

Standing Committee on Finance (FINA)

Pre-budget consultations 2012

St. John's Board of Trade

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?

In order to facilitate a sustained economic recovery and growth, the federal government must address its debt. A balanced budget resulting in surplus would enable the federal government to create an atmosphere conducive to investment and to business by allowing tax reductions, research and development, and infrastructure improvements. Public-private partnerships (P3s) should be encouraged wherever possible as these can provide infrastructure improvements and services more efficiently, thereby reducing government operating costs. Government should promote fiscal responsibility in the public sector, demand efficiencies in government activities, and investigate the pressing problem and costs associated with the defined benefits public pension fund. The federal government must seek to strengthen the federation through the promotion of collaboration and mutual respect amongst its members. The federal government should minimize interprovincial barriers to trade, labour, and information, and minimize bureaucracy. ACOA and other decision-making processes in Newfoundland and Labrador should be protected. The erosion of the federation will continue if regional decision-making capacity is ignored. A third federal focus should be the creation of free trade agreements, thereby reducing Canada's reliance on the currently weakened American market, allowing for greater business opportunities to compete in emerging economies. Formal trade links will lead to market diversification and business innovation, ensuring greater resilience. The role of the federal government is to directly involve all members of the federation in all free trade negotiations so they might advocate for the needs of local businesses. The creation of a national energy policy (including an East-West electricity corridor) is another important means by which the federation would be strengthened, and the creation of economic opportunities in the north would be enabled through such policy. All members of our federation must remember that Canada has a great deal of credibility on the world stage that individual members may not share on their own.

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?

In order to seize the initiative of our economic situation, we need creative people. Perhaps the most important challenge that faces our country today is a lack of human capital to take hold of any economic advantage at all. Government should prioritize the education of its workforce, the enabling of underutilized sectors to the workforce, and the creation of a more robust immigration system. We simply do not have enough trained and able people within the current Canadian workforce to sustain and grow the economy. This is the number one barrier to sustained economic growth. Canada needs to become an idea incubator to promote job creation and foster sustainable global success. Attraction of creative people to Canada would lead to increased innovation through research and development. Innovation is key to position Canada in the future. It is the federal government's role to reduce any

barriers that prevent the transformation of ideas into goods and services and to provide a welcoming environment for the flourishing of ideas. For example, the Scientific Research and Experimental Development program must ensure that investment tax credits are being delivered in a predictable, timely and cost-effective manner. Capital expenditures should also remain part of the SRED tax credit scheme. The federal tax regime should encourage Canadian companies to direct capital into research and development, infrastructure investments and labour, rather than hoarding capital due to economic uncertainties.

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?

Ultimately it does not matter if jobs are created if no one can fill them. Measures to engage under-represented groups, such as differently abled people, seniors, aboriginals and youth, in the work force would naturally lead to job creation. Concerning national and international accreditation, the Pan-Canadian Framework for the Assessment and Recognition of Foreign Qualifications is an excellent federal initiative which should be expanded to encourage all skilled and professional trades to move towards “Red Seal” or similar national accreditation. This would enable ease of movement interprovincially/territorially and readily assist in the immigration of skilled workers and professionals. The baby boom generation is ready for retirement: seniors over 65 comprised 14.8 per cent of the 2011 Canadian population, an increase from 13.7 per cent in 2006. There is good news in that the population of children aged 4 and under increased by 11 per cent from 2006 and 2011, the highest growth rate for this age group since the baby boom. Effectively, there will be a second baby boom when members of this new generation join the workplace in another 20-25 years. But, for short- and medium-term labour needs, Canada must look internationally to provide the sheer amount of workers required. Indeed, nearly all net new growth in the national labour force in 2012 will be the result of immigration. The federal government must make the creation of more robust migration and immigration policies a priority at the national level, within a broader strategy that has national goals and objectives but is flexible and easily adaptable to regional needs. Canada’s labour market requirements must be addressed nationally by solutions that do not benefit one region at the expense of another. The solutions to the labour shortage may not be the same for each region, but the needs are no less urgent and important. A collaborative approach between all jurisdictions is necessary to permit workers ease of movement, temporarily or permanently, across provincial and territorial boundaries to meet labour market needs and provide adequate supply of labour.

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?

Productivity results from investments in human capital, social capital, material capital and innovation. Businesses must be certain of and comfortable in the economic environment to invest in both tangible infrastructure and in people, in knowledge based capital. It is the federal government’s responsibility to create the best possible atmosphere for this investment to occur. Increased fiscal flexibility will enable the government to channel resources into R&D to assist the private sector in its innovation and investment, and allow for internationally competitive tax regimes. With the Canadian dollar at a high value, manufacturers should be encouraged to invest in new equipment, especially where that equipment needs to be imported.

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?

The Board of Trade held a number of 2012 pre-budget meetings with members of the federal government. A consistent theme amongst our membership has been the need for more decision-making authority located in Newfoundland and Labrador. More senior federal positions located in this province would facilitate understanding of the challenges faced during this dynamic period of economic expansion. We need people on the ground to promote and maintain a strong federal presence and promote dialogue and understanding. We submit that the promotion of good dialogue is fundamental to the federal mandate and, without talk, there can be no understanding and no economic growth.