2023

Policy Resolutions

Canadian Chamber of Commerce
Chambre de Commerce du Canada

Positions on Selected 2023 National and International Issues

This booklet contains the final approved versions of all the resolutions adopted by the voting members of the Canadian Chamber of Commerce from October 12-15, 2023, at the Canadian Chamber's Annual General Meeting & Convention in Calgary.

Each resolution, once approved, has an effective lifespan of three years. The 2023 resolutions were discussed, amended and approved during debate, at which time accredited voting delegates from across the country considered a total of 66 proposals which had been drafted originally by local Chambers of Commerce, Boards of Trade and policy committees of the Canadian Chamber. In accordance with the by-laws, a majority of two-thirds of the votes cast was necessary to approve each resolution. Delegates approved 62 resolutions during the debates.

These resolutions will be brought to the attention of appropriate federal government officials and departments to whom the recommendations are directed. The method of presentation of each item will be determined by a number of factors, including subsequent events and legislation that may affect the subject matter, additional information that may become available, the timing of a presentation, etc. Throughout the year, members will be updated and advised of the action(s) taken on each of these positions by way of summaries and reports in Canadian Chamber publications.

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Agriculture

#1 - Including Humalite in Canada's Agricultural Emission Reduction Solution

Description

A recent MNP Report states; "Under Canada's Strengthened Climate Plan, the government of Canada is envisioning a 30% reduction in absolute emissions by the year 2030. That would include chemical fertilizer reductions used in crop production by Canadian farmers to achieve their part" in reduced emissions. To understand the reduction needed in fertilizer use to achieve the 30% emission reduction goal MNP uses "the model proposed under the EU Green Deal which cites an actual reduction of 20% in fertilizer use compared to 2020 levels".[1], Humalite should be supported as a soil and foliage enhancer, and it may be a perfect solution to reduce GHG (greenhouse gas) emissions while working to maximize crop yield.

Background

Climate change is among the most pressing issues on the world's agenda today. Climate change combines with geopolitical strife, global food security issues, and economic challenges to make a particularly challenging time in the world's history. Major action is being taken on many fronts to address climate change, including food production; however, creative solutions are required to balance any net negative impacts on other areas, such as agriculture productivity which can contribute further to food security and economic success.

In Canada, the Federal Government has "committed to set a national fertilizer emission reduction target of 30% below 2020 levels by 2030."[2] This ambitious target has been criticized as high nitrogen-based fertilizer is common in today's farming methods to maximize crop yields.

The Canadian Federation of Independent Business (CFIB) August 2022 Business Barometer data revealed that the agricultural industry had the most negative short and long-term outlook among all sectors in Canada. 60% of respondents stated that a mandatory emissions reduction "would decrease the profitability of their agri-business", while 42% reported "it would be challenging as they have already reduced their nitrogen fertilizer use". Research from CFIB shows that Canadian farmers "have already adopted or plan to adopt best practices to manage or reduce nitrogen emissions."[3]

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1 https://fertilizercanada.ca/wp-content/uploads/2021/10/Final-Report-v2.2.1.pdf
2 https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/climate-plan-overview/emissions-reduction-2030/sector-overview.html#sector7
3 https://www.cfib-fcei.ca/en/media/federal-governments-plan-to-cut-fertilizer-emissions

Referring back to the recent study from MNP, a 20% reduction in fertilizer can be used as a number to model a 30% reduction in carbon emissions. To determine the effects of this reduction on farmers, MNP analyzed the financial impact of lost production in corn, canola, and spring wheat. In their model, MNP estimated by 2030 that "given constant prices, the total value of lost production grows to $10.4 billion per year by 2030.

This loss is concerning not only because of lost revenues to crop farmers, but because of the resulting decline in food production. The World Bank's Food Security Update from December 5th notes that "domestic food price inflation remains high around the world... The share of high-income countries with high food price inflation has risen to 85.5%."[4], With food inflationary pressures, and general food security issues, maintaining good crop yield is particularly important, just the same as it is essential that GHG emissions are reduced. We need a solution that accounts for both the environmental and agribusiness sides of the equation.

Solution

There are four classes of coal: "anthracite, bituminous, subbituminous and lignite."[5], Lignite coal is a "low rank" coal that has "lower calorific values" than the other three kinds of coal, "however, it is rich in organic matter (OM) and humic substances (HS, or "humic") (Liem, 2021)."[6], One form of low-rank coal is called "humalite," that can be used in agriculture in forms like humic acid and liquid fulvic acid. Humalite can be useful in agriculture for soil enhancement and fulvic applications, while paired with a reduced amount of fertilizer, and has produced the best results in poor soil conditions. Humic substances have been recognized by the Canadian Food Inspection Agency (CFIA)[7], as well as the US Department of Agriculture (USDA) National Organic Program (NOP).[8] Humalite can be sourced right here in Canada, from places such as Hanna, Alberta.[9]

A recently published textbook "Low-Rank Coal Applications in Agriculture" explains important work that has been done with humalite in agriculture. In one study that was completed in Alberta in 2018, liquid fulvic acid (FA) was tested at a single or doubled rate in conjunction with fertilizer nutrients at either 33% or 100% rates {6}. A control group of 0%, 33%, and 100% nutrients, not paired with any humic substances was also used as a test control. Five applications of each treatment were performed, and the results when analyzed concluded that "only when liquid FA was applied to 33% nutrients were significant yield improvements recorded.

4 https://www.worldbank.org/en/topic/agriculture/brief/food-security-update (December 5th, 2022 report)
5 Coal in Canada | The Canadian Encyclopedia
6 Liem, L. Edwin. 2021. Low-Rank Coal Applications in Agriculture. John Wiley & Sons Ltd.
7 https://inspection.canada.ca/plant-health/fertilizers/regulatory-modernization/list-of-primary-fertilizer-and-supplement-material/eng/1533213691120/1533213691867
8 https://www.federalregister.gov/documents/2019/10/08/2019-21171/national-organic-program-usda-organic-regulations
9 https://www.westmetag.com/

This indicated that 100% nutrients were already more than adequate for this application and so liquid FA did not help to increase crop yields." This experiment demonstrated that "liquid FA applied foliar to seedlings at small application rates enhanced yields of barley," and that lower rates of nutrients combined with humic substances produced better yields. The results at the 33% fertilizer rate also showed better economic performance, with a net revenue increase of $18.38/ha at a double rate of added liquid FA, and a net revenue increase of $34.04/ha at a doubled rate of liquid FA. These favorable results would meet the government emission reduction requirements while allowing the producer to maintain or increase crop productivity.

The results of this experiment shows promising results for humalite use in agriculture. While coal has fallen out of public favour in recent times due to its high-carbon emissions as a fuel source, governments and industry must recognize that there can be alternative clean uses for coal, such as low-rank coal in agriculture.

Recommendations

That the Government of Canada:

1. Work with the provinces and territories, farmers, and other relevant industry stakeholders including Indigenous partners to:

    a. Support and promote the research, production, domestic use and export of environmentally friendly humalite products, including raw materials/products that are mined/manufactured in Canada, for agricultural use; and

    b. Ensure that any fertilizer emission reduction plan includes a strategy to maintain and maximize crop yield, including the use of humalite; and

    c. Provide farmers with education and support to adopt new practices and technologies including the use of humalite in their agricultural operations.

#2 - Improving Risk Management for Agriculture Producers

Description

Current risk management programs are not meeting the changing needs and requirements within agriculture. Furthermore, the lack of education and awareness around risk management strategies is limiting the growth and success of agriculture producers.

Background

Less than 1% of Canadians are farm operators, with the number of farms in Canada declining and the land base of each farm increasing. Add to this the increases in average inputs per acre, increased labour and fixed costs and a declining net income and the result is that the dollar value for risk is substantially more than it used to be.[10] As a result, producers require risk management solutions to create greater certainty and mitigate risk in order to improve farming options and opportunities. However, both government and producer groups have identified that improvements to agricultural risk management solutions and tools are needed. With federal priorities focused on agriculture and agri-food, there is a need to work directly with agriculture producers and industry stakeholder groups to help meet the outcomes and objectives desired and to hear first-hand about potential opportunities and areas for improvement.

Government's Role

A December 2019 news report from Food in Canada[11], stated that federal, provincial, and territorial Ministers of Agriculture met face-to-face to initiate action on a number of key proposals to improve support to Canadian producers, following what has been a difficult year for many producers due to a series of impacts including bad weather, the CN work stoppage, and market access issues. Further compounding the agriculture sector is the COVID-19 pandemic which has also added pressure on the agriculture industry with the need to modify work processes and address processing shortages and supply chain challenges.

Ministers recognized that the risks facing producers have changed, particularly with respect to climate and international trade, and that current programs may need to evolve to meet their needs. To start to address these changing risks, Ministers made targeted improvements to the AgriStability program and Ministers asked officials to change the treatment of private insurance for the 2020 program year.

[10] https://www.agric.gov.ab.ca/app21/farminputprices; https://www150.statcan.gc.ca/n1/ca-ra2006/articles/snapshot-portrait-eng.htm
[11] Ministers outline improvements for AgriStability program, December 18, 2019: https://www.foodincanada.com/food-in-canada/ministers-outline-improvements-to-agristability-program-143373/

Understanding that administrative burden is an issue for many, in particular for smaller producers, Ministers agreed to launch a pilot in select jurisdictions to make applying for support easier, by using tax return information to simplify the application process.

Ministers' engagement on key business risk management programs signalled a direct response to the changing risks faced by producers. The business risk management programs aim to provide producers with tools to ensure the viability of their operations and to manage risks largely beyond their control. As a result, officials are to develop options to make the programs more effective, agile, timely, and equitable for producers. In particular, officials are to evaluate the impact of changes to the reference margin limit and changes to eligible expenses under AgriStability.

In the mandate letter of the Federal Minister of Agriculture and Agri-food[12], there was specific guidance to work in collaboration with the provinces and territories to undertake a review of risk management programs, with a special focus on AgriStability in order to help producers manage environmental and business risks by providing faster and better adapted support, drawing from lessons from recent trade disputes and evidence-based research.

Producer Concerns

Producers require risk management solutions to create greater certainty and mitigate risk in order to improve farming options and opportunities. However, there is much needed improvement required to agricultural risk management solutions and tools offered, as identified by both government and producer groups.

Current programs are limiting and don't allow for new opportunities such as the ability to expand intercropping. As there is a lack of insurance coverage for these opportunities, it prevents diversification through new cropping opportunities.

In addition, current programs often require specific fertility, seed treatment and irrigation levels, without taking into account the producer's management practices. Modern farming practices and management systems often require lower inputs to produce a crop than more traditional practices. Having minimum input levels built into the program without consideration of the producer's farming practices can mean higher costs, and restrictions on the producer's ability to follow best-practice farming methodology.

Limiting of the reference margin under AgriStability has also left collateral damage because liabilities were going up and the Government's concerns over costs resulted in significant impacts to producers.

[12] Minister of Agriculture and Agri-Food Mandate Letter https://pm.gc.ca/en/mandate-letters/2019/12/13/minister-agriculture-and-agri-food-mandate-letter

In addition, there have been significant changes to weather patterns, incidences of drought, amount of moisture and extreme weather events, requiring a need to adjust with them, taking into consideration seasonality and length of time drought happens, along with overall impacts of rain and whether there are benefits or negative implications as a result[13]. While clients may choose one, two or three weather stations to best represent conditions on their farm, and within proximity of their land base, weather station information may be subject to change and weather systems are also changing. Therefore, more emphasis should be placed on the use of various technology tools to assess crops and pastureland to increase accuracy in the assessment and assist producers in addressing weather events.

Currently, there are few truly effective risk management instruments that allow Western Canadian livestock producers to manage their risk. Cattle and hog producers in Western Canada face volatile market prices and the Western Livestock Price Insurance Program is designed to be market driven to reflect the risks a producer in Western Canada faces when selling livestock. Livestock producers are typically 'price takers', with prices varying greatly year to year, due to many factors impacting the market. Having a tool available to help protect against the unknowns of the market and associated price volatility can assist a producer with being more profitable. While the current program helps with the risk at the time of selling, there is currently no program to help protect the producer against the unknowns of the market at the time of purchase. A reverse of the current program, allowing producers to lock in a ceiling price at the time of purchase, would go a long way to help alleviate the impacts of market volatility throughout the livestock ownership period.

There is also concern over claims processing, timelines for claims, adequate and educated staff resources for processing claims and the often long window of time from application to reimbursement, which often has an impact on financial yearend timelines for producers.

Another impact affecting availability of alternate risk management solutions is the application of a premium tax and fire prevention tax, which is applied by the provincial government on private agriculture risk management insurance products, exempting provincial agriculture insurance and AgriStability programs. This tax treatment is inequitable and creates an unfair playing field and disincentive for producers to obtain the best risk management solutions available to them.

With federal and provincial priorities focused on agriculture and agri-food, there is a need to work directly with agriculture producers and industry stakeholder groups to help meet the outcomes and objectives desired and to hear first-hand about potential opportunities and areas for improvement.

[13] Agriculture Adaptation to Climate Change in Alberta Focus Group Results, 2005: https://www.canadianfga.ca/wp-content/uploads/2013/12/AAFRDAdaptationfinalreport.pdf

Recommendations

That the Government of Canada:

1. Consult with industry and stakeholder organizations to determine improvements and solutions for all agriculture risk management options;

2. Revise risk management programs to ensure equitable coverage across all producer types;

3. Provide transparency in risk management solutions and budgets, disclosing how much is made available for claims;

4. Provide better response time in assessments, claims and processing through service level agreements, ensuring adequate staffing levels and contracting third party adjusters and verifiers to assist where needed;

5. Work with Provinces and Territories to provide education on the cost of production per acre by providing a cost of production toolkit to producers;

6. Provide more flexibility and options in risk management solutions to allow for new cropping and diversification opportunities;

7. Allow farms to file their year-end on the farm's financial year-end as opposed to imposing a universal Agri-Stability year-end filing date;

8. Increase the reference margin trigger point up to 85% and include the ability for farmers to adjust inventory within Agri-Stability; and

9. Work with producer groups to identify alternative technological methods to assess crops and pastureland.

#3 - Promoting Canada's Agriculture Industry

Description

With greater attention around food sustainability and the environmental footprint of agriculture, there is a need to raise awareness and provide fact-based education focused on where our food comes from, recognizing the sustainability of agribusiness and its vitally important role in our economy as a natural resource.

Background

Greater awareness around food sustainability and the environmental footprint of agriculture has become progressively more important. As a result, there is an ever-increasing need to provide fact-based education in order to bridge the information gap between agriculture producers and consumers. Educating Canadians about the agriculture industry ensures citizens of all ages are informed about where food comes from, the importance of agriculture to our economy and the future sustainability of our food.

The 2016 Census of Agriculture found less than 1% of Canadians are farm operators, yet all Canadians participate in the agri-food sector when they go grocery shopping and make food choices.[14] The disconnect between the producers who grow the food we eat, and consumers is widening due to urbanization.[15] growing misperceptions and a lack of factual information around this vitally important industry.

Farmers and ranchers feel increasingly under attack because of the public scrutiny and misinformation around the industry. In a report from the Next Agriculture Policy Framework (NAPF), there is strong support from the agriculture industry to enhance public perceptions about the quality, safety, and sustainability of the agriculture sector.[16]

Even though the agriculture industry plays a critical role in our eco-system, there is no requirement to educate the public about the role the industry plays in our economy or give the facts and information around the sustainability of our agri-food sector. A Canada-wide public education campaign can ensure that Canadians not only understand the industry's practice of environmental stewardship resulting in reliable, sustainable and high-quality agri-food but also recognize the economic impact of the agriculture industry.

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[14] Canadian Agriculture at a Glance, Statistics Canada: https://www150.statcan.gc.ca/n1/pub/96-325-x/96-325-x2019001-eng.htm
[15] Demand for Convenience, Government of Alberta: https://open.alberta.ca/dataset/b5d936eb-2127-424e-b1b8-818c486d12aa/resource/5d7a504d-ab10-4f1c-843c-79801cf0d412/download/af-consumer-corner-54-demand-for-convenience-2019-11.pdf
[16] Next Agricultural Policy Framework: What We Heard Report – 2 https://cap.alberta.ca/CAP/download/AGUCMINT-4795873

‘Canada’s Economic Strategy Tables’ on Agri-food reports that Canada can be “recognized as the most trusted, competitive and reliable supplier of safe, sustainable, high-quality agri-food products and an innovator in value-added products to feed the dynamic global consumer”. But that requires a unified campaign focused on marketing the agri-food industry both domestically and internationally.[17] With the agri-food industry target set to increase by over 27% to $225 billion dollars in 2025[18], all sectors must be given the opportunity to reach their full potential through a unified public education campaign.

