

**Written Submission for the Pre-Budget Consultations in  
Advance of the Upcoming Federal Budget**

**By: GE Canada**

**July 31, 2020**

**Recommendation 1:** That the government designate a portion of the recently announced \$19B 'Safe Restart Agreement' for provinces to invest in medical equipment, including diagnostic imaging, to address the significant backlog of deferred health services during COVID-19.

**Recommendation 2:** That the federal government collaborate with provinces to ensure pandemic planning for a possible COVID-19 wave two starts now with the medical technology industry.

**Recommendation 3:** That the government continue the momentum of deploying and scaling digital health tools (including virtual health and integrated real-time data and analytics) across Canada's healthcare systems by dedicating a portion of the Canadian Health Transfer (CHT) funding to go towards these tools and services.

**Recommendation 4:** That the federal government fund implementation of the Canadian Hydrogen Strategy, as well as large scale pilot projects for CCS, hydrogen, and small modular nuclear reactors.

**Recommendation 5:** That the federal government advance international collaboration to maximize Canada's economic opportunities in the global energy transition.

**Recommendation 6:** That the federal government design economic recovery programs to include non-repayable financial supports to companies of all sizes based upon clear, predictable economic impact criteria.

**Recommendation 7:** That the federal government adopt an "innovation box" regime which would reduce the corporate tax rate for income derived from intellectual property developed in Canada.

**Recommendation 8:** That the federal government address delays in regulatory and permit approvals processes, in particular for export permit processes.

July 31, 2020

The Honourable Wayne Easter, MP  
Chair of the House of Commons Standing Committee on Finance

Sent via email to: [fina@parl.gc.ca](mailto:fina@parl.gc.ca)

**RE: Pre-Budget Consultation in Advance of the 2021 Budget**

General Electric has been operating in Canada since 1892 and employs approximately 3700 workers across the country in our Healthcare, Aviation, Power, Renewables, and Digital businesses. Our footprint is diverse, comprising the full continuum of business activities from research and development, to design and engineering, manufacturing, sales and service. Together, the GE team is leveraging our technology leadership, expertise across multiple domains, and global scale, to build a world that works. This submission outlines recommendations that GE believes will enhance Canada's resiliency and economic recovery, while positioning our country as a global leader in technology development and adoption, maximizing export opportunities and achieving net zero emissions by 2050.

First, I want to applaud the Canadian government for its rapid response to the COVID-19 public health crisis and continued efforts to steer Canada toward economic recovery and growth. Programs such as the Canada Emergency Wage Subsidy have been an essential tool in supporting Canadian jobs. The government's response matched the enormity of the challenge and speaks to the capacity of our institutions to move at both speed and scale.

The Bank of Canada estimates a prolonged path to economic recovery, and the 2021 federal budget will play a critical role in supporting a return to growth. We believe Canada must continue to act with speed and scale in making strategic investments in critical infrastructure and technology development and deployment, while maintaining a sharp focus on global competitiveness as countries compete for scarce private capital dollars. As the world continues to face volatility and an uncertain pandemic trajectory, ensuring a resilient, inclusive and clean economy of the future will require all stakeholders to collaborate on solutions to our shared challenges.

Sincerely,



Heather Chalmers

President & CEO, GE Canada

### **Investing in Canada's healthcare systems and supporting the life sciences sector:**

With the emergence of the COVID-19 pandemic in Canada, hospitals suspended non-urgent procedures to create acute care capacity for COVID-19 patients. While this approach resulted in immediate availability of hospital resources, it also contributed to a significant backlog in medically necessary services that must be addressed. Wait times for services were already a concern pre-COVID; this challenge has now been compounded, negatively impacting certain patients' health conditions, and as a result, their ability to get back to work and contribute to the economic recovery.

COVID-19 has shown that Canada is at risk due to its high dependency on the global medical technology supply chain. The pandemic has made it abundantly clear that governments around the world, including Canada, have not made adequate investments in public health and pandemic preparation. Steps taken by various countries during the crisis to restrict exports were highly disruptive and indicate the risks of growing global protectionism to Canada's healthcare systems.

The pandemic has also demonstrated that Canada's health system and the medical technology sector is able to respond and adapt quickly to new ideas and technology to improve access and patient care. Canada must continue the momentum of deploying digital health and analytic tools that have been created out of necessity during this crisis. Improving access to healthcare is central to not only a more efficient economy, it also contributes to inclusive economic growth. Leveraging lessons learned from our country's response during the first wave of the pandemic is an opportunity for our public health systems to be more responsive and flexible to improve efficiency, access and patient care.

**Recommendation 1:** That the government designate a portion of the recently announced \$19B 'Safe Restart Agreement' for provinces to invest in medical equipment, including diagnostic imaging, to address the significant backlog of deferred health services during COVID-19.

**Recommendation 2:** That the government ensure pandemic planning for a possible COVID-19 wave two starts now with the medical technology industry, leveraging lessons learned from wave one. Critical components of the plan should include optimal inventory management, sustainable domestic manufacturing, multisource suppliers and international collaboration.

**Recommendation 3:** That the government continue the momentum of deploying and scaling digital health tools (including virtual health and integrated real-time data and analytics) across Canada's healthcare systems by dedicating a portion of the Canadian Health Transfer (CHT) funding to these tools and services.

