

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

**By the Regroupement des jeunes chambres de commerce du
Québec (RJCCQ)**

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About the Regroupement des jeunes chambres de commerce du Québec

Founded in 1992, the Regroupement des jeunes chambres de commerce du Québec (RJCCQ) is a non-profit organization that supports a network of 45 youth chambers of commerce and youth wings across Quebec, representing more than 13,000 young professionals, executives, self-employed workers and entrepreneurs aged 18 to 40. In addition to covering a large geographic area, the RJCCQ includes about 15 organizations from cultural communities, which makes it unique. The RJCCQ is also the only organization in Canada that represents the next generation of business professionals. Its mission is to defend the interests of its members based on the following three priority objectives:

- Represent young business professionals in dealings with public and private stakeholders;
- Promote dialogue and synergy between youth chamber of commerce members; and
- Foster the development of youth chambers of commerce.

The RJCCQ intends to pursue its support efforts with the Government of Canada to encourage and facilitate youth entrepreneurship. Thanks to its knowledge of the environment and its strategic positioning, the RJCCQ is uniquely placed to make recommendations that connect the realities faced by young entrepreneurs to the government's vision in order to boost both short- and long-term economic development.

List of recommendations

Recommendation 1: That the Government of Canada contribute \$500,000 to fund the Global Meetup 2021 and the Mouvement Génération;

Recommendation 2: That the Government of Canada contribute to the creation of a \$50M “Marketing in Our Regions” endowment fund;

Recommendation 3: That the Government of Canada create a Business Buyers’ Plan (BBP), similar to the Home Buyers’ Plan (HBP), to offer an additional tool for entrepreneurs interested in buying their first business; and

Recommendation 4: That the Government of Canada completely overhaul its tax system to incorporate measures supporting innovation, entrepreneurship and business succession, making Canada an internationally recognized destination for getting started in business.

1. The Global Meetup 2021 and Mouvement Génération

Following a competitive call for nominations, the RJCCQ succeeded in making Canada, and specifically Montreal, the first North American destination to host the Global Meetup – Get in the Ring, a major event that is both an international entrepreneurship conference and the final round of a global start-up competition. Hosting the in-person component of the Global Meetup – Get in the Ring in the winter of 2021, combined with international visibility in online events, will give Montreal a chance to demonstrate the strength of its vast entrepreneurial ecosystem and its innovation potential to the world's top start-ups and to international delegates and investors. This competition will enable start-ups to network virtually and in person in accordance with the current guidance on COVID-19, through meetings with prominent members of the entrepreneurial communities of Montreal, Quebec and Canada and with international investors. The event will end with a pitch competition in front of investors. The influx of internationally renowned start-ups and investors will give Montreal global visibility and create concrete benefits for innovation and the economy, not to mention tourism and culture. The enriching experience of the Global Meetup will serve as a gateway for stimulating new investments and may motivate these international entrepreneurs to set up shop in Canada, a necessary step in the economic recovery planned by the Government of Canada. The Global Meetup will also give Canadian companies an opportunity to develop new markets and innovative business partnerships.

Organizing this international entrepreneurial gathering is a massive challenge for the RJCCQ, and support from public partners is critical. The organization has been actively raising this file for months with various Government of Canada departments that have expressed an interest in collaborating to help this event succeed, including Canadian Heritage, Innovation, Science and Economic Development Canada, and Invest in Canada. Naturally, the pandemic has recast previous discussions, and we believe it is more essential than ever to resume our discussions in order to secure the necessary financial support to make the Global Meetup 2021 an event that will actively contribute to positioning Canada as a global leader in the economic recovery.

The RJCCQ also hopes to capitalize on the excitement surrounding the Global Meetup by organizing a major national collaboration that will bring together Canada's young business people in order to build civic engagement among young Canadian professionals and entrepreneurs, encouraging them to propose concrete, innovative ideas that demonstrate their interest in proactive involvement. This Mouvement Génération initiative will rally youth and the accompanying ecosystem around concrete proposals for the economic recovery and support for SMEs in the context of the post-COVID-19 pivot.

To that end, financial resources are needed in order to position Canada as a leader in the global entrepreneurial recovery by hosting the Global Meetup, while also supporting youth, who have been hit especially hard by the crisis, through a national collaboration (Mouvement Génération). **Since creating**

jobs and opportunities for young people is one of your priorities for the economic recovery, the RJCCQ is asking the Government of Canada to contribute \$500,000 to fund this event.