One mechanism that can be used to educate Canadians of the agriculture industry’s role in sustainable and high-quality agri-food products is Country of Origin labelling (COOL). COOL is a critical mechanism to help ensure consumers can correctly connect with products, enable producers to adapt production to meet consumer demands and expectations and promote social or political-economic objectives.[19] Informing consumers of the origin of food products via labelling recognizes that geography is correlated with a product’s overall quality[20], and would reinforce that the superior ethical and environmental standards of the Canadian agriculture industry often result in better quality agri-food. Additionally, products with a regulated COOL can command between 21% - 39% higher price premiums compared with non-regulated labels.[21] Championing a ‘Canada Brand’ will increase value and provide a marketing link between the agriculture industry and the strong Canadian standards for food safety and environmental stewardship.

The ‘Canada Brand’ program provides a good start for the agriculture industry to market their products and practices but is not yet widely used. A unified label, logo, image, and theme will show Canadian consumers the depth of the role of the agriculture industry in the food we consume and the products we use. Additionally, it can educate the public through larger media networks such as television and radio with factual information from a distinct, recognizable and unified source. Finally, it provides the opportunity to expand the domestic market, increase awareness among the public of the high standards in the agri-food industry, and signify products that are 100% Canadian.

However, a public education campaign would also be incomplete without informing the next generation of the importance of the agriculture industry and their role in our Canadian ecosystem. Many studies have highlighted the looming skills and labour crisis in Canada’s agriculture and food industry[22].

Therefore, in order for Canada to remain competitive, and to lead the way globally, we need to ensure that the next generation’s best and brightest minds are knowledgeable about agri-food.

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[17] Canada’s Economic Strategy Table: Agri-food’: 2 https://www.ic.gc.ca/eic/site/098.nsf/vwapj/ISEDC_Agri-Food_E.pdf/$file/ISEDC_Agri-Food_E.pdf
[18] Canada’s Economic Strategy Table: Agri-food’: 3 https://www.ic.gc.ca/eic/site/098.nsf/vwapj/ISEDC_Agri-Food_E.pdf/$file/ISEDC_Agri-Food_E.pdf
[19] Consumers’ Preferences for Geographical Origin Labels: Evidence from the Canadian Olive Oil Market
[20] (Barham, 2003; Josling, 2006). In consumers preference
[21] A Meta-Analysis of Geographical Indication Food Valuation Studies - 214
[22] Canada's farm labour shortage is costing billions and expected to rise: report https://business.financialpost.com/commodities/agriculture/canadas-farm-labor-shortage-is-costing-billions-and-expected-to-rise-report

We recognize the Federal government does not have jurisdiction over education. But through grants and programming, the Federal government can influence the direction and opportunities of agriculture education for students. By educating the next generation with current fact-based information, we can further educate the public by embedding this into our everyday conversations at school and at home.

Every Canadian plays a role in agriculture when they eat but they may not be aware of where our food comes from or recognize the sustainability of agribusiness and its vitally important role in our economy as a natural resource. In the world of misinformation, a factual public education campaign can help to dispel incorrect beliefs and inform Canadians about an industry that passes the highest ethical and sustainable standards. Now, more than ever, it is important that the education gap between producers and consumers is bridged so that the agriculture industry can continue to champion reliable, sustainable, and high-quality practices.

Recommendations

That the Government of Canada:

1. Develop a unified public education strategy showcasing the agriculture industry's practice of environmental stewardship resulting in reliable, sustainable and high-quality agri-food and value-added products;

2. Expand on the "Canada Brand" program to create a single unified label, logo, image, and theme;

3. Ensure the Next Agricultural Policy Framework works to develop branding skills, knowledge and awareness of opportunities within the agriculture industry;

4. Create a consolidated resource center with fact-based agriculture education and learning opportunities, resources, and connections; and

5. Promote experiential learning options such as on-farm learning, community gardens and community classrooms.

#4 - Promote Agribusiness Growth Opportunities by Reducing Barriers to Interprovincial and International Trade

Description

Current federal legislation does not allow for meat, poultry, eggs, dairy products, fruits, and vegetables to cross provincial/territorial borders, or to be exported out of Canada unless these products are processed in a federally licensed facility. The new Safe Food for Canadians Act will expand this to include all foods shipped out of province/territory. The Canadian government claims that this is required to ensure that Canada fulfils its commitments under current world trade agreements.

Background

Currently, implementation of Canadian Food Inspection Agency (CFIA) regulations and licensing requirements is cost prohibitive to many small to mid-sized processors and constitute a major barrier to interprovincial and international trade. The processor's share of these costs is excessive when compared to costs incurred by their competitors for similar services in other jurisdictions, notably in the USA. This places Canadian processors at a disadvantage to many competitors.

SMEs advise that current CFIA food safety regulations are outdated and need to be revised to remove unnecessary regulations that lack adequate scientific validation of enhancing food safety outcomes while creating a significant impediment to business interests. There is also a need to minimize duplication of administration costs between provincial/territorial and federal regulators.

Facility construction requirements, along with steep inspection, licensing and testing fees all constitute major obstacles for processors that want to trade interprovincially or internationally. Unified provincial/territorial standards and regulations, with increased accessibility to federal licensing would be of significant financial benefit to small and medium sized processors that want to increase their business through interprovincial or international trade. Easy to implement, cost-competitive, and uniform food safety standards and regulations, for both interprovincial and export markets, are required, without compromising food safety standards.

With the current CFIA modernization in progress, it is important to the competitiveness of Canadian businesses to reduce barriers to trade and enhance business growth opportunities. This is especially important with the impending impact of the Comprehensive Economic and Trade Agreement (CETA).

Canadian processors trading interprovincially or internationally operate at a disadvantage to international competitors. For example, the United States Department of Agriculture Food Safety and Inspection Service (USDA FSIS) does not levy licensing and inspection fees on their food processing plants (up to the first 40 hours per week). As a comparison, the Province of Alberta charges $4 per hour for the first 7.25 hours per day. CFIA inspection stations cost from $9,855 per year for one red meat station to $16,218 per year for a poultry station. If an abattoir is processing more than 25 cattle/hogs per hour or 28 birds per minute, they must purchase an additional table. There is also the requirement to pay for inspection fees and various tests for Listeria, Salmonella, and E. coli.

Before food products are imported into Canada, the CFIA conducts an initial inspection of the processing plant from which these products originated, and then conducts random inspections of the imported products. This same oversight and outcome-based approach should be applied to all interprovincial and international trade.

Interprovincial trade of agriculture and food products comprises a major portion of the Canadian agri-food business. “From 2000 to 2005, interprovincial exports of agricultural and food products were higher than Canada’s agri-food exports to the United States. Interprovincial exports of agri-food products rose by 20% during this period, increasing from $21 billion to $25 billion in value. During this period, the value of agri-food exports to the United States was between $16 billion and $20 billion.”

While the exact cost of interprovincial trade barriers caused by differing food regulations is not known, the Canadian Chamber of Commerce estimates that internal barriers to trade cost the Canadian economy up to $14 billion each year. While much of this loss can be attributed to the limited potential customer base, there is also a 55% overlap of administrative and regulatory service between Canada and Alberta, for example.

Despite numerous efforts to reduce interprovincial trade barriers such as the Agreement on Internal Trade (AIT) and regional trade agreements such as the New West Partnership Trade Agreement (NWPTA), the Atlantic Procurement Agreement (APA), the British Columbia – Alberta Trade, Investment, and Labour Mobility Agreement (TILMA), and the Agreement on the Opening of Public Procurement for Ontario and Quebec (AOPPOQ), the problems persist and are an obstacle to the growth and profitability of Canadian businesses.

Recommendations

That the Government of Canada:

1. Works collaboratively with provincial/territorial and federal inspection agencies to effect positive changes to food safety outcome inspections, enabling processors to compete more efficiently in both domestic and international markets:

    a. To support a single industry outcome that can be implemented with consistency and cost-effectiveness across Canada by the provinces/territories, with each provincial/territorial regulator subject to Canadian Food Inspection Agency oversight;

    b. The food safety regulations need to be reviewed for relevancy and modified/broadened if current criteria are unnecessarily restrictive and insensitive to sound business interests; and

    c. The implementation must be consistent and cost-effective throughout the food distribution chain, without compromising Canada's reputation for high food safety standards; and

2. Reassess inspection and regulatory costs and how they are allocated, to enable processors to trade across provincial or national borders, without being at a competitive disadvantage.

#5 - Expanding The Food Policy for Canada to Support Farmers in Reducing Food Waste and Loss

Description

In 2022, there were almost 1.5 million visits to local Canadian food banks, because of household food insecurity. At the same time that food insecurity is a serious issue, we continue to see substantial amount of food wastage and loss. In response, some of Canada's over 200,000 farmers have spoken up and asked for support to donate produce that would be lost or wasted to local food banks.

Background

In Canada, household food insecurity is a serious problem. In 2022, food bank usage reached its highest level in Canadian history.[23], While countless Canadians go hungry, we continue to see food loss and waste. According to a 2019 report by the Federal Government, approximately 13% of fruits and vegetables grown in Canada go unharvested or are discarded following harvest.[24] This food loss occurs, in part, because of insufficient employees to harvest/handle, inadequate storage, inadequate transportation, and the economics of the market price vs. the harvest cost.

To establish a road map for a more sustainable food system in Canada, in 2019, the Federal Government unveiled its Food Policy for Canada.[25] Under this new policy, the Federal Government set up a fund of $26.3 million to work with experts to develop innovative food waste reduction proposals in food processing, grocery retail, and food serviced. This is an important step forward as nearly 60% of all food produced is Canada is lost and wasted annually.[26] However, the Federal Government has not yet committed to specific funding for farmers to save crop that would otherwise be lost or wasted, as part of addressing food insecurity.[27]

To reduce lost and wasted farm produce and to address household food insecurity, we need to improve the current patchwork system. We need to harvest would-have-been-lost food and see it donated to local food banks. To that end, we need innovative food waste reduction programs for farmers.

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23 https://hungercount.foodbankscanada.ca/overall_findings.php
24 https://www.canada.ca/en/environment-climate-change/services/managing-reducing-waste/food-loss-waste/taking-stock.html
25 https://www.canada.ca/en/agriculture-agri-food/news/2019/06/food-policy-for-canada--backgrounder.html
26 https://secondharvest.ca/resources/research/the-avoidable-crisis-of-food-waste
27 https://www.cbc.ca/radio/checkup/cauliflower-farm-canada-surplus-food-waste-food-insecure-1.6644601

These programs, of course, will need to address the multiple barriers that exists or are perceived to exists. For example, any proper program will need to consider the unique issues presented by remote farms.[28], In addition, any proper program will need to address concerns about potential negative impact on businesses in the agricultural sector.[29]

A successful food waste reduction plan for farmers can be developed. An example of this type of food waste reduction plan is the plan adopted by Feed Nova Scotia, a registered charity that serves food banks, shelters, and meal programs in Nova Scotia.[30], It is working with farmers to get leftover produce into the food bank system. This is one of many examples that show, a positive partnership is possible.

Farmers can also be rewarded for participating in a successful food waste reduction plan through tax credits. For example, in 2013, the Ontario Government introduced the Community Food Program Donation Tax Credit for Farmers, which provides a tax credit worth 25% of the fair market value of the agricultural products donated to community food programs, including local food banks.[31] The Ontario Federation of Agriculture has endorsed this tax credit as "vital to redirecting food supplies".[32] Since then, British Columbia, Nova Scotia, and Quebec have also established food bank tax credits for farmers.[33] Many, including Food Banks Canada, are calling for a federal food bank tax credits for farmers.[34]

Recommendations

That the Government of Canada:

1. Expand the current food policy in Canada to include a commitment to funding more food waste reduction programs, including food waste reduction programs specifically for farmers to harvest and donate crop that would otherwise be lost or wasted, to the food bank system, without any adverse impact to the farmer or the agricultural sector, similar to the Ontario model.

2. Introduce a Federal Tax Credit for farmers that donate agricultural products to community food programs, including local food banks.

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[28] https://ofa.on.ca/issues/food-waste/
[29] https://secondharvest.ca/getmedia/58c2527f-928a-4b6f-843a-c0a6b4d09692/The-Avoidable-Crisis-of-Food-Waste-Technical-Report.pdf
[30] https://www.cbc.ca/radio/checkup/cauliflower-farm-canada-surplus-food-waste-food-insecure-1.6644601
[31] http://omafra.gov.on.ca/english/about/info-taxcredit.htm
[32] https://ofa.on.ca/wp-content/uploads/2018/01/OFA_submission_EBR_013_1814_MOECC_Food_Waste.pdf
[33] https://www.millerthomson.com/en/publications/communiques-and-updates/social-impact-newsletter/december-10-2019-social-impact/food-donation-laws-in-canada/; https://www2.gov.bc.ca/gov/content/taxes/income-taxes/personal/credits/farmers-food-donation; https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/corporations/provincial-territorial-corporation-tax/nova-scotia-provincial-corporation-tax/nova-scotia-food-bank-tax-credit-farmers.html
[34] https://www.country-guide.ca/guide-business/tax-credits-for-donated-food/

Digital Economy

#6 - Artificial Intelligence in Canada

Description

Artificial Intelligence (AI) systems are increasingly utilized in everyday life and business operations. That impact is expected to grow exponentially in the years to come. Canada has the opportunity to position itself as a leading global player in AI research and commercialization, while improving national productivity. The regulatory environment of AI systems in Canada can be shaped to promote safety and privacy, maintain global competitiveness, and improve productivity of businesses overall.

Background

The OECD defines an AI system as "a machine-based system that can, for a given set of human-defined objectives, make predictions, recommendations, or decisions influencing real or virtual environments."[35] These systems can be designed to operate with varying degrees of autonomy.

As AI's capabilities and use expand, standards for its responsible development and use are an area of increasing focus for government regulators. In June 2022, the Federal Government tabled the Artificial Intelligence and Data Act (AIDA), as part of Bill C-27, with the goal of ensuring AI systems are safe and that they respect Canadian values. Bill C-27 continues to work its way through legislative approval; following its Royal Assent, the Government is intending to conduct consultations to inform the implementation of AIDA.[36],

Canada has the opportunity to position itself as a leading global player in AI research and commercialization. In fact, Canada was the first country globally to create a national strategy for AI, as early as 2017.[37], According to government estimates, Canada has "20 public AI research labs, 75 AI incubators an accelerators, 60 groups of AI investors from across the country, and over 850 AI related start-up businesses."[38]

Globally, the market for AI is exploding, with revenues expected to surpass $680 billion in 2023[39], $1.2 trillion by 2026[40] and over $2 trillion by 2030.[41]

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[35] https://legalinstruments.oecd.org/en/instruments/oecd-legal-0449#:~:text=a)AI%20actors%20should%20respect,and%20internationally%20recognised%20labour%20rights.
[36] https://ised-isde.canada.ca/site/innovation-better-canada/en/artificial-intelligence-and-data-act-aida-companion-document#s3
[37] https://www.investcanada.ca/blog/canadas-advantage-ai-ecosystem-fuelled-talent-and-innovation
[38] www.canada.ca/en/innovation-science-economic-development/news/2020/12/canada-concludes-inaugural-plenary-of-the-global-partnership-on-artificial-intelligence-with-international-counterparts-in-montreal.html
[39] https://www.idc.com/getdoc.jsp?containerId=prUS48881422
[40] www.idc.com/getdoc.jsp?containerId=prEUR249536522
[41] www.statista.com/statistics/941835/artificial-intelligence-market-size-revenue-comparisons

The European Union (EU) is currently considering AI regulation.[42], Ensuring Canada's regulatory framework for AI systems remains aligned with other international approaches will aid Canadian businesses that wish to serve the growing global market for AI systems. Given the pace of innovation and growth of these technologies, a flexible, principles-based legal framework would ensure long-term applicability.

AI systems have the potential to significantly increase the productivity of firms. Productivity in Canada has been notoriously low in recent years, with projections by the OECD suggesting continued declines.[43] The adoption and implementation of AI systems in business operations and processes stands to improve the efficiency and productivity of Canadian businesses, as well as the public service and federally regulated sectors, by streamlining services and operations.

Lastly, ensuring job stability for workers is of paramount importance during the integration of AI technology. As AI continues to transform industries and redefine job requirements, it is crucial to empower employees to acquire the skills and competencies necessary to interact with artificial intelligence in new work scenarios.

Recommendations

That the Government of Canada:

1. Implement a flexible, principles-based legal framework for AI technology in Canada, that remains aligned with other international approaches and recognizes and incorporates already existing industry best practices for responsible AI. Additionally, support self-regulatory initiatives for responsible AI before a legal framework is established.

2. Financially support and incentivize AI research, development, and innovation in Canada, and model these initiatives based on successful practices implemented in other countries.

