (including post-secondary institutions) have benefitted from funding, and utilized this financial support for job creation and the expansion of their operations. The program has also facilitated many productive private-public partnerships across the knowledge-based sectors of southern Ontario. A March 25, 2012 Financial Post article noted that FedDev Ontario appears to have initiated "unbridled success" in creating jobs and economic opportunities across the geographic areas designated for funding. We therefore support the continuation of this program beyond the original five year mandate.

3. Demographic Change

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?

Our Chamber has, for over a decade, recognized the skills development portfolio as a significant priority for both federal and provincial governments. We support continued federal infrastructure funding for post-secondary institutions. Our submission to this committee in August 2011 proposed an extension of the highly effective and successful Knowledge Infrastructure Program (KIP). Combined with accompanying financial support from the Ontario Government, our local institutions including Conestoga College, Wilfrid Laurier University, and the University of Waterloo have all initiated major construction projects within the last four years that will significantly assist in meeting provincial enrollment targets for the post-secondary system. Anticipated future demands for skills development and training will place heavy pressure on many institutions that will subsequently require financial support from all levels of government. Securing skilled workers is critical for employers to remain competitive in global markets.

4. Productivity

With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

Our Chamber supports the direction of the government contained within the March 2012 budget for supporting research and development. The \$1.1 billion accompanying \$500 million for venture capital initiatives is a significant investment in addressing national productivity challenges. Our Chamber and the Waterloo Region manufacturing sector, which generates one in four local jobs, also supports the accelerated capital cost allowance rate for investment in machinery and equipment. We have endorsed this initiative since introduction in 2007 and recommended extensions in previous submissions to this committee. The measure generates vital cash flow for manufacturers to subsequently invest in new production technologies.

5. Other Challenges

With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?

Our Chamber has also identified pensions and retirement income as a priority national issue for business owners and their employees. We strongly support Bill C-25 (Royal Assent June 28, 2012) and Pooled Registered Pension Plans. The new legislation will assist small and medium-sized enterprises across Canada in offering an uncomplicated and cost-effective retirement income savings plan. Our Chamber has provided a written submission to the Ontario Government asking the Ministry of Finance to expeditiously work with Ottawa and subsequently introduce similar legislation at the provincial level.