2. “Marketing in Our Regions” endowment fund

In light of the COVID-19 crisis, regional economic recovery is more important than ever. Certain industries, such as international trade and exports, have been hit hard, and it is crucial for start-ups in our regions to have as many tools as possible to help them navigate this uncertain and unpredictable time. While urban environments are known to be centres of innovation, the regions are innovation incubators too, bursting with companies whose ideas, products and services could transform digitization, green energy and many other fields vital to the economic recovery, but they require support with marketing.

To that end, the RJCCQ proposes to create a \$50-million endowment fund, using the interest to train and guide start-ups through the process of marketing innovations. This fund, which would be managed by the RJCCQ together with an independent advisory board, would be a pilot project aimed at providing Quebec's regions with a marketing specialist to guide start-ups through this crucial stage in their growth and ensure that they flourish in the regional entrepreneurial ecosystem. The capital invested in the fund would not be used and would be returned to the Government of Canada in 10 years. The only cost to this measure would therefore be the capital, calculated at 5% for a total of \$2.5 million annually.

Furthermore, creating this fund would help consolidate the role of the RJCCQ's youth chamber of commerce members as leaders in economic development in their respective regions. With funding to distribute to the SMEs they represent, the youth chambers of commerce would be a cornerstone of the post-COVID-19 economic recovery.

3. Business Buyers' Plan (BBP)

To reinforce the importance of entrepreneurship, the RJCCQ published a study in 2017 entitled “Reprendre, c'est entreprendre” with the Centre de transfert d'entreprise du Québec (CTEQ). The study proposed three possible solutions to the challenges of business succession: funding, training and strong networks. The funding component involved strengthening and consolidating existing programs and reducing the burden on potential successors.¹

¹ <https://www.rjccq.com/single-post/2017/10/19/Réforme-Morneau-une-équité-mal-justifiée->

Since 2011, the RJCCQ has been calling on the federal government to **create a Business Buyers' Plan (BBP) in order to offer an additional tool to entrepreneurs interested in buying their first business.** Following rules similar to the Home Buyers' Plan (HBP), entrepreneurs could withdraw up to \$100,000 from their RRSPs for a down payment, as long as they are buying an existing business and it is their first time buying a business.

The RJCCQ believes that this measure would provide an additional tool for tackling the coming decade's challenges with regard to business succession, as well as the difficulty accessing capital that entrepreneurs currently face. At a time when the COVID-19 pandemic is causing a widespread economic crisis, this type of measure is more important than ever. In addition to being the originator of this proposal, the RJCCQ intends to be a leader in discussions surrounding the implementation of the program. As a key player in Quebec's economic development and business realm, we have developed expertise that we will gladly bring to bear on the operationalization of programs like the BBP to improve entrepreneurship accessibility.

4. Tax reforms to support entrepreneurship

Canada's tax system has been in place since the 1930s and has undergone many changes and amendments in recent decades to adapt it to modern realities. Over the years, the RJCCQ has been able to highlight certain deficiencies by informing the government of necessary updates. Canada's tax system is both archaic and unforgiving. As the current crisis shows, an economic model centred primarily on large companies with huge debt loads poses a significant risk: the possibility of insolvency in the event of a major crisis. Furthermore, when a big monolithic corporation collapses, it often drags a large ecosystem of small businesses down with it. However, an economy consisting of multiple small entrepreneurial ecosystems becomes more resilient, because it is better equipped to adapt to new realities. Even if one company folds, it only takes a few other players with it.

Our organization believes that now is the time to undertake a complete overhaul that would better reflect the reality of 2020, especially the reality of young professionals and entrepreneurs aged 18 to 40. As a representative of this demographic, the RJCCQ would like to propose flexible measures that will encourage young people to get started in business while reducing the risk of failure that could affect their mental health and ambition early in their career. We are therefore joining numerous other business groups in urging the Government of Canada to **completely overhaul Canada's tax system, with an emphasis on supporting entrepreneurship.**

Practically speaking, the RJCCQ proposes the following:

- Similar to the Israeli system, we recommend that the Government of Canada, via BDC, create a second-chance program that would absolve an entrepreneur of tax consequences if their first

business venture fails. This would ensure that when the entrepreneur starts their second business, they will still qualify for the same lending rates as if that first business had never existed. The rationale is that an entrepreneur starting their second business will avoid the pitfalls of their first experience and will not make the same mistakes. That means they could be at less risk the second time around than the first; and

- Implement measures supporting the government's stated priorities for the economic recovery: green energy, new technologies and innovation, and regional development.