3. Financially support and incentivize AI adoption and implementation in business operations and processes to improve the efficiency and productivity of Canadian businesses as well as to the public service and federally regulated sectors to streamline services and operations.

4. Financially support and incentivize comprehensive employee transition support, such as upskilling and reskilling training programs, to ensure a seamless and inclusive adaptation of the workforce to AI technology integration.

[42] https://www.weforum.org/agenda/2023/03/the-european-union-s-ai-act-explained/
[43] https://www.theglobeandmail.com/business/article-our-productivity-weakness-isnt-an-achilles-heel-its-a-malignancy/#:~:text=The%20OECD%20has%20us%20ranked,Australia%20and%20Italy%20in%20productivity.

#7 - Regulating Artificial Intelligence for Business Security

Description

Regulation is needed to ensure that Artificial Intelligence (AI) systems are designed and used in ways that are safe, ethical, and accountable. Regulation can establish standards for transparency, fairness, and accuracy, and it can provide a framework for reducing the risks associated with AI.

Background

Artificial intelligence (AI) has transformed the way humans engage with technology and has grown in importance in a variety of industries. AI systems are built to learn from data and make predictions or judgments based on what they've learned. AI can also be designed and used in ways that are harmful to individuals, businesses and society.

Canada has taken steps to begin setting up a regulatory framework around AI by introducing the Canadian Institute for Advanced Research (CIFAR) AI & Society Program. While the program deals with ethics, research and societal implications, it is not a regulatory body and does not have authority over AI development and deployment. In November 2021, Canada introduced Bill-27 - Artificial Intelligence and Data Act - into parliament which takes first steps to regulate AI, but in its present form is not comprehensive enough to address many of the concerns surrounding unregulated AI.

AI is developing at an exponential pace and the risks posed by unregulated AI are significant for society. As AI continues to develop, businesses and individuals using AI could potentially be at risk for mishandling or misuse of personal data as well as cybersecurity concerns. In some circumstances, AI systems may even endanger human life if not developed and handled correctly. Recently, AI harassed and threatened a human user and had a role in impersonating a family member during a fake hostage situation.

Standards for use and regulation can help mitigate these risks by ensuring that AI systems are developed and used in safe and ethical ways. Establishing safety standards in the development of AI systems can help ensure AI technology is managed with social responsibility in mind. Such standards can also help build trust in AI technology, which is essential for its widespread adoption.

A robust regulatory framework for AI can also aid in addressing the concerns connected with AI. Risk assessments can be carried out to detect potential hazards and provide advice on how to manage these risks. An organization tasked with regulation can oversee AI advances to verify that they comply with ethical and legal standards. To summarize, AI technology can alter civilization, but it also poses threats to people and society as a whole. Regulation can help to limit these risks by requiring AI systems to be developed and deployed in safe, ethical, and accountable ways.

Recommendations

That the Government of Canada:

1. Work in collaboration with business to develop and implement standards for transparency, fairness, and accuracy in the design and use of AI systems to ensure that innovation continues to be supported and encouraged.

2. Prioritize regulation on high impact AI applications.

3. Ensure unacceptable AI practices are defined and apply to all AI applications, regardless of their impact classifications.

4. Ensure the framework of standards for AI is agile and can adapt to rapid change.

5. Conduct risk assessments of AI systems and provide guidance on how to navigate regulations.

6. Implement a national AI advisory committee consisting of industry, academia and government for guidance on regulation and potential risks.

7. Work with other countries to align and harmonize standards for monitoring and overseeing the development of AI, where possible.

#8 - Closing The National Digital Divide

Description

The escalating divide between rural/remote communities and urban centres around broadband services potentially limits economic opportunities in all regions of Canada.

Background

In 2019 the federal government established a strategy for connecting 98 per cent of Canada to high-speed internet by 2026 with universal access for 2030.

A March 2023 report from federal Auditor General Karen Hogan indicated the strategy has not delivered equal access to both high-speed internet and mobile cellular services for rural/remote communities and First Nations reserves.

Since the release of a national connectivity strategy, efforts by the federal government to build capacity in non-urban areas are generally ineffective. While nearly 91 per cent of Canadian households had access to minimum connection speeds in 2021, only 60 percent of residents in rural and remote areas met required standards. The number decreases to 43 percent of households on First Nations reserves.

The Auditor General indicated that current trends clearly indicate a persistent and escalating digital divide for residents of First Nations and rural/remote communities. Ms. Hogan noted that the government needs on-going investments for affordable connectivity across all areas of Canada.

Connectivity is a basic essential service for Canadians, a predicament that was highly apparent during the COVID-19 pandemic. Without access to fast, reliable and affordable high-speed internet and mobile cellular services, residents of rural and remote communities do not have the same opportunities as urban centres. Helen Hambly of the University of Guelph School of Environmental Design and Rural Development noted that broadband and telecommunications are no longer sectors of the Canadian economy – they are the economy.

The Canadian Federation of Agriculture notes that rural broadband access is not only essential for maintaining the latest innovations and technologies in food production, but also crucial to attracting the next generation of farmers.

The Federation of Canadian Municipalities (FCM) asserts that businesses rely on broadband internet to innovate, compete and grow.

Furthermore, as noted by the FCM, the COVID-19 pandemic emphasized the urgent requirement for closing the digital divide. Reliable connections allow students to access education and businesses to sell products into global markets.

A November 9, 2020, release from the Canadian Chamber of Commerce (CCC) notes that like a road, bridge or tunnel, digital connectivity is essential infrastructure for economic competitiveness. Reliable broadband access, across rural and remote communities, has presented persistent challenges. When businesses consider locations for investment, network connectivity is among the list of priorities if not the top priority.

The March 27, 2023, Auditor General Report titled Connectivity in Rural and Remote Areas noted the federal government is not just behind on the target to improve internet access, it is also behind on rolling out available financial resources to address the digital divide. Allocated money is not, according to the Auditor General, being spent as budgeted. From her perspective, the federal government and the Canadian Radio-television and Telecommunications Commission (CRTC) have been slow in approving projects.

Recommendations

That the Government of Canada:

1. Continue with high-speed internet infrastructure investments across rural/remote areas and First Nations;
2. To build an inclusive economy for all Canadians, ensure all financial resources allocated to increasing high-speed internet capacity are urgently distributed for addressing the digital divide;
3. To evaluate the effectiveness of government high-speed internet policy in delivering connectivity, particularly in rural and indigenous areas, there should be an evaluation of connectivity coverage, quality and adoption; and
4. Commit to businesses and citizens in rural and remote areas that necessary infrastructure to allow them access to competitive high-speed internet speeds will be constructed if not by private industry, then by the federal government utilizing the Universal Broadband Fund.

#9 - Improving Business Cyber Security

Description

Since the emergence of the internet nearly forty years ago, it has become integral to operations for Canadian businesses of all sizes. While large corporations have invested heavily in cyber security infrastructure, small and medium sized businesses have fallen behind, leaving them increasingly vulnerable to cyber-attacks. It is critical that Canada increase investment in cyber security to support small and medium sized businesses improve their cyber security by reducing barriers to action.

Background

Threat of Cyber-attack

Cyber-attacks and the threat of an incident impact all Canadians and Canadian businesses. The effects of a cyber-attack on businesses are large, including “threatening the privacy and security of their customers' information, monetary losses, reputational damages, etc.”[44]

The Canadian Centre for Cyber Security published the National Cyber Threat Assessment for 2023-24 in October 2022.[45] The key findings are that:

Ransomware is a persistent threat to Canadian organizations.

Critical infrastructure is increasingly at risk from cyber threat activity.

State-sponsored cyber threat activity is impacting Canadians.

Cyber threat actors are attempting to influence Canadians, degrading trust in online spaces.

Disruptive technologies bring new opportunities and new threats.

Ransomware has become more accessible and profitable for cybercriminals and cybercrime groups, making cyber security more important for businesses than ever. According to the National Cyber Threat Assessment, “ransomware is almost certainly the most disruptive form of cybercrime facing Canadians” because it can severely impact an organization’s ability to function in addition to costing the organization to regain access to their systems.[46]

[44] https://www150.statcan.gc.ca/n1/daily-quotidien/221018/dq221018b-eng.htm
[45] https://www.cyber.gc.ca/en/guidance/national-cyber-threat-assessment-2023-2024
[46] https://www.cyber.gc.ca/en/guidance/national-cyber-threat-assessment-2023-2024

According to Statistics Canada, 18% of Canadian businesses were impacted by cyber-attacks in 2021 despite Canadian businesses as a whole spending more than $10 billion on cyber security.[47], Because of incidents such as breaches of data confidentiality, extortion, and technology disruptions, businesses across Canada have experienced over $600 million in losses since January 2021.[48]

Due to a lack of technical expertise and the prohibitive costs and maintenance requirements, 47% of Canadian small businesses do not allocate any of their budget to cyber security, leaving them exposed to attack.[49]

Barriers to Action

There are many things an organization can do to protect itself from a cyber-attack, many requiring expertise. With a shortage of cybersecurity professionals,[50] small and medium businesses are often left to prevent attacks on their own.

One way in which an organization can protect itself is by purchasing insurance in case of attack. However, due to the increasing number of claims, "Cyber statutory direct written premiums rose by 74%" to nearly $5 billion in 2021, making it very costly for many small and medium sized businesses.[51], In addition to raising premiums, insurance providers are beginning to require that companies implement minimum cyber security standards before they will insure them. These include multifactor authentication, endpoint detection, multiple backups, and disaster recovery plans. While implementing these are good practice, for many small and medium sized businesses without a base level of knowledge, the cost and time needed to maintain them are often too high to sustain.[52]

Reducing Barriers to Action

As different organizations have differing levels of capacity in regard to cybersecurity, a variety of supports will be required. Access to a skilled workforce with the technical expertise to improve cyber security will benefit many who have the capacity to hire. For those who don't, a higher base level of cyber awareness will help them in implementing cyber security measures. Additionally, since one mistake can leave a chain of businesses and their customers vulnerable, measures taken to improve cyber security of all Canadians will help reduce the risk of attack for businesses.

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47 https://www150.statcan.gc.ca/n1/daily-quotidien/221018/dq221018b-eng.htm
48 https://www.cyber.gc.ca/en/guidance/national-cyber-threat-assessment-2023-2024
49 http://assets.ibc.ca/Documents/Cyber-Security/IBC-ParadigmPR-Small-Business-Cyber-Security-Survey.pdf
50 https://www.insurancebusinessmag.com/ca/news/cyber/canada-faces-shortage-of-cybersecurity-professionals-amid-rising-demand-439746.aspx
51 https://news.bloomberglaw.com/privacy-and-data-security/cyber-insurance-policies-grow-pricey-amid-rising-hacks-lawsuits
52 https://news.bloomberglaw.com/privacy-and-data-security/cyber-insurance-policies-grow-pricey-amid-rising-hacks-lawsuits

The Canadian Chamber of Commerce's Cyber. Right. Now. campaign has focused on the need to increase supports for small and medium sized businesses for "awareness, protection and training" and to ensure Canada is investing in research and development.[53]

Recommendations

That the Government of Canada:

1. Prioritize and promote cyber security awareness and protection and continue to make training available for the Canadian public, and small and medium-sized businesses.
2. Increase investment in cyber security research and development.
3. Expand and diversify the cyber workforce pipeline by investing in learning curriculum and talent development, attraction and retention across all demographics.

[53] https://chamber.ca/campaigns/cyber-right-now/

#10 - Assisting Small Business with Protecting their Data and Business from Cybercrime

Description

The cost and maintenance of cybersecurity measures is prohibitive to small and medium-sized enterprises (SMEs) across all sectors of the Canadian economy. There are a few very simple things that can be done to minimize the risk and enhance recovery procedures. Many SMEs lack the detailed knowledge to make informed decisions and the financial support to contract professionals to handle it for them.

Background

The issue of cybersecurity is even more relevant today as bad actors begin to use Artificial Intelligence to produce even more invasive ways to trap their victims.

The internet is the road on which the majority of business is conducted in the 21st century and while business is responsible for its own portion of that road, help is needed to make sure it is maintained. Many businesses still feel cybersecurity is an optional extra, yet it is just as important as locks on our doors. Protecting digital assets requires at least a basic cybersecurity strategy and should be part of the business strategy for all SMEs.

The Canadian economy is comprised primarily of SMEs. By incentivizing the adoption of cybersecurity solutions, the federal government can ensure that small and medium-sized businesses are not only protected but can recover quickly and effectively if attacked.

As of December 2021, there were 1.21 million employer businesses in Canada.[54] Of these, 1.19 million (97.9%) were small businesses and 22,700 (1.9%) were medium-sized businesses. Small businesses employed 8.2 million individuals in Canada, or 67.7% of the total private labour force, with medium businesses employing another 2.5 million people. Together, SMEs represent about 51% of Canada's GDP.

According to the Insurance Bureau of Canada:

• 40% of small business owners are spending at least $100,000 to resolve a cyberattack[55],

• 1 in 5 small businesses have been affected by a cyberattack or data breach[56]

[54] 1 Government of Canada, Key Small Business Statistics 2022 https://ised-isde.canada.ca/site/sme-research-statistics/en/key-small-business-statistics/key-small-business-statistics-2022
[55] 2,3 Insurance Bureau of Canada, Many small businesses vulnerable to cyber attacks http://www.ibc.ca/nt/business/cyber-insurance/many-small-businesses-vulnerable-to-cyber-attacks
[56] 4 IBM, Cost of a data breach 2022 www.ibm.com/reports/data-breach

Cyber risk insurance is also a contributor to a business' ability to survive a cyber incident. However, many SME's lack the minimum requirements to qualify for cyber risk insurance and are not able to implement needed protocols due to the financial burden.

According to an annual report from IBM4, the average data breach cost about $5.5 million globally in 2022, up from $3.92 million in 2019. Canada is ranked the third highest for cost per data breach with an average of $7 million, up from $4.44 million in 2019. In a 2023 study conducted by MasterCard, cybercrime has increased by 600% since the pandemic.

It is clear the need for SMEs to protect themselves is important to the Canadian economy. In November 2018, the CRA implemented the Accelerated Investment Incentive proposals which, under Chart 3 Purchase of Equipment, a business could deduct up to $4,400 in the first two years after the purchase. While this was welcomed, under the current economic situation it is not enough.

Ideally, SMEs need support from professional cybersecurity businesses. This should come through an initial assessment, typically around $100 per system user. Additionally, grants, tax rebates, and tax deductions will support investments in training, support from third-party experts, and getting up-to-date software.

Furthermore, as businesses recover from the effects of the COVID-19 pandemic, the Canada Business Resilience Network (www.cbrn.ca) Roadmap to Recovery document suggests government introduce programs, funding and incentives for technology adoption in businesses of all sizes and across all sectors to improve Canadian productivity.

Recommendations

That the government of Canada:

1. Broaden the scope of the existing Canadian Digital Adoption Program (CDAP) or create a similar grant program focused on cyber security which will allow SMBs to access comprehensive cybersecurity products and services;
2. Provide specific annual tax credits for the ongoing support and maintenance required from Third Party vendors for SMEs that have satisfied the grant program to assess their technology;
3. Allow SMEs to write off 100% of their business investments in preventative cybersecurity-related software, equipment and other costs (support services and outsourcing costs) in the year those investments are made;
4. Provide a subsidy for training of staff on cybersecurity awareness programs; and
5. Create a SME Cyber Defence Fund that provides SMEs with the necessary support to improve their cyber resilience and close the cybersecurity investment gap.

Finance & Taxation

#11 - Encouraging Senior Employment by Amending the Tax System

Description

Canada is experiencing a national labour shortage in several sectors which is adversely affecting economic and business growth. In January 2023, there were 883,200 open jobs in Canada, representing a 4.9% vacancy rate.[57] With this current vacancy rate continuing to grow, we must act now and ensure we implement sustainable incentives to help alleviate our national labour shortage. Seniors represents a significant and growing economic and politically influential group of Canada's population, with many possessing valuable skills and experience that can significantly contribute to addressing labour shortages. The federal government needs to change the tax system to encourage more seniors to enter the labour force in their retirement years.

Background

From 2016 to 2021, the number of persons aged 65 and older rose 18.3% to seven million. This is the second largest increase in 75 years, after the increase observed from 2011 to 2016 (+20.0%).[58]

The reality of our current national labour force is one of an aging population looking to retire within the next few years. This will only increase our need for labour within various sectors, all of which is crucial to the economic growth and prosperity of Canada.

However, many seniors are hesitant to return to the workforce, as additional income may result in a partial or complete loss of their monthly income benefits.

The Guaranteed Income Supplement (GIS) is a non-taxable benefit provided by the Government of Canada to low-income seniors who are receiving the Old Age Security (OAS) pension. The GIS is designed to help ensure that low-income seniors have a minimum level of income to meet their basic needs and maintain a decent standard of living.