### **Accelerate Investment in Transformative Energy Technology and Infrastructure**

Energy systems are the foundation upon which Canada's economy of the future will be built. An inclusive, clean economy relies on integrated energy systems operating seamlessly in the background that are affordable, reliable, and sustainable.

Canada is fortunate to have an abundance of energy resources. The diversity of Canada's geography, demographics, and resource allocation calls for a portfolio approach to the energy systems of our future. High-tech, low carbon, and digitally optimized infrastructure requires parallel pursuit of the

deployment of step-change technologies such as hydrogen, CCS, and SMRs alongside more incremental changes, like electrification and digital tools for existing infrastructure.

GE Canada believes that government stimulus targeting the modernization of our energy systems, including new energy technology development and most importantly *deployment*, will be essential to securing Canada's long-term competitive advantage in a fast-changing world. Seizing early-adopter advantage would generate immediate local jobs, build supply chain capacity, and capture the prosperity gains that accompany export industries.

As countries around the world pursue similar priorities, such as the recent U.S. government announcement of \$230MUSD for the Advanced Nuclear Demonstration Program and the EU Hydrogen Strategy, Canada's government programs should be designed to match the attractiveness of packages from competing jurisdictions and to leverage our unique Canadian competitive advantages.

**Recommendation 4:** The federal government should take an inclusive approach to Canada's diverse resources and infrastructure, including oil and gas, renewable energy and grid technology, in its development of innovation and infrastructure supports.

- a) The federal government should provide funding support to large-scale pilot projects in domains such as carbon capture and storage, the full hydrogen value chain, and small modular nuclear reactors (SMRs).
- b) The federal government should incorporate industry input to finalize, and provide robust funding to implement, the recently released draft Canadian Hydrogen Strategy. Canada must act quickly to realize its unique competitive advantages in hydrogen production. Funding should be designated for technology development, pilot projects, international collaboration and end user market development. Further, the government should ensure that the Canada Infrastructure Bank is equipped to support the development of hydrogen infrastructure.
- c) The federal government should expand support programs to specifically target supply chain development for emerging energy technologies with strong global market potential, such as hydrogen, CCS, and SMRs.

**Recommendation 5:** The federal government should identify and advance opportunities for international collaboration to maximize Canada's economic gains from the global energy transition. For example, developing a North American approach to SMR development can maximize supply chain synergies at an early and meaningful stage in market development and collaboration with the European Union could accelerate development of the hydrogen economy and ensure coherent, harmonized standards across relevant industries.

### **Building resilient local supply chains by focusing on Canada's competitiveness in the innovation economy**

For GE, Canada's competitiveness in this economic downturn remains the paramount concern. The economic fallout of the pandemic has damaged the balance sheets of companies around the world. As a result, companies have less capacity to invest in items such as existing or new facilities, technology adoption, and workforce training. This new business reality threatens to further erode Canada's lagging productivity performance, and, absent government action, also risks undermining Canada's position as companies reorient supply chains and undertake difficult decisions on footprint rationalization.

Canada will need to avoid the pitfalls of lengthy, unpredictable funding programs that create a perception of ‘moving goalposts’ and hinder investment decisions at a time when other countries are aggressively pursuing investors. Major countries are developing strategies that encourage or mandate greater local production, and jurisdictions such as the EU have approved extensive stimulus funds (€750B) to support economic recovery, local jobs, and drive investments in infrastructure, technology development, and more.

Competing on a global level in uncertain times requires agility, fortitude, and strong execution, and the federal government will need to draw upon both financial and non-financial tools at its disposal.

**Recommendation 6:** The federal government should design economic recovery programs to include non-repayable financial supports to companies of all sizes based upon clear, predictable economic impact criteria.

- a) Canada must build investor confidence that it is a jurisdiction of choice for strategic investments in technology and supply chains. Government programs aimed at stimulating economic growth and attracting investment should be designed with predictability and timeliness as key success factors. This can be accomplished by providing a designated envelope for projects, including non-repayable funds, and articulating clear economic impact requirements that provide predictable access to this funding.
- b) The federal government should expand economic programs to include support for large, mature companies. Large companies contribute a significant share of Canada’s research and development spending, and often partner with local SMEs. Global companies are also an important source of expertise in commercializing technology development at scale and provide access to global markets for these SME partners. Many of the government’s economic programs currently target supports to SMEs and start ups. GE believes these programs would generate more benefit to Canada by shifting their focus to growth and economic impact rather than size of company.

**Recommendation 7:** The federal government should adopt an “innovation box” regime which would reduce the corporate tax rate for income derived from intellectual property developed in Canada. This measure could support R&D activities in Canada from companies of all sizes, and position Canadian innovations to proceed through to commercialization.

**Recommendation 8:** The federal government must address delays in regulatory and permit approvals processes as these will delay needed investment and could hamper growth industries. For example, significant backlogs and delays are impeding government export permit processes. The government is not meeting its published service standards, and timelines are considerably slower than in likeminded, NATO countries. In GE’s experience, these delays pose risks to customer attraction and retention in high-growth sectors and markets, undermining the health of our export-oriented Canadian production facilities at a critical time.

## **Conclusion**

Thank you for your consideration of these recommendations. Our team at GE Canada remains available to provide any additional information as may be required.