[57] Statistics Canada, The Daily — Payroll employment, earnings and hours, and job vacancies, January 2023 (statcan.gc.ca)
[58] Statistics Canada, In the midst of high job vacancies and historically low unemployment, Canada faces record retirements from an aging labour force: number of seniors aged 65 and older grows six times faster than children 0-14 (statcan.gc.ca)

The amount of GIS a senior receives depends mainly on their income level. The GIS is calculated based on the senior's annual income from the previous year, which is then reduced by 50 cents for every dollar of income above a certain threshold, which varies depending on the senior's marital status. The current annual earnings exemption limit is set at $5,000. The Maximum GIS amount for a single senior without any other sources of income is currently $10,560 per year, while for a senior couple is $14,928 per year.[59]

The current annual earnings exemption limit for GIS recipients creates a disincentive for low-income seniors to return to the workforce and limits their ability to supplement their income through employment. In 2015 there were over 1.8 million seniors receiving GIS in Canada.[60]

Canada Pension Plan (CPP) is a monthly taxable benefit that replaces part of your income when you retire, making it an important source of retirement income for Canadians. Currently, the contribution rate is set at 5.95% of pensionable earnings, up to a specified annual maximum of $66,600.

The CPP contributions are based on your pensionable earnings, which include employment income, self-employment income, and certain other types of earnings. However, there is a basic exemption that is not subject to CPP contributions.[61]

The current basic exemption amount of $3,500 has not been increased since 1997. Increasing this amount for people between the age of 55 and 65 years old, to reflect the 73.39 per cent inflation rate from 1997 to 2023[62], would result in an updated basic exemption amount of $6,069.

As a result of this increase, the additional financial flexibility and security would encourage seniors to return to the workforce.

Much like the CPP, Employment Insurance (EI) are mandatory contributions, made by both the employer and the employee, used to fund employment benefits such as maternity leave, sickness benefits, compassionate care, and the loss of work. EI premiums are calculated based on an employee's insurable earnings and are deducted directly from the pay.[63]

Making the Employment Insurance premium voluntary opt-in, for those 65 years old and older, would give individuals the option to keep earned income rather than receiving EI benefits. This would allow for more flexibility in terms of income tested benefits such as GIS, as EI benefits play a significant role in the loss of income tested benefits.

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[59] Government of Canada, Take-up rate of the Guaranteed Income Supplement: findings from tax and program administrative data - Canada.ca
[60] Government of Canada, Take-up rate of the Guaranteed Income Supplement: findings from tax and program administrative data - Canada.ca
[61] Government of Canada, Canada Pension Plan - Overview - Canada.ca
[62] Bank of Canada, Inflation Calculator - Bank of Canada
[63] Government of Canada, Employment insurance (EI) - Canada.ca

The Age Credit is a non-refundable tax credit available to individuals aged 65 and older, to reduce their federal income tax burden. Currently, the Age Credit is subject to income-based eligibility criteria and is gradually reduced for individuals with higher income.

By considering income as a factor in determining eligibility for the Age Credit, it creates a clear disincentive for seniors looking to re-enter the workforce. Ensuring that eligibility be based solely on age, would ensure all seniors benefit from the Age Credit, and thus remove yet another layer of disincentives.

With 55% of Canadian entrepreneurs struggling to hire qualified labour[64], these disincentives strongly prevent us from securing available, experienced, and qualified candidates to re-enter our labour market, and thus help alleviate the crucial current national labour market gap.

Canadian business owners recognize the significant value seniors can add to their businesses in terms of knowledge and gained experience and realize that no option can be overlooked during this crucial need for qualified labour.

Recommendations

That the Government of Canada:

1. Remove barriers enticing seniors to return to the workforce to help alleviate the current labour shortage crisis by:

    a. Increasing the current annual earnings exemption limit of $5,000 for GIS recipients to $10,000.

    b. Increase the current CPP basic exemption amount of $3,500 to $6,000 for workers between the ages of 55 and 65.

    c. Make the Employment Insurance (EI) premiums voluntary for those 65 years of age or older.

    d. Enhancing the Age Credit amount by basing eligibility solely on age.

[64] Bank for Canadian Entrepreneurs (bdc), How to Adapt to Labour Shortage - 2021 Study | BDC.ca

#12 - Driving Innovation in Canada

Description

The federal government created an "Intellectual Property Strategy" to support and protect innovation across Canada. Improvements to the strategy must include an additional focus on federal investment and tax incentives, that will encourage business investment in intellectual property and innovation to improve productivity, economic growth, and incomes for Canadians.

Background

The "Intellectual Property Strategy" was an investment of $85.3 million over five years to help Canadian businesses, creators, entrepreneurs and innovators understand, protect and access intellectual property (IP) through a comprehensive IP Strategy[65], [66]. This strategy was announced in the 2017 budget with details released in the 2018 budget, and underwent a program review in the spring of 2023, with the results pending to be published.[67]

In the Roadmap to Recovery document[68], the Canadian Chamber makes the following recommendation as step at nurturing recovery: "Adopting an "innovation box" regime that would reduce the corporate tax rate for income derived from patented inventions and other intellectual property connected to new or improved products, services and related innovative processes developed in Canada."

The Intellectual Property Strategy has goals and recommendations in three areas: IP Awareness, Education and Advice, Strategic IP Tools for Growth, and IP Legislation. Recommendations within these areas lack information about the cost of potential investments.[69]

In 2019-2020 $30M was slated to establish a pilot program called the "Patent Collective". The collective will work with Canadian entrepreneurs to pool patents, so that small and medium sized firms will have better access to critical IP they need to grow in early stages without fear of infringing on a patent. The budget refers to this program as providing these businesses with the "freedom to operate". Program entry was limited to the first year, and applications closed after one year.

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[65] https://www.canada.ca/en/innovation-science-economic-development/news/2018/04/government-of-canada-launches-intellectual-property-strategy.html Retrieved June 7, 2023
[66] https://www.newswire.ca/news-releases/budget-2018-commits-853m-over-five-years-to-national-ip-strategy-intellectual-property-institute-of-canada-applauds-goal-to-raise-ip-awareness-675347693.html Retrieved on June 22, 2020
[67] https://ised-isde.canada.ca/site/intellectual-property-strategy/en/strategic-intellectual-property-program-review Retrieved June 7, 2023
[68] https://www.canadianbusinessresiliencenetwork.ca/resources/recovery/ Retrieved on June 19, 2020
[69] https://www.ic.gc.ca/eic/site/108.nsf/eng/home retrieved June 22, 2020

This strategy is still in its infancy and Canada remains 16th in innovation overall in the Global IP Rankings in 2023.[70] The Index consists of five key sets of indicators to map the national intellectual property environment for the 28 surveyed countries by the US Chamber of Commerce.

Canada's support to business in this space lag behind the offerings of other countries that are ranked above Canada on this list. One of those differences is a “patent box” tax approach. A number of countries (the U.K., Belgium, Luxembourg, France, Spain, Hungary, Ireland, Switzerland and China) have adopted this approach which sharply reduces the normal corporate tax rate on income derived from the exploitation of patents. The Netherlands widened the policy to an “innovation box” to encompass a broader class of intellectual property.[71]

The various “patent box” programs have been implemented provincially in Canada, but not yet adapted at the federal level. British Columbia has had a tax policy in place since 2006, Quebec included patent box policy in its 2016 budget, and has recently updated it to maintain a 2% reduction in the corporate income rate for R&D activities carried out in whole or in part in the province, and Saskatchewan announced patent box tax policy in its 2017 budget, and recently updated it to include a 10–15-year eligibility window.

The reference to “box” comes from having to tick a box on the tax form that indicates this type of revenue is being claimed. The types of profits that qualify for the lower tax rate, and how acquired intellectual property is treated, differ significantly among countries and provinces.

Additionally, the “patent box” rate varies considerably among nations and provinces. Finally, some countries put caps on the total tax relief companies can receive from patent boxes. In the case of Saskatchewan, the provincial government has installed time limits on the number of years of tax relief that can be attached to a patent.

In the 2021 Federal Budget, the government committed to study a national patent box program, however, this study has not yet started. The Parliamentary Budget Officer found that a Patent Box program to reduce the corporate tax rate by half to 7.5% for large corporations and 4.5% for small business, applied to profits generated from R&D developed and patented in Canada, would cost $242 Million over five years[72]. This investment in a national incentive will improve international competitiveness, support business investment in research and help bridge the commercialization gap between concept, patent, and delivery to market, by supporting new economic activity and tax revenue to offset the immediate expenditures of the proposal. The government could also apply the savings that will be realized from streamlining the SR&ED tax incentive program to offset all the immediate revenue cost of this proposal and complement the existing SR&ED Investment Tax Credit program— firms would have an incentive to base their R&D activities in Canada and to commercialize them in Canada.

[70] https://www.uschamber.com/intellectual-property/2023-international-ip-index Retrieved June 7, 2023
[71] https://www.cdhowe.org/media-release/canada-needs-ip-box-spur-flagging-innovation Retrieved June 7, 2023
[72] https://www.pbo-dpb.ca/en/epc-estimates--estimations-cpe/44/464746 Retrieved June 7, 2023

The federal "Innovation Strategy" also has a goal to double the number of high-growth firms in Canada from 14,000 to 28,000 by 2025. High-growth firms are the most likely to innovate, sell globally and invest in people creating more and better paying jobs. A secondary goal is to achieve growth in intellectual property applications and have these companies base their R&D and commercialize their innovation in Canada.

A federal "My First Patent Program" could help achieve this. Quebec funds such a program with the following parameters: Quebec SMEs with 250 or fewer employees that are able to demonstrate research and development efforts completed or in part can apply for a non-repayable contribution of up to 50% of eligible expenses, to a maximum of $25,000 for patent application project, industrial design registration or integrated circuit topography.

This policy resolution was renewed at the 2017 and 2020 national conventions, and it continues to propose key solutions to help Canadian businesses develop and protect IP.

Recommendations

That the Government of Canada:

1. Complete the study on a national "patent box" strategy to encourage business investment in innovation in Canada by 2025, to be implemented for 2026.
2. Consult with senior business leaders and technologists to define what intellectual property would qualify, e.g., patents, copyright, industrial design, and for what duration.
3. Ensure that any such regime adopted in Canada delivers the clarity and simplicity that encourages participation in innovation from both SMEs and large companies.
4. Develop a federal program modelled after the "My First Patent Program" using the Quebec model as a template to encourage more investment by SMEs across the country.
5. Review the Patent Collective Program and update funding to meet the needs of new potential innovators.

#13 - Review of the Canadian Tax System and Business Taxes

Description

The Canadian tax system is overly complex and ineffective. A comprehensive review is required and no new business taxes should be introduced until the current regime is analyzed in relation to international competitiveness, investment attraction, simplicity, fairness and neutrality.

Background

A February 10, 2023, Canadian Chamber of Commerce (CCC) pre-budget submission to Minister of Finance Chrystia Freeland indicated that a closer partnership with business is required to attract much-needed investment. Similarly, the tax system must be revised to make it simpler, more efficient, and fairer. In a 2021 pre-budget submission to the House of Commons Standing Committee on Finance, the CCC noted that Canadians continue to work in a complex tax system characterized by years of layering on changes without a holistic review and analysis of whether current rules are appropriate for the 21st century.

A comprehensive and independent review will ensure Canada remains globally competitive and attractive for investment, with a particular focus on challenges for the small business sector.

In a May 18 presentation before the House of Commons Standing Committee on National Finance related to the 2023 Budget, Canadian Chamber of Commerce Senior Director of Fiscal and Financial Services Policy Alex Gray outlined persistent concerns related to the lack of a strategy for attracting investment and sustainable economic growth across Canada. He emphasized that our convoluted tax code continues to drag down economic competitiveness while the recent introduction of several sector-specific taxes provides unwelcome volatility and unpredictability to the national business climate.

A comprehensive strategy is required to eliminate investment disincentives, focus on pro-business policies, and address the skills and talent requirements of Canada's workforce. Correspondence from Business Council of Canada President and CEO Goldy Hyder to Minister Freeland in advance of the 2023 Budget noted that economic recovery from the pandemic will be uneven and challenging, so now is not the time for tax increases. Canada's taxes on corporate profits and payroll are already amongst the highest in the OECD when measured as a share of Gross Domestic Product (GDP). Germany, the United States, the United Kingdom, France, Australia, Sweden and Denmark (among others) all collect less than Canada in corporate taxes as a share of GDP.

A media release (May 9, 2022) from the Ontario Chamber of Commerce (OCC) during the provincial election campaign called on all political parties to commit to no new business taxes if elected. President and CEO Rocco Rossi indicated it has never been more important for public policies to support business predictability and economic growth. With the impacts of the pandemic still lingering, businesses need stability, and that means Ontario's next government should commit to not implementing new taxes on business.

The best way for Ontario to tackle the debt and deficit is to grow the economy and explore alternatives to taxation such as addressing illegal markets, entering public-private partnerships and reviewing innovative financial models. The 2023 Ontario Budget delivered by the Ford administration proposed no changes to corporate income tax rates or the $500,000 small-business limit.

Given the CCC proposal for a system-wide review, it is therefore recommended that no new business taxes or tax increases be considered until a comprehensive analysis is complete.

Recommendations

That the Government of Canada:

1. Not implement any new business taxes or increases on existing business taxation levels until a review of the current system, particularly related to competitiveness and productivity, is completed.

#14 - Amendment to Depreciable Assets: Passenger Vehicles

Description

Since 1990, Canada Revenue Agency set the Capital Cost Allowance amount for vehicles at $30,000 plus tax. This amount was updated in 2023 to $34,000 but is still short of current vehicle prices. The Capital Cost Allowance needs to be adjusted to better reflect the costs of vehicles.

Background

In May 2022, the average price of a new passenger vehicle in Canada hit an all-time high at over $54,000 with Autotrader.ca reporting a 17% year-over-year increase. [73] The price of a used car is also at an all-time high, with the price of a used vehicle jumping from just under $29,000 [74], in 2021 to over $36,000 in just a year [75], . Combined with a thirty percent increase in fuel, maintenance, and insurance costs in the last five-years [76], vehicle ownership and operation are becoming a bigger burden on businesses. Because of vehicles depreciating value, the Canada Revenue Agency (CRA) allows businesses to deduct their costs over a predetermined number of years through the Capital Cost Allowance (CCA).

Under class 10.1 of CCA, CRA allows businesses to deduct the cost of vehicles over several years due to their depreciating value. [77] However, the current cap set at $34,000 in 1990 is woefully short of the average cost of a new vehicle, and can even be short of the price of a used vehicle. New vehicles currently average over $54,000 which is well in excess of the $34,000 plus tax CCA cap. Because this CCA cap is so low, it means businesses may sell their vehicles for greater than what the CCA has formulated their value to be earning them recapture. The recapture amount greater than the formulated CCA value would be subject to regular income tax for the business.

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[73] Siekierska, Alicja. "Canadian vehicle prices hit record high in May – but it may be the peak." Yahoo! Finance, June 8, 2022. https://ca.finance.yahoo.com/news/canadian-vehicle-prices-hit-record-high-in-may-but-it-may-be-the-peak-100038851.html.
[74] Yun, Tom. "Used car prices in Canada up 12.8 per cent from last year as microchip shortage continues." CTV News, August 13, 2021.
[75] Siekierska, Alicja. "Canadian vehicle prices hit record high in May – but it may be the peak." Yahoo! Finance, June 8, 2022. https://ca.finance.yahoo.com/news/canadian-vehicle-prices-hit-record-high-in-may-but-it-may-be-the-peak-100038851.html.
[76] Statistics Canada. Table 18-10-0004-07 Consumer Price Index, monthly, percentage change, not seasonally adjusted, Canada, provinces, Whitehorse and Yellowknife — Transportation
[77] "Claiming capital cost allowance (CCA)." Government of Canada. https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/sole-proprietorships-partnerships/report-business-income-expenses/claiming-capital-cost-allowance.html.

Furthermore, because this cap is so low, it is not without possibility that a business could sell a vehicle with the proceeds of disposition exceeding $34,000 plus tax cap. The amount exceeding the coverage cap with tax would be subject to capital gains tax in addition to the taxes they have to pay on the recapture amount between the CCA value and the CCA coverage cap at $34,000. The current cap formulates the initial $34,000 value at $20,230 after two-years of ownership which means a vehicle purchased for $50,000 would have to lose almost two-thirds of its value over that period. Thus, it is probable that any proceeds of disposition for the vehicle would lead to the business paying taxes on any recapture amount and perhaps even have to pay capital gains taxes if the proceeds of disposition exceed the initial CCA cap of $34,000.

When the CCA coverage cap was initially set at $30,000 in 1990, it should have also been tied to either the Consumer Price Index (CPI) for new vehicles or the overall CPI to maintain the ratio available for businesses to claim on depreciation on the vehicles they purchase (either new or used). This would not only ease the burdens on business through CCA for the initial purchase of the vehicle but also when the business receives its proceeds of disposition upon sale by limiting the probability that the proceeds of disposition would lead to the business paying taxes on recapture and capital gains. The $4,000 increase to the cap is insufficient to keep up with the increased cost of vehicles over the 30 plus year period.

The Government of Canada already acknowledges the higher prices of vehicles under various subsidy and rebate programs. This includes the rebate available to purchasers of electric vehicles in furtherance of its goal towards net zero. Classes 54 and 55 already consider the increased cost of vehicles by providing a CCA cap set at $59,000 for zero-emissions vehicles, however in areas without the necessary infrastructure or for businesses whose operations limit their ability to switch their fleets are still limited to the $34,000 cap.

Recommendations

That the Government of Canada:

1. Increase the maximum capital cost threshold for pool additions of passenger vehicles that reflect the current market purchase price.
2. Index the maximum capital cost threshold for pool additions of passenger vehicles to the average price for vehicles.

#15 - Time for a New Pension Paradigm

Description

Pension security is an important asset that employees require to be productive and loyal to employers. The current pension models used by Canada are dying and unable to account for the many employees due to the ineligibility for the described benefit or described contribution.

Additionally, pensions are volatile and depend on market stability, which is not always the case. This leads to uncertain and unproductive employees.

There are still too many working Canadians that do not have an employer-sponsored pension plan (Defined Benefit (DB), Defined Contribution (DC), or group Registered Retirement Plans (RRSP)) to supplement their retirement income, together with their CPP.

Background

As a result, an increasing number of Canadian workers will likely require future financial support of the federal government's Guaranteed Income Support (GIS) program during their retirement years. Future Canadian taxpayers will therefore be subsidizing future GIS payments to today's workers who are not setting aside sufficient pension monies.

Over the long term, the funding risks to Canadian workers associated with DC Plans and RSPs has long been ignored by Federal and provincial stakeholders.

Constitutionally, the Provincial Governments have the responsibility for Pension Plans. In 1966, the provinces, excluding Quebec, worked closely with the Federal Government to implement the Canada Pension Plan. Quebec brought in their own provincial Quebec Pension Plan at that time. Thirty years later, in 1996, important reforms were made to the CPP Plan, which raised contribution limits. That CPP implementation resulted in a dramatic decrease in 'poverty in Canadian seniors' over the following decades.

In 2017, further reforms were made to CPP. It has been written that these changes were principally motivated by the declining share of the workforce that was covered by an employer DP plan, which had fallen from 48 percent in 1971 to 25 percent by 2011. A further reason was the move by Ontario to launch its own Retirement Pension Plan. While the 2017 CPP change agreed by all provinces and the federal government to increase the level of 'replacement pension incomes from the level to 25% of 'earned income as defined' to a modest 33% is a very good start. Quebec followed the lead of the other provincials and made similar adjustments to its Plan. The number of people that have a registered pension plan has been declining in recent years (figure 1).

Figure 1

https://businessinsurrey.com/wp-content/uploads/2023/06/Picture1.jpg

Percentage of employees with a registered pension plan through their job, by gender, 1977 to 2011.[78]

In 2018, federal and provincial governments implemented important changes to the Canadian Pension Plan (CPP) to provide, when fully mature by 2063, retired workers a modest 33 percent of average worked earnings. This was up from the current level of providing 25% of average worked earnings.

A June 2019 paper issued by the C.D. Howe Institute – "The Great Pension Debate, Finding Common Ground" (#543) – Brown & Eadie should remind all of us in the business world that pension innovation is required in each of our Provinces with the full support of the Federal Government.

In February 2020, the National Institute on Ageing issued a discussion paper titled "Improving Canada's Retirement Income System", the authors, Ambachtsheer and Nicin, further supports the lack of political decision-making, regulation and retirement income research, and the fragmentation within Canada on pension – both limiting important pension innovation.

In Canada, there are currently approximately 20 million workers. Of the Canadian workers, 6.3 million participate in Registered Pension Plans and a similar number - 6.3 Million - participate in Registered Retirement Plans.[79]

As there will be some double participation in the above figures of individuals as they may be in more than one registered DB, DC and/or RSP plan, there are estimates that between 10 to 12 million Canadian workers, (50% to 60%), do not have Pension Plans other than CPP.

Over the past decade, the private sector has moved away from offering Defined Benefit Plans and implemented Defined Contribution Plans. The dramatic increase of Canadians living longer (figure 2) combined with the significant reduction in the investment returns in the pension plans have resulted in many employers with DB Plans having to assume material pension liabilities as an outcome of how pension calculators work.

Figure 2

https://businessinsurrey.com/wp-content/uploads/2023/06/Picture1.jpg

[78] Ambachtsheer, K., Nicin, M. (2020). Improving Canada's Retirement Income System: A Discussion Paper on Setting Priorities. National Institute on Ageing, Ryerson University
[79] https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1110009401

Population aged 0 to 14 years and 65 years and older, 1998 to 2018 (estimates) and 2019 to 2038 (projections), Canada.[80]

While the private sector DC plans and RSP plans do not have the same level of financial risk as the employers with DB plans, the reduction in investment returns, and for many, the size of the plan's fund management costs (MERs) results in materially less pension monies available at the time of retirement.

When Canadian workers retire with their DC or RSP plans, there is currently little flexibility on how to manage their retirement monies And so they take on future investment return risk.

There are 10 million Canadian workers who are not members of a private sector pension plan. There is very clear evidence there is room for improvement in the pension plan governance model in Canada. We have a public policy vacuum. It would take a generation of workers to turn this matter around should important changes be made. For such an important matter, one suggests there should be a Federal Minister of Pensions and each province should have a Minister of Pensions. These ministers and offices would need to work collaboratively to navigate the regulatory hurdles and intra-provincial barriers to find a better solution to manage and grow private sector pensions.

According to Brown in the commentary paper titled "The Great Pension Debate: Finding Common Ground"[81], policies encouraging large, collective and pooled pension plans governed by independent management boards are the way forward. Concurrently, Ambachtsheer posits that due to the lack of protocol for updating federal tax policy and federal/provincial/ territorial regulatory fragmentation within and between the pension and insurance sectors, and between individual and group investment regulations, Canada has suffered from stagnated innovation in its retirement income system (RIS).[82] It is vital that regulation and tax laws allow small and medium-sized employers to join in such collective systems to extend their benefits to the majority of working Canadians.

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[80] Ambachtsheer, K., Nicin, M. (2020). Improving Canada's Retirement Income System: A Discussion Paper on Setting Priorities. National Institute on Ageing, Ryerson University

[81] Brown, Robert L., and Stephen A. Eadie. "The Great Pension Debate: Finding Common Ground." C.D. Howe Institute, Commentary, no. 543, 2019

[82] Ambachtsheer, K., Nicin, M. (2020). Improving Canada's Retirement Income System: A Discussion Paper on Setting Priorities. National Institute on Ageing, Ryerson University

Recommendations

That the Government of Canada:

1. Assess the pool of employees currently covered under the traditional Defined Benefit, Defined Contribution and group Registered Retirement Savings Plans.

2. Improve financial literacy through effective programs.

3. Protect existing RPPs.

4. Develop a legislative framework to increase flexible and competitive pension contribution options for employers that can supplement CPP participation for businesses of all sizes, helping businesses attract and retain employment.

5. Increase labour force participation rates at older ages as life expectancy increases.

6. Reform the current regulatory environment to support innovation pension reform that includes:

    a. Regulatory support for private sector multi-employer pension programs.

    b. Regulatory framework to include multi-employer pension programs across provincial jurisdictions.

    c. Regulatory framework for trusteed pension plans that do not require government or union sponsorship.

    d. Regulatory frameworks that allow and promote private sector access to the very solutions already available in the public sector.

    e. Regulatory frameworks and support that provide access to the efficiencies of collective pension plans and that recognize the unique needs of small private sector employers and self-employed individuals.

    f. Adding to the portfolio of the Minister of Seniors.

7. Develop a legislative framework to increase flexible and competitive pension contribution options for employers that can supplement CPP participation for businesses of all sizes, helping businesses attract and retain employment.

#16 - Land Trust Initiative

Description

Canada is facing a continued affordable housing crisis, yet effort made by all levels of government have made very little discernable difference to Canadians.

Community Land Trusts already exist across Canada and a proven vehicle to combat the affordable housing crisis in perpetuity, but they are crippled by current Federal tax law in their ability to acquire land donations.

Background

This policy looks to mirror a proven, and robust mechanism which was implemented in Canada in 2006 for ecological land donations, so that it also covers land donations to Community Land Trusts. This will provide a powerful incentive for individuals and corporations to donate land to Community Land Trusts across the nation, enabling them to provide affordable housing solutions in perpetuity, unlike any other models currently in existence in Canada.

The Housing Gap:

One in five Canadian households are at risk of homelessness, meaning that these households spend more than 50% of income on rent. It is estimated that the costs associated with homelessness (i.e., social services, emergency healthcare, shelters, policing) are in excess of $7 billion annually.[83]

Household spending rose at a faster pace than inflation from 2017 to 2019 with “Shelter” remaining the largest budget item for households in 2019 up 8.4% from 2017.[84]

Because of the severity of the problem, all levels of government are attempting actions to address the near-market gap, but to date these efforts have not materially affected the availability of affordable housing across Canada.

Land – The Key to Housing Affordability:

Recent studies in Canada indicate that land prices now comprise anywhere from 30% to 75% of the total sale price of a dwelling and are a major contributing factor for housing supply and pricing (CMHC, 2018).

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[83] 1. Gaetz, S., Scott, F. & Gulliver, T. (2013). Housing First in Canada: Supporting communities to end homelessness. Toronto, ON: Canadian Homelessness Research Network Press.
[84] 2. Survey of Household Spending, 2019 (Statistics Canada)

As land becomes more valuable, there are increased incentives to build higher density and higher value buildings as well as to demolish older single-storey dwellings to replace them with more expensive homes.[85]

This relationship is not new and is also not limited to Canada: many studies have been completed by economists around the world which find this same correlation. For example, Knoll et al. (2017) find that land prices accounted for 80 per cent of the rise in global house prices since the Second World War.[86]

Although housing affordability dynamics in Canada are complex, data shows that the key to finding a solution to the affordability housing crisis is intrinsically linked to availability and price of land.

Community Land Trusts:

A Community Land Trust is a non-profit organization created to acquire and hold land for the benefit of the community. To do so, the trust acquires land and maintains ownership of it permanently. With prospective homeowners, it often enters into a long-term (most frequently, 99 years), renewable lease instead of a traditional sale. When the homeowner sells, the family earns only a portion of the increased property value. The remainder is kept by the trust, preserving the affordability for future low- to moderate-income families.

The first Community Land Trust was established in Canada in the 1970's as a means to preserve the affordability of cooperative housing and to pool resources of isolated co-ops. According to a 2005 research paper, funded by CMHC, community land trusts (CLTs) are "an innovative approach to providing perpetually affordable housing to low- and moderate-income households."[87]

Essentially, these Trusts are a fund designed to exist in perpetuity, managed over time so that cash outflows – used to acquire and hold land and buildings – match inflows such as revenues from lease fees, rent, donations, bequests, government support, interest and other sources. Donations given for land or purchases of land and buildings generally are not to be used for the Trust's operating costs.

By permanently limiting the land costs, Community Land Trusts help to ensure perpetual affordability so that the benefits accrue to each subsequent homeowner and hence guarantee that housing will remain affordable for future generations.

[85] 3. Canada Mortgage and Housing Corporation, 2018: "Examining Escalating House Prices in Large Canadian Metropolitan Centres". 02-05-18
[86] 4. Katharina Knoll, Moritz Schularick and Thomas Steger, 2017, "No Price Like Home Global House Prices, 1870-2012", American Economic Review, Vol. 107, No. 2, February, pp. 331-353.
[87] 5. Housing Strategies Inc., Critical Success Factors for Community Land Trusts in Canada, Canada Mortgage and Housing Corporation: External Research Program, January 2005.

THE ISSUE:

Land Donations to Community Land Trusts

Most Community Land Trusts in Canada have not yet accumulated enough lease income to acquire additional parcels of land. As such, they are beholden to acts of philanthropy (land donations) from individuals, corporations or government bodies.

Many corporations and private landowners currently hold land titles for business operations, as passive income or for future growth. These individuals and corporations have a strong disincentive to donate land to a Community Land Trust because the tax credit or offset generated by the donation will not overcome the tax owing from the capital gain: They will lose the asset AND owe tax for doing so.

The result: parcels of land which are held in perpetuity (undeveloped) or sold. There is a strong tax disincentive to donate the land for affordable housing.

THE SOLUTION:

Ecological Land Reserves – A Precedent

In the 2006 Budget, the federal government proposed to completely eliminate the capital gains tax on certain gifts of publicly listed securities and ecologically sensitive land.

The idea behind these measures was to provide the charitable sector with a "powerful set of tools" for raising funds and encouraging charitable giving. The idea was that donors would not be taxed on any of the capital gain accrued on the donated property and would receive the full benefit of the tax credit on the donation.

On June 6, 2006, the budget was introduced for third reading in the House of Commons and was passed by unanimous consent. From that moment forward donations of “ecologically important land” to registered Canadian charities and other qualified donees is eligible for a charitable donation tax credit (if the donor is an individual) or deduction (if the donor is a corporation) AND are exempt from capital gains tax.

Has this incentive proved successful? Between the inception of the program in 1995 and March 31, 2021, 1610 ecological gifts valued at over $977 million have been donated across Canada using this mechanism.

Implementing this policy could similarly mobilize almost a $1 billion dollars in private wealth for the public good: to provide affordable housing that will last in perpetuity.

Much thought and revisions were required for the Income Tax Act to enact this piece of legislation.

Furthermore, additions and revisions have been put in place over the years which has resulted in robust anti-avoidance rules and a proven mechanism to incentivize land donation by individuals and corporations for ecological conservatories. These mechanisms are proven and have stood the test of time.

Recommendations

That the Government of Canada:

1. Make amendments and additions to the Income Tax Act to incentivize the donation of land to Land Trusts, for the purpose of developing affordable housing, by utilizing the same mechanisms as those already provided in the Act for individuals and corporations to make donations to ecological land reserves.

2. These changes will allow for donations of land to Community Land Trusts to be capital gains exempt IN ADDITION, a tax credit or deduction can be provided in exchange for the land, based on the fair market value.

#17 - Increase the Small Business Deduction

Description

Small business enterprises are vital to the Canadian economy. The current Small Business Deduction limit has become restrictive and requires an increase in the threshold in order to allow for business sustainability and economic growth.

Background

Separate rates for corporate taxation were initially introduced in 1949 to create an opportunity for Canadian business to retain more of its after-tax income to assist with growth and expansion by "self-financing" organic growth. The early iteration of this dual-tax approach applied to all forms of income, regardless of nature or source.

With the issuance of the 1966 Royal Commission Report on Taxation (also referred to as the "Carter Commission"), a recommendation was presented to eliminate the dual-rate approach to corporate taxation with the objective being improving equity and neutrality in the corporate income tax system. In addition to other measures aimed at promoting and supporting the growth of small business in Canada, the 1972 Income Tax Reform measures included the introduction of a "small business deduction" (SBD) limit that provided for a reduced rate of taxation be applied to the first $50,000 of corporate active business income.

The legislation applied to a Canadian-controlled private corporation (CCPC) and was designed to be shared between members of an associated group of corporations on an elective basis. The current legislation remains today with certain additional measures that are designed to minimize perceived "mischief" aimed at efforts to "multiply" the SBD limit. The upper limit has increased from the $50,000 amount in 1972 to $400,000 and then finally increased to the current federal limit of $500,000. In addition, in an effort to ensure the SBD limit was accessible only to "small business" corporations, additional legislation was introduced to proportionately reduce the availability of the SBD limit to a corporation and the members of an associated group to the extent that it's "taxable capital employed in Canada" exceeds $10 million up to a maximum of $15 million where it is completely eliminated.

The determination of the SBD limit appears to be rather arbitrary with very little literature supporting the selection of the various historical threshold amounts. It is largely believed that "the main argument for taxing small business more favourably is to compensate for their limited access to capital financing". With the global developments in capital markets that have adversely impacted the accessibility of capital for private corporations in general, as well as current market challenges in the light of the end of near-zero interest rate policy over the past decade, never has this been more applicable. CCPC's represent the largest employers and fundamentally the largest contributors to GDP in Canada's economy.

In 2018, private corporations employing fewer than 100 employees constituted 97.9% of all firms in Canada and accounted for over 40% of the gross domestic product of Canada. As the “backbone” of the Canadian economy, small business enterprises should be provided all available tools to secure their future, sustainability and opportunity for growth and transition to large firms.

To avoid the “threshold” effect that often serves to limit the growth of small business enterprises beyond the threshold of specific tax incentives (i.e., The $500,000 SBD limit in this case) there is a distinct need to reconsider the current threshold and determine a more appropriate SBD limit in light of restrictive access to financing capital and the critical importance of small business enterprises to the Canadian economy.

Recommendations

That the Government of Canada:

1. Increase the current Small Business Deduction limit, as it is currently defined in the provisions of subsection 125(2) of the Income Tax Act, Canada, from $500,000 to $750,000.

2. Apply annual indexing to the Small Business Deduction threshold limit at a rate equal to the annual Consumer Price Index.

#18 - Underused Housing Tax

Description

While speculative investment in Canada's largest cities has driven up cost of housing in Canada, the government's implementation of an Underused Housing Tax to address this has unforeseen consequences that could further drive up the cost of housing and affect millions of Canadians. Canadian citizens and residents are exempt from the UHT and fully used properties are also exempt. The government requires privately owned Canadian businesses, trusts, and partnerships who are exempt from the tax to still file the UHT return, risking massive penalties for not filing. Many Canadians are not even aware of the filing requirements and will inadvertently be charged thousands in fines and penalties. Additionally, the burden of filing this form.

Background

The Underused Housing Tax was announced in Canada's 2021 Budget. The UHT was implemented effective January 1, 2022, with all UHT Returns due by April 30, 2023. The UHT was purported to be a national, annual 1-per-cent tax on the value of non-resident, non-Canadian owned residential real estate that is considered to be vacant or underused.

When the actual UHT filing requirements were created, they cast a very wide net that created a UHT filing requirement for thousands of Canadians who are completely exempt from UHT. Any Canadian partnership, trust or private corporation that owns any residential property must file this UHT form annually in order to claim their exemption from the tax. It does not matter whether the residential property is vacant or whether it is fully used as a tenant's primary residence, the form must be filed.

The penalty for not filing this form, even for taxpayers who are exempt from the tax, is:

- $5,000 per individual on title per property
- $10,000 per corporation, trust, or partnership per property

Examples:

1. Two couples own a rental property together through a partnership. All 4 individuals are Canadian citizens (thereby exempt from UHT) and the rental property is fully rented as the tenant's primary residence (thereby also exempt from UHT). All 4 individuals are on title of the property (as that is how partnerships are often registered on title of real estate). All 4 individuals must file a UHT return or they will each be subject to a $5,000 fine for each year that this return is missed. Total penalty for failure to file the UHT form could be $20,000 per year plus interest.

2. A senior has recorded her son's name on title of her home to avoid probate and simplify the transfer of her home to her son at her death. This is a Bare Trust. Starting in 2023, all such arrangements must be disclosed to the CRA through a trust return. Because the CRA is now determining that this arrangement is a Trust and requiring that it be disclosed, this senior and her son must both file the UHT return. Failure to file this return is $5,000 per person on title, so $10,000 for the senior and her son, per year.

3. A home builder has an inventory of homes under construction. They must file the UHT form for each home that is substantially complete each year. The penalty for missing this form is $10,000 per property per year plus interest. Most accountants are charging between $500-1,500/return to file the UHT return. This creates an unnecessary cost and burden for all builders and further drives up the cost of residential real estate in Canada.

Recommendations

That the Government of Canada:

1. Exclude CCPCs, substantive Canadian partnerships, Canadian trusts with Canadian trustees and beneficiaries, Canadian bare and deemed trusts from the list of required UHT-2900 filers.
2. Reduce the $10,000 penalty to be consistent with the penalties applied to late-filed information returns and adopt a more lenient approach for late filing of the UHT forms, including appropriate appeal procedures.
3. Revise the UHT form to streamline the process for corporations by allowing them to list all their owned residences in a single section, instead of requiring multiple submissions.

Health Innovation

#19 - Building Canada's Bio-manufacturing Supply Chain

Description

During the COVID-19 pandemic, both the federal government and our provincial/territorial governments have seen, in real time, the importance of domestic bio-manufacturing capacity to produce tests, vaccines, and therapeutics to combat the COVID-19 pandemic and pandemics of the future. However, before a test, vaccine or treatment can ever be manufactured, the constituent parts and ingredients must be secured. Without also investing in a local supply chain that can provide the necessary inputs for bio-manufacturing, Canada risks undercutting our own efforts to bolster our domestic capacity and increase our self-sufficiency.

Background

As Canadians watched the initial uneven distribution of COVID-19 vaccines in late 2020 and early 2021, and many waited for months in late 2021 and early 2022 for rapid testing kits to arrive, we all gained a new appreciation for the value of a domestic bio-manufacturing sector. Without such a capacity, Canada found itself reliant on foreign suppliers for diagnostic testing supplies, vaccines, and therapeutics.

It is critical that in a future pandemic or health crisis that Canada can develop and manufacturer our own testing, vaccine, and treatment options for quick deployment domestically, but also as part of efforts to support global health. To accomplish this, we need not only robust investment in advancing life sciences research and increasing bio-manufacturing capacity, but Canada also needs investment in building a domestic supply chain that can provide the necessary components needed to produce these medical supplies.

In testimony to the House of Commons Standing Committee on Health, the president of Pfizer Canada noted that their vaccine “requires more than 280 components, coming from 86 different suppliers,”[88], illustrating the importance of the bio-supply chain to vaccine manufacturing. Regarding COVID-19 tests, the chemical re-agents needed for the tests to actually function are similarly produced only by select manufacturers and were reported to be in short supply throughout much of the pandemic, delaying access to testing supplies for Canada.

[88] House Standing Committee on Health – Number 029 | 2nd Session | 43rd Parliament, Evidence, March 08, 2021

Since the start of the pandemic, the Government of Canada has committed over $1.6 billion to 30 bio-manufacturing projects[89], but with a focus on research and development, and final "fill and finish" manufacturing capacity. Several provinces, including BC[90], , Manitoba[91], Ontario[92], and Quebec[93], have committed to developing a "Life Sciences and Biomanufacturing Strategy" or made investments as part of the federal government's biomanufacturing strategy, such as investments made in Atlantic Canada.[94] These are wise and needed strategic investments, but must be augmented with distinct support for building out Canada's bio-manufacturing supply chain.

During the COVID-19 pandemic, Canada found itself without a domestic ability to produce the medial supplies and materials we needed and were dependent on international providers. While efforts are underway to support the research and manufacturing capacity needed to correct this, without also investing in a domestic supply of the necessary re-agents, components, chemicals, other inputs that bio-manufacturing will need, we may find ourselves facing very similar, but nonetheless grave, challenges in the next pandemic or health crisis despite our efforts.

Recommendations

That the Government of Canada:

1. Work with the Provincial/Territorial Governments to identify specific strategies and actions, as part of either the Government of Canada's Life Sciences and Biomanufacturing Strategy or a respective provincial/territorial biomanufacturing strategy, that will build and support bio-manufacturing supply chains across Canada through investments in organizations and businesses that can produce the necessary components required for domestic manufacturing of testing supplies, vaccines, laboratory infrastructure and medical therapeutics.

[89] https://www.ic.gc.ca/eic/site/151.nsf/eng/00006.html
[90] bc_life_sciences_biomanufacturing_strategy_final_april_2023.pdf (gov.bc.ca)
[91] The Manitoba Life Sciences Strategy: Powering our Bioscience Future. (gov.mb.ca)
[92] Taking life sciences to the next level – Ontario's strategy | ontario.ca
[93] 2022-2025 Québec Life Sciences Strategy (quebec.ca)
[94] Growing Atlantic Canada's biomanufacturing capacity | Government of Prince Edward Island

Human Resources, Skills & Immigration

#20 - Strengthening Post Secondary Education and Increasing Funding for Research

Description

The economic footprint of post-secondary education has taken a dramatic hit through the pandemic along with the reductions of government funding. Access to education is essential in the economic recovery of Canada and its future access to human capital and intellectual development. Post secondary education serves as a catalyst for innovation, entrepreneurship, and strategic organization for both the management and advancement of social and economic progress.

Background

The economic impact of post-secondary education on our society and economy is a crucial factor in driving innovation, entrepreneurship, and social progress. However, the COVID-19 pandemic severely affected the economic footprint of post-secondary institutions, exacerbating the existing reduction in government funding. The repercussions of the pandemic, coupled with the ongoing reductions in funding, have created a challenging environment for post-secondary institutions to navigate. As a result, access to education has been hindered, compromising the economic recovery of our nation and threatening our future access to human capital and intellectual development.

Post-secondary education serves as a catalyst for innovation, entrepreneurship, and strategic organization, facilitating the management and advancement of social and economic progress. It is the backbone of a thriving knowledge-based economy, nurturing talent, and equipping individuals with the skills and knowledge necessary to address complex challenges and drive meaningful change. The research conducted within post-secondary institutions plays a pivotal role in developing groundbreaking technologies, enhancing productivity, and fostering competitiveness in a globalized world.

Moreover, post-secondary institutions contribute significantly to the local and national economies. They stimulate economic growth through job creation, workforce development, and knowledge transfer. The expenditures made by students, faculty, and staff have a multiplier effect on local businesses, supporting a wide range of industries and services. The reduction in government funding for post-secondary education not only undermines the ability of institutions to fulfill their educational mandates but also jeopardizes the economic vitality of communities where these institutions are located.

Since 2020, The University of Alberta has seen reductions in federal funding[95], . Similar reductions were seen in other institutions across the country, impacting their ability to deliver quality education and conduct vital research. To ensure a robust economic recovery and future prosperity, it is imperative to prioritize the revitalization of post-secondary education and provide increased funding for research.

This is particularly important when it comes to smaller and regional post-secondary schools which are growing increasingly disadvantaged. Every institution has the same baseline expenses, regulatory frameworks and reporting requirements for funding, but smaller institutions lack the economy of scale or leveraged funding to enable these affordably. Those requirements have increased dramatically over the past decade. Furthermore, the increase in funding for large universities and consortia that effectively remove smaller institutions from the competition has been troubling.

Rather than investing in discovery, which leads to innovation, many federal programs are focused further up the Technology Readiness Level[96], scale, leaving a dearth of fundamental research funding from any source in Canada. The grants programs for TRL1-3 activities are shrinking in number and size, with the majority of new and expanding grants programs focused on TRL7-9. There is essentially no funding, whether provincial, federal, philanthropic, or angel, for TRL4-6 in Canada. It is nearly impossible — and extremely costly — to successfully advance to TRL7-9 without laying the foundations first, leaving Canadian innovation lagging.

Universities Canada noted that Canada invests 1.8% of GDP in Research and Development while the OECD average is 2.1%[97]. While we have been declining, countries such as The United States, Germany, United Kingdom, and Finland are dramatically increasing investment. This not only makes it harder for us to retain top talent in Canada but also means that our Research, Development and Innovation portfolios are suffering compared to other OECD nations.

Investing in education not only cultivates a skilled workforce but also fosters a culture of innovation and entrepreneurship that drives economic growth. By increasing funding for research, we can propel scientific discoveries, technological advancements, and breakthrough innovations that have far-reaching economic benefits. Additionally, supporting work-integrated learning and apprentice programs enables students to gain practical skills, bridging the gap between academia and industry, and ensuring a smooth transition into the workforce.

[95] ECONOMIC IMPACT STUDY UNIVERSITY OF ALBERTA (https://www.ualberta.ca/media-library/impact-report/u-of-a-economic-impact-study-report.pdf)
[96] Technology readiness levels. Government of Canada (https://ised-isde.canada.ca/site/innovation-canada/en/technology-readiness-levels)
[97] Open letter to Prime Minister Justin Trudeau. Universities Canada (https://www.univcan.ca/media-room/media-releases/open-letter-to-prime-minister/)

Now, more than ever, we must recognize the critical role of post-secondary education in building a resilient and prosperous nation. By advocating for increased funding, freezing operating grants, and promoting partnerships between industry and post-secondary institutions, we can strengthen the economic footprint of post-secondary education and pave the way for a brighter future. The importance of "building local" cannot be overstated as it empowers individuals to contribute to their communities, fosters local economic growth, and sustains a prosperous society.

Together, let us prioritize the revitalization of post-secondary education, increase funding for research, and ensure that the economic footprint of post-secondary institutions remains strong, enabling us to navigate the challenges of the present and build a thriving future for all.

Recommendations

That the Government of Canada:

1. Increase Funding for Research:
    a. Allocate additional federal funding specifically designated for research and development in post-secondary institutions.
    b. Establish grant programs aimed at supporting innovative research projects and fostering interdisciplinary collaborations.
    c. Enhance research infrastructure by providing grants for the acquisition of state-of-the-art equipment and facilities.
    d. Facilitate partnerships between industry and post-secondary institutions to encourage industry-sponsored research projects.
2. Support Sustainability and Affordability:
    a. Develop measures to enhance the affordability of post-secondary education, including reviewing tuition fee structures and exploring financial aid options for students.
    b. Encourage institutions to adopt sustainable practices and reduce their environmental impact through initiatives such as energy efficiency, waste reduction, and carbon neutrality targets.

#21 - Advancing Canada's Skilled Labour Workforce with the Skills Required to Meet Industry Needs

Description

Attracting and retaining a skilled workforce is a challenge for employers. The retiring workforce and future workforce skills gap will add continued pressure on the business community. Government needs to work collaboratively with other levels of government and industry to ensure that graduates are equipped with the skills and talent that meets future workforce demands.

Background

One of the biggest hurdles for many Oakville businesses is renewing their workforce. According to the Canadian Chamber of Commerce Canadian Survey on Business Conditions Report, Q3 2022, 39% of respondents identified recruiting skilled employees as an obstacle to growth over the next three months, 37% listed a shortage of labour force, and 31% identified retaining skilled employees. To compete in an interconnected and global marketplace, Canadian companies require a stable and skilled workforce.

The future of work is a topic of great interest among policy makers and stakeholders. Growing interest in the future of work has been driven by increasing concerns related to potential job losses and labour market disruptions associated with recent technological advancements such as robotics and artificial intelligence (AI).

However, recent technological advancement, while important, is only one of the "mega trends" that will impact the future of work. Others include: Demographic shifts leading to an aging workforce, increased retirements and slowing or declining labour supply; Climate change's range of effects on different sectors, workers and Canadian regions; Uncertain trade patterns' impact on supply chains, production, industry composition and related jobs and Geo-Political Conflicts like the Russian invasion of Ukraine and stability concerns in Eastern Europe, potential conflict with China over Taiwan and international trade routes, and other regional conflicts in the Middle East, South Asia, and Africa that impact supply chains, travel, tourism, and commerce.

Each of these broad areas has the potential for disruption and brings unique policy challenges, opportunities and uncertainties - all of which are compounded by their complex interrelationships.[98],

[98] https://lmic-cimt.ca/publications-all/lmi-insights-report-no-2-the-future-of-work-in-canada-bridging-the-gap/

Future planning will require policymakers to take action to address skills mismatches and future workforce needs. This should include working with employers and post-secondary institutions to narrow the digital skills gap, advance skilled trades and tap into youth and immigrant talent pipelines. Immigration must be an important part of the strategy to attract the labour Canada so desperately needs.

While boosting immigration alone is not a silver bullet solution to our labour shortages, it is a critical part of the equation that must be addressed along with critical infrastructure in transportation and housing. In this regard, we encourage Governments to remove silos preventing collaboration between Ministries as increased immigration affects various aspects of the economy.

Furthermore, Immigration Agreements between the provinces and the federal government should include additional control over economic immigration within the provinces and increases to the Provincial Nominee Program (PNP).

The business community will benefit from a plan to create an environment that is conducive to new investment, talent attraction and opportunity creation. This includes adapting and evolving to a changed business landscape. Consequently, all levels of government need to work collaboratively with the business community and support the work of economic development to attract the next generation of talent.

Attracting and retaining new talent to Ontario is of critical importance. By prioritizing the attraction of new talent, we can minimize the potential challenges associated with a skills gap as a large portion of our labour force and knowledge base retires.

The Oakville Chamber and the business community understand the need for collaboration to address job vacancies. Policymakers need to take action to address skills mismatches and future workforce needs. This should include working with employers and other levels of government to narrow the digital skills gap, advance skilled trades and tap into youth and immigrant talent pipelines.

There is a need for dedicated AI education and training policy to adequately grow and cultivate a globally competitive AI workforce. Effective, safe, and trustworthy AI deployment and adoption is critical to future economic competitiveness and national security. AI is unique among emerging technologies, and rapidly evolving in terms of application and adoption. The AI workforce is broader than the STEM and Science and Technology workforce, including technical and nontechnical talent.

In a world characterized by ubiquity in AI, AI literacy of the population will be as important to national economic competitiveness as basic literacy and digital literacy. Without equitably providing quality AI education, we head toward greater economic and social disparities as demonstrated by the digital divide and accelerated by the COVID-19 pandemic.

To date there is no consistent definition of “AI education” or uniformly accepted curricula, as schools are still working to integrate computer science into classrooms. Without national elevation, we will have less urgency to make AI education and workforce training a priority.[99]

Over the next few decades, the Greater Golden Horseshoe is expected to experience incredible growth. Ontario has been, and continues to be, one of the fastest growing jurisdictions in North America. By 2041, the population is projected to grow by 50 percent, to 13.5 million, in the GGH alone. Similarly, the number of jobs in the region is expected to grow from 4.5 million to 6.3 million.

Furthermore, the federal government will continue setting new targets for newcomers. In 2022, Canada received over 405,000 newcomers. The Government is continuing that ambition with a plan of 465,000 permanent residents in 2023, 485,000 in 2024 and 500,000 in 2025.[100]

Finally, the business community, industry, and governments need to work collaboratively to be responsive to employers’ input in developing and advancing Canada’s labour workforce.

Recommendations

That the Government of Canada:

1. Continue to devolve the immigration selection process by providing greater control to Provinces over immigrant nominations and strengthening the nominee program while encouraging collaboration and a more active role at the municipal level to ensure local solutions to address community workforce needs.
2. Remove internal barriers that prevent collaborative work between Ministries to address the expected immigration growth.
3. Prepare the workforce for a changing technical/data, AI-driven economy and ethical AI use.

[99] https://cset.georgetown.edu/wp-content/uploads/CSET-U.S.-AI-Workforce-Policy-Recommendations.pdf
[100] https://www.canada.ca/en/immigration-refugees-citizenship/news/2022/11/an-immigration-plan-to-grow-the-economy.html

#22 - Flexible Solutions to Address the Gap in Immigration Biometric Services

Description

Strong rural economies mean a stronger Canada. Immigration plays a crucial role in growing Canada's economy and is especially vital for rural communities to grow populations and fill labour shortages. Yet current policy regarding immigration biometric services, a requirement of the immigration process, places undue hardship on applicants in some rural or northern areas in Canada, requiring them to travel long distances and bear the associated travel costs to access this service. Such policy is neither aligned with the federal government's commitment to address systemic inequities in core institutions and policy development[101], nor its concerted efforts to remove barriers to newcomer attraction and retention in rural Canada.

Background

Many applicants for immigration to Canada, or for a work permit, study permit or visitor status (including extensions), are required by Immigration, Refugees and Citizenship Canada (IRCC) to provide biometrics. Data collected includes electronic fingerprints, digital photograph and biographical data (note: this is not a criminal record check). As of June 14, 2023, updated IRCC policy now requires that anyone applying for permanent residence (PR) must submit biometrics, regardless of if they have previously submitted them (during the pandemic, PR applicants did not have resubmit biometrics if they had submitted biometrics with a temporary resident application within the past decade).

As per IRCC policy, applicants who are applying from within Canada must attend their pre-booked appointment in-person at a designated Service Canada location. The issue is that not all Service Canada offices are authorized to offer immigration biometrics to in-Canada applicants, and those offices not providing this service are predominantly in rural and/or northern Canada. Further compounding the issue is that current IRCC policy does not allow biometric services for in-Canada immigration applicants to be provided outside of Service Canada.[102]

As a result, some applicants are required to travel, in some cases great distances over multiple days, to access immigration biometric services. They (or an employer willing to absorb the cost) must expend additional funds for travel costs such as hotels, food, gas and time off work. Limited access to public transportation in many rural communities restricts travel options.

[101] https://pm.gc.ca/en/mandate-letters/2021/12/16/minister-immigration-refugees-and-citizenship-mandate-letter

[102] A few exemptions apply. https://www.cic.gc.ca/english/information/where-to-give-biometrics.asp

Existing literature cites a number of barriers experienced by newcomers in rural areas, including difficulty accessing settlement services due to lack of services, as well as lack of transportation.[103], These barriers contribute to the economic and social marginalization of newcomers. They also create challenges for the many rural communities and businesses relying on immigration for unmet labour needs, population growth and long-term resilience.

According to the 2022 IRCC annual report, immigration accounts for as much as 90% of labour force growth in Canada and approximately 75% of population growth.[104] As the large majority of immigrants to Canada settle in urban areas, the Government of Canada is offering several economic initiatives to attract talent to small and medium sized communities and rural areas to help local businesses fill labour shortages. However, Action Canada research found that while these programs have shown success in attracting growing numbers of immigrants, newcomer retention in these communities remains a challenge due to the unique barriers to immigration settlement in rural communities.[105]

The following are two examples of regions in Canada without biometric services for immigration. As key contributors to their provincial and national economies, both regions are actively targeting global markets to grow their workforce:

1) The Grande Prairie region, including the City of Grande Prairie (pop. 70,000), with its abundance of natural resources and growing economy, is actively recruiting an international workforce to fill labour shortages. The City's Service Canada, however, does not offer immigration biometric services; applicants must make an approximately 1000 km, two-day round trip to Service Canada in Edmonton to access this service, which currently costs $85 per individual. 2) In northern British Columbia, the busiest area of the province due to major construction projects, a global workforce is critical to help fill acute labour shortages. Yet in the City of Fort St. John, for example, to give immigration biometrics, applicants must make a nearly 900 km round trip to Service Canada in Prince George.

The Ministry (IRCC) states "factors involved in selecting biometric service sites include the physical capacity of a given Service Canada location to take on a new service line; the volume of IRCC clients in a geographic area; driving distances between Service Canada locations offering biometric enrolment; and, distances that IRCC clients need to travel to get to the Service Canada location offering biometric enrolments closest to them."[106], Further, with respect to one of the above examples, the Ministry states that the Edmonton [Service Canada] office was chosen to serve the Grande Prairie region to "minimize the distance to the nearest location for clients."

[103] https://www.ourcommons.ca/Content/Committee/421/CIMM/Reports/RP10577155/cimmrp26/cimmrp26-e.pdf
[104] https://www.canada.ca/en/immigration-refugees-citizenship/corporate/publications-manuals/annual-report-parliament-immigration-2022.html#highlights
[105] https://actioncanada.ca/wp-content/uploads/2022/03/Settling-Unsettled-ENG-FINAL-WEB.pdf
[106] Email, June 15, 2023 from S. Charbonneau, IRCC Ministerial Enquiries Division to A. Reimer

The excessive travel requirements for the growing number of clients requiring this service do not align with the rationale provided by IRCC regarding how they chose their immigration biometric sites.

Realizing new opportunities in the private sector

As the Government of Canada seeks “to further adapt and develop more agile and effective ways to service Canadians,”[107], Canada’s private sector offers an opportunity to help fill this gap in biometric services without creating an extra burden for taxpayers. Within the private sector, companies that are accredited through the RCMP's Canadian Criminal Real Time identification Services (CCRTIS) are providing biometric services for civil purposes. (Note: There are no private fingerprinting companies accredited by the RCMP outside of Canada.)

The CCRTIS Program assesses the security and administrative operations of companies that intend to take fingerprints for noncriminal purposes. Upon completion of the accreditation process, companies are certified to operate as an affiliate of The Canadian Corps of Commissionaires and authorized to submit electronic fingerprint transactions (noncriminal purposes) to CCRTIS via The Canadian Corps of Commissionaires' server. The accreditation process is robust and periodic audits are in place to ensure the integrity of the Program. A company’s accreditation, however, does not authorize it to provide immigration biometrics.

Flexible, innovative, affordable and inclusive solutions

The June 2019 House of Commons report on improving settlement services across Canada, by the Standing Committee on Citizenship and Immigration, highlights the need to remove barriers to settlement services and programs in rural communities across Canada.[108] The report cites the requirement for flexible and innovative solutions to help attract and retain immigrants in rural communities.

Amending and adapting immigration biometrics policy with consideration to the unique immigration challenges facing rural and more remote communities and to the opportunity that currently exists within the private sector to address service gaps, promotes more equitable and accessible services for all, regardless of location. As Canada’s population ages and birthrates decline, innovative, inclusive and affordable policy solutions supporting the long-term integration and retention needs of immigrants in rural and northern communities are critical to helping businesses meet labour needs and ensuring a more productive and resilient economy for Canada.

[107] https://pm.gc.ca/en/mandate-letters/2021/12/16/minister-veterans-affairs-and-associate-minister-national-defence?fbclid=IwAR2I1LOAXtRCqOGxOOenZZ9olJJghFVrFC3E5gAUTq1pYKzNhSxDYA55j3Y

[108] https://www.ourcommons.ca/Content/Committee/421/CIMM/Reports/RP10577155/cimmrp26/cimmrp26-e.pdf

Recommendations

That the Government of Canada:

1. Amend Immigration, Refugees and Citizenship Canada (IRCC) policy to expand the list of eligible providers of immigration biometric services for applicants within Canada, taking into consideration those organizations outside the public sector that are fully accredited organizations through the RCMP's Canadian Criminal Real Time identification Services (CCRTIS), to fill this gap in service across Canada.

#23 - Make the Rural and Northern Immigration Pilot Permanent

Description

The Rural and Northern Immigration Pilot (RNIP) is a federal program established in November 2019 with the goal to attract and retain skilled immigrants in rural and northern communities by testing innovative approaches to permanent immigration.[109] RNIP can play a key role in addressing the labour shortage and achieving the federal government's recently announced immigration targets, but it is set to expire in August 2024.

Background

The Rural and Northern Immigration Pilot has provided a much-needed path to permanent residency for skilled foreign workers who want to live in small communities. RNIP is delivered in five communities in Northern Ontario, and six other areas in Manitoba, Saskatchewan, Alberta, and British Columbia, allowing eligible employers to make full-time permanent job offers to skilled foreign workers who can help fill identified labour shortages in the community.[110]

Despite the many added challenges presented during the COVID-19 pandemic, the program has been a great success with pilot communities welcoming hundreds of workers and their families to date, alongside hundreds of additional applications currently in progress. RNIP is achieving its goal of supporting immigration strategies that enable smaller communities to enhance their economic, social, and demographic vitality.[111] Despite its continued success, the program is set to expire. In August 2022, the Minister of Immigration, Refugees and Citizenship announced the extension of the RNIP program to August 2024 and the expansion of geographical boundaries for seven of the 11 participating communities. Though this was a welcome move for all stakeholders, more needs to be done.

Canada is facing an acute labour shortage. As per Statistics Canada, in the second quarter of 2022, employers across all sectors in Canada were actively seeking to fill nearly one million (997,000) vacant positions, the highest quarterly number on record. Vacancies were up 4.7 percent (+45,000) from the first quarter, and 42.3 percent (+296,500) higher than in the second quarter of 2021.[112]

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[109] https://www.canada.ca/en/immigration-refugees-citizenship/corporate/publications-manuals/operational-bulletins-manuals/permanent-residence/economic-classes/rural-northern-immigration/work-permit.html#:~:text=effective%20November%201%2C-,2019.,-The%20goal%20of
[110] https://www.canada.ca/en/immigration-refugees-citizenship/services/immigrate-canada/rural-northern-immigration-pilot.html
[111] https://sudburychamber.ca/wp-content/uploads/2022/06/2022-06-03_M.Fraser_RNIP-Extension.pdf
[112] https://www150.statcan.gc.ca/n1/daily-quotidien/220920/dq220920b-eng.htm#:~:text=2022%2D09%2D20-,Employers,-across%20all%20sectors

To address the labour shortage, in November 2022, the federal government announced a new immigration plan that would see Canada welcome 500,000 immigrants per year by 2025.[113] RNIP is already playing its part in achieving these ambitious targets, but if the program is made permanent, it can contribute even more. As of June 30, 2022, Immigration, Refugees and Citizenship Canada reports that 1,130 newcomers have arrived in Canada under the RNIP. They have helped fill gaps in healthcare, manufacturing, transportation, retail, and hospitality.[114]

RNIP was launched based on the success of the Atlantic Immigration Program (AIP). AIP was initially launched as a pilot program in 2017 and became permanent in 2021. A recent Statistics Canada study shows that high immigrant retention rates in Atlantic Canada can be credited to the success of AIP. Under AIP, governments, employers, communities, and settlement agencies work together to recruit skilled workers and international graduates. Working with settlement service providers, immigrants receive more support in settling and integrating than they might have if they arrive in Canada through a different immigration program.[115]

Based on the continued success of RNIP and AIP, and the challenges facing Canadian businesses due to the labour shortage, RNIP should be made a permanent program.

Recommendations

That the Government of Canada:

1. Work with participating communities of the Rural and Northern Immigration Pilot to make it a permanent program effective August 2024.

[113] https://www.canada.ca/en/immigration-refugees-citizenship/news/2022/11/an-immigration-plan-to-grow-the-economy.html
[114] https://www.cicnews.com/2022/08/ircc-announces-rural-and-northern-immigration-pilot-expansion-0830336.html#:~:text=IRCC%20reports%20that-,1%2C130,-newcomers%20have%20arrived
[115] https://www.cicnews.com/2022/12/more-newcomers-are-choosing-to-settle-long-term-in-atlantic-canada-1232248.html

#24 - Creating Systems to Provide Adequate Child-care Spaces to Ensure Parents - Particularly Women - Have Equal Opportunities to Enter the Workforce

Description

The much-anticipated introduction of the Canada-Wide Early Learning and Child Care plan has created a higher demand for spaces as regulated child-care facilities struggle to find qualified staff, which in turn continues to impact parents – many of them women who continue to act as primary child-care providers – from entering or re-entering the workforce. Now that this provincially driven issue has been moved into the federal realm, the responsibility to ensure this national plan does not detrimentally impact businesses and the economy should be an impetus for the federal government to work with the provinces/territories to mitigate potential legislative solutions in effort to ensure enough child-care spaces are available.

Background

There have been several major attempts prior to the introduction of the Canada-Wide Early Learning and Child Care (CWELCC) plan to create a national child-care strategy in Canada, starting in 1970 when The Royal Commission on the Status of Women noted that women should be 'free to choose whether or not to take employment outside their home' and that 'practical' obstacles that could impede them from exercising this right be eliminated.[116] As well, the report noted that child care is a 'shared responsibility' between the mother, father, and society. Since then, three more attempts were made including the 1986 Task Force on Child Care (Katie Cooke Task Force), the 1987 Special Committee on Child Care and the Foundations Program, which was cancelled in February of 2006.

A key stumbling block to creating a national strategy centered on the successful navigation of the arduous terrain of federal-provincial jurisdiction. However, that 'block' began to be chipped away when the federal government introduced its CWELCC plan in the 2021 budget which confirmed $30 billion to create 250,000 new child-care spaces nationwide by March 2026 to provide families more affordable options. Combined with previous investments since 2015, approximately $9.2 billion per year is expected to be invested in child care, including Indigenous Early Learning and Child Care, starting in the fiscal year 2025 to 2026.

[116] 1. 'Report of the Royal Commission on The Status of Women in Canada' - 1970

The federal government negotiated deals throughout 2021 with the provinces and territories, securing a six-year $13.2 billion deal in March 2022 with Ontario that will result in lower fees for families and deliver $10 a day child care by September 2025.

Quebec, considered the North American leader in early childhood education, will receive $6 billion of federal money through the deal to complete its existing network of subsidized spaces which Premier Francois Legault's government announced in its action plan "Grand chantier pour les families" to create 37,000 new spaces in 2021.[117]

Initial reception to the national plan has been positive, considering the impact the first wave of the pandemic had on businesses and, in particularly, women in the workforce after those deemed non-essential were sent home. As outlined in the Ontario Chamber of Commerce's 2020 The She-Covery Project: Confronting the Gendered Economic Impacts of COVID-19 in Ontario, in March of that year women between the ages of 25 and 54 lost twice as many jobs as men in Ontario – noting the impact was more acute for women from minority backgrounds and other intersectional groups such as single mothers, mothers with disabilities, Indigenous and rural women.[118],

Economists believed when the national plan was unveiled it would not only put money in the pockets of many parents but also incentivize them – particularly women – to return to the workforce when restrictions were finally eased.[119] There have been some positive signs according to a Statistics Canada Labour Force Survey released in January of this year which indicated that Canadian women are 'bouncing back' after 81% between the ages of 24 to 54 were employed on average over the course of 2022 – the highest on record since 1976 and higher than 2019.[120], The survey also noted the employment rate for women with children under the age of six was 75.2% in 2022, representing a 3.3% increase over 2019. Flexible and remote work arrangements have been credited as the prime source for this uptick in the employment rate, but there are many sectors – including hospitality, food services, healthcare, construction, and manufacturing - where this type of flexibility is nearly impossible.

However, even with a move to providing more flexibility, those wishing to return to work now face growing child-care wait lists due to a shortage of spaces. Statistics show that nationwide 48% of children not yet of kindergarten age live in an area where they are competing with at least three or more children for every licensed child-care space. In some provinces – with the exceptions of PEI and Quebec in which less than 11% of children fall into this category - this percentage is much higher, such as Newfoundland and Labrador where it is 79%, or Saskatchewan where it is 92%. As well, a severe shortage of child-care spaces has been noted in rural areas versus urban regions in most provinces.[121]

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[117] https://shorturl.at/achOY
[118] 2.'How to Create early childhood spaces: lessons from Quebec' – May 2023, Institute
[119] for Research on Public Policy
[120] https://shorturl.at/gzFSV
[121] 3.'The She-Covery Project: Confronting the Gendered Economic Impacts of COVID-19 in Ontario' – Sept. 2020, Ontario Chamber of Commerce

Labour shortages in the licensed child-care sector, in terms of attraction and the retention of qualified early childhood educators (ECEs), has compounded the issue of growing wait lists. As noted in a recent response released by the YWCA Ontario Coalition to the Province regarding its CWELCC discussion paper on the child care funding formula, the group identified the fact the plan is based on operating capacity rather than licensed capacity. YWCA Ontario's response states many Ontario child-care operators, for example, are operating below licensed capacity due to recruitment and retention issues yet must still bear the costs of maintaining rooms and unoccupied spaces which makes it difficult to hire additional staff to fill those empty spaces.[122]

According to a workforce report compiled by the Atkinson Centre on Canada's need for more ECE workers, at least 62% of child-care centres nationwide had to recruit staff in the past two years and 82% had difficulty hiring staff with the necessary qualifications (50% of the regulated child-care workforce in Canada have post-secondary qualifications). It also indicated that 32,000 additional ECEs are needed to meet a goal of serving a minimum of 59% of Canadian preschool-aged children within the next five years.[123], Even in Quebec, to reach its goal of providing additional 37,000 new child-care spaces during that same time frame its government anticipates that 17,800 new educators will be required.

But attracting qualified workers to child care – which experienced an employment drop of 21% during the pandemic compared to 3% among other workers - remains an issue considering that in 2021 the median hourly wage for ECEs in Canada was $20, lower in some provinces like Ontario where in its child-care agreement with the federal government it set the wage floor at $18. However, that could change once the Ontario government releases its child-care workforce strategy (not yet available at the writing of this policy) which aims to increase wages for ECE workers.[124],

As well, one-third of ECEs receive no health benefits and 41% receive no paid personal leave, and only 17.7% have access to RRSPs or private pensions through their workplace.[125], While the implementation of wage grids is often seen as a potential solution, having them doesn't necessarily translate into more workers. For example, Quebec's wage grid via its publicly managed Centres de la petite enfance (CPEs) covers everyone, including child-care centre directors to cleaning staff. As a result, it takes a qualified ECE in that province starting at $20.96 per hour 10 years to reach the top of the pay grid which is $27.76.[126]

[122] https://tinyurl.com/y9yrsrkz
[123] 4.'Will Ontario's new child-care deal increase labour force participation among women and benefit the wider economy?' – March 2020, Toronto Star
[124] https://shorturl.at/efhK3
[125] 5.'Flexible work, cheaper child care give women workers a boost' – Jan. 2023, BNN Bloomberg
[126] https://shorturl.at/gLPS3

Finding a viable solution that encourages more people to pursue a career in early childhood education to help fill labour gaps will require a co-operative effort between the provincial, territorial, and federal governments sooner, rather than later, considering many companies are requiring employees to return to the workplace.[127] A collaborative approach between these levels of government must also be extended to identifying current shortfalls in the child-care system and all potential solutions to create more child-care spaces to meet this growing demand.

Recommendations

That the Government of Canada:

1. Work with provincial/territorial governments to explore all prospective ways that could increase compensation for ECE workers in effort to attract more workers into the child-care sector with the goal of reducing wait lists at licensed child-care centre, setting the stage for more parents – particularly women - to enter or re-enter the workforce.

2. Work with provincial/territorial governments to examine all potential solutions to ensure there are systems in place, possibly financial, to ensure adequate child-care spaces are available to provide parents – particularly women – the opportunity to enter or re-enter the workforce.

3. Recognize the critical role of private sector in delivering child-care services and advocate for a continued role for entrepreneurs and businesses to provide child-care through public debate on the subject, and through the CCC's advocacy with federal policy-makers.

[127] 6.'Alarming statistics highlight child care accessibility crisis in Canada' – May 2023, Troy Media

#25 - Meeting our Labour Needs by Attracting and Retaining International Students

Description

Current legislation restricts the ability to attract international students and creates barriers for those who have been trained domestically to obtain permanent residency. Adjustments to provincial and federal immigration programs can improve the retention of domestically trained international students which will help to overcome the gaps in labour and skills availability to meet Canada's labour needs.

Background

Businesses across Canada are struggling to find skilled employees to meet their labour needs, and it is costing the economy billions.[128] In Q4 of 2022, Canada had a job vacancy rate of 4.8%, or 855,890 positions.[129] International students represent a significant and currently underutilized opportunity for meeting the needs of the Canadian economy as they are proficient in at least one Canadian official language, have Canadian credentials, and have in-demand labour skills. They also contribute an estimated $21 billion to the Canadian economy each year.[130] In the 2020/21 school year, there were 373,599 international students studying in Canada that could join the labour force after graduation.[131],

Attracting and retaining international graduates can be a successful strategy to help face the consequences of aging baby boomers and severe labour force shortages that Canada is currently facing. The problem is current legislation restricts the ability to attract international students and creates barriers for those who have been trained domestically to obtain permanent residency at each stage of the process.

Study Permits

Applications for study permits from outside of Canada require proof of acceptance at a Designated Learning Institution (DLI) and take over 13 weeks to process. According to the 2021 CBIE International Student Survey, 49.2% of international students experience issues with obtaining a student permit pre-arrival.[132]

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[128] https://globalnews.ca/news/9224124/canada-labour-shortage-economy-loss/
[129] https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410032501
[130] https://www.theglobeandmail.com/opinion/article-international-students-deserve-to-be-treated-as-more-than-just-a/
[131] https://erudera.com/statistics/canada/canada-international-student-statistics/
[132] https://cbie.ca/wp-content/uploads/2022/06/CBIE-2021-International-Student-Survey-National-Report-FINAL.pdf

Many post-secondary institutions continue to advocate to IRCC regarding the struggles of international students to receive their study permits in time to begin classes.[133]

While in Canada on a study permit, students often struggle with feelings of isolation as they are experiencing an entirely new culture.[134] On a study permit, they are required to study full-time, meaning that they are taking three to five courses. If a student breaks the term of their study permit, they are at risk of being deported. Study permits are valid until 90 days after graduation.

Employment During Schooling

While attending a post-secondary institution in Canada, students often work either because their program requires it or to earn money to pay living expenses. In fact, 32.7% rely on off-campus work income, 10.6% on on-campus work income, and 3.4% on work-integrated learning income for financial support during their studies.[135], 48.5% of international students indicated that they were working and of those, 43% indicated difficulty finding work, lack of experience being the largest barrier.[136],

While in full-time studies, an international student can work an unlimited number of hours on-campus. Until December 2023, this applies off-campus as well. After this period, international students will be limited to 20 hours of work per week as many jurisdictions in Europe do.

To work a coop or work-integrated learning term, international students require a coop or intern work permit. This is temporarily on hold until December 2023. If this permit is not obtained prior to arriving in Canada, the student may not be able to continue in their program and would be at risk of breaking the terms of their study permit.

Employment Following Graduation

After graduating from a Designated Learning Institution (DLI), international students must obtain a work permit if they wish to stay in Canada. The most common option is a Post-Graduation Work Permit (PGWP) which 72.6% of international students plan to apply for.[137] A PGWP is valid for 8 months to 3 years depending on the length of program. Other work permits exist as well, and they require a job offer to obtain.

[133] https://www.ualberta.ca/international/international-student-services/immigration/immigration-travel-employment-information.html
[134] https://cbie.ca/wp-content/uploads/2022/06/CBIE-2021-International-Student-Survey-National-Report-FINAL.pdf
[135] https://cbie.ca/wp-content/uploads/2022/06/CBIE-2021-International-Student-Survey-National-Report-FINAL.pdf
[136] https://cbie.ca/wp-content/uploads/2022/06/CBIE-2021-International-Student-Survey-National-Report-FINAL.pdf
[137] https://cbie.ca/infographic/

Permanent Residency

60% of international students plan to apply for permanent residence in Canada.[138] There are a few streams through which can become a permanent resident, each of these require job experience and most require a valid job offer:

Canadian Experience Class requires:

A certain language level.

At least 1 year of skilled work experience in Canada in the last 3 years before application.

There is no education requirement, although accreditation from a Canadian institution gives the applicant more points.

Federal Skilled Workers Program requires:

1,560 hours of skilled work experience in certain National Occupational Classification (NOC) job groups within the last 10 years. Work must be paid, volunteer work and unpaid internships do not apply.

Work experience gained while studying may count towards minimum requirements if the work:

Was paid by wages or commissions

Was continuous (no gaps in employment), and

Meets all the other requirements of the Program

Proof that the applicant performed the duties set out in the lead statement of the occupational Description in the NOC.

Proof of Funds

Provincial and Territorial governments have programming as well.

Conclusion

Barriers exist for international students to join the labour force in Canada at each stage of the path to permanent residency. Should these be addressed, international students have the potential to help meet the labour needs of business.

[138] https://cbie.ca/infographic/

Recommendations

That the Government of Canada:

1. Expedite processing times for potential international students to receive study visas to mitigate the issue of not receiving them in time for fall semester.
2. Change the length of time for which a post-graduation work permit can be valid, from the current status of valid for no longer than three years, to five years regardless of the program of study, so long as obtained from a recognized Canadian institution.
3. When considering applications for permanent residency, consider the experience that an international student gains through entrepreneurship, working off campus, working on campus, co-op and internship programs, and volunteer opportunities.

#26 - Grow Labour Market Size through Increased Employment of Seniors

Description

Labour force issues which plague Canadian businesses are being addressed through pathways which include increased immigration and immigration-friendly legislation; increased trades and skills training; and affordable housing for increased workforce housing. Missing in the current conversation is incentivizing populations which are legally entitled to government payments from both Old Age Security and Canada Pension Plan funds. In both cases, Canadian residents have generally paid into these funds throughout their working lives – and consider these funds “theirs”. However, misunderstandings – and misinformation – abounds, particularly within the senior population itself and its employers – and there is an opportunity to add to the workforce

Background

Many seniors believe that they must quit work and quit earning when they hit ages 65-70. Some of this is historical, based on companies and professions mandating retirement at 60 or 65. A large percentage of the workforce does not have a pension plan through their current, or their accumulation of, employers; this is the group that most depends on the two government funding sources: CPP (Canada Pension Plan); and OAS (Old Age Security).

The government claws back portions of OAS funds if individuals choose to continue working, even at modest-paying jobs or on a part-time basis. Based on overall income, this portion varies. OAS income is taxable and is based on the individual’s tax bracket.

CPP is not clawed back but is not protected from being taxable income.

Many seniors choose to retire or dramatically reduce the hours worked to mitigate the clawback effect. This results in a net loss of human capital in the workforce of already trained, “job-ready” workers.

Multiple employers have long been on record as finding senior populations valuable as employees, due to reduced calls on their time from growing families; a well-developed work ethic; experience in a broad range of skills; and a more settled lifestyle. As individuals may choose to receive CPP at age 60 and OAS at 65, this is the definition of “senior” for this discussion.

OAS - Old Age Security - is what it seems but quite. “OAS is supposed to be a universal benefit given to all seniors in Canada,” says Bonnie-Jeanne MacDonald, director of financial security research, Toronto Metropolitan University’s National Institute on Ageing. It’s a monthly payment to any Canadian over the age of 65.

The caveat: To collect the maximum amount of OAS, one must be a Canadian citizen or permanent resident and have lived in Canada for at least 40 years after the age of 18. If an individual has resided in Canada for 20 years, for example, then they are only eligible for partial payouts. New immigrants who have lived in this country for less than 10 years, are not eligible at all. The only requirement is a simple residency requirement, but if you don't have it – which a lot of people in Canada don't – that's a big problem.

These exceptions are not well understood, yet most seniors in Canada will easily qualify for Old Age Security, whether they've worked and filed taxes for all these years or not. In 2022, the maximum monthly OAS amount was $685.50 (average $666). When the recipient turns 75, that amount is raised by 10 per cent. Every quarter, the payouts are indexed to reflect inflation. Thus, many of these older residents may not fully mimic the earlier referenced "job-ready" nomer.

The other, massive caveat to OAS is that if a senior has ample income from investments, a company pension, or withdrawals from an RRSP), they might earn too much to qualify for OAS benefits. After a certain threshold (in 2023 Recovery Tax Period it's about $82,000)[139], , individuals are subject to clawbacks. If income is above the ceiling, then OAS will be fully clawed back.

"The top 15 per cent of seniors won't get the maximum OAS at all because they make too much money elsewhere," says Ms. MacDonald. This 15 per cent represents a valuable cohort for ongoing employment especially in a tight labour market. If the government made OAS a universal benefit as in many European countries, not income-tested nor clawed back this valuable seniors labour pool would expand immediately.

The Canadian Pension Plan, unlike the (supposedly) universal OAS, is for Canadians who have worked, collected income, and filed taxes in their lifetime in Canada. (In Quebec workers contribute to something very similar: The Quebec Pension Plan, or QPP.) "The CPP is a social insurance program that's intended to replace employment earnings when someone stops working," says pension consultant Doug Runchey at BC-based DR Pensions.

To qualify a worker must have worked for an income, declared it, and contributed to the pension plan in advance. "Everyone who's over 18 and has employment earnings already has the benefit simply by filing their taxes," says Runchey. There are no opt-outs: contributing to CPP is mandatory for workers in Canada.

"The calculation isn't simple, and it changes year by year based on average salaries," says MacDonald. "If you're a traditional employee, then it's typical that your employer pays half of your contribution," says Runchey. Self-employed people also contribute to CPP – a common question and concern, and they cannot opt out either – and they technically pay more. In a self-employed situation, a worker pays both sides.

[139] CRA https://www.canada.ca/en/services/benefits/publicpensions/cpp/old-age-security/recovery-tax.html

Originally, the CPP was meant to replace 25 per cent of someone's preretirement income, but in 2019, the government raised contribution rates to correspond with 33 per cent of replaced income post-retirement. But the enhanced contribution rates are being phased in and how much one receives will depend on how much and for how long the worker made the enhanced contributions. A person who has paid the maximum amount every year they made the maximum earnings could retire at 65 with $1,250 a month from CPP, though the average CPP payment in 2022 was just $728. CPP is indexed to inflation, albeit annually, so both numbers will rise. Workers have to begin collecting CPP at 70.

The difference between CPP and OAS? The requirement to qualify: OAS is based on residency; CPP is based on employment history. It's possible to qualify for one or the other, or neither, or both.

The next difference is the age of eligibility. OAS payments are made the month after a 65th birthday, not earlier. CPP has a larger window: the longer someone waits to cash in, the bigger the monthly payouts. Thus, many defer CPP benefits to age 70, the latest one can begin to collect.

Another difference is funding. The CPP is funded while the OAS is not: this means OAS comes from the general tax revenue so it can change. Ottawa just introduced a permanent increase to OAS payouts – outside normal inflation-related bumps – for the first time in decades. A new government could tweak numbers in the other direction were it so inclined.

The CPP, meanwhile, is a big pile of already-collected cash waiting to be tapped into when the time comes. The more paid into the pile over the years, the more money there is to get back up to the maximum – unlike OAS, CPP isn't subject to clawbacks. Senior workers' part-time income (this year if reaching $86,912) will have no impact; they will lose 50% of their CPP when/if they have an income of $200,000 or higher. Seniors saying they "have to quit because their pensions will be clawed back" are flat wrong. Education is the key to correcting this misunderstanding.

The number of years Canadians spend in retirement is dropping. [140] The number of retirement years peaked in 2011, when retirement ages started increasing faster than life expectancies. [141], CPP benefits are seen as safe since a reduction would be political suicide. So why should more seniors consider continuation of work?

A poll noted 32 per cent of Canadians between 45 and 64 have zero savings for retirement. In September of 2022, Thomson Reuters spoke to the labour crunch: "Canada is losing jobs — but the economy is losing more workers to retirement, too. The number of people who are retiring as young as 55 has hit a record."[142], Universalizing retirement benefits would level the playing field for employers.

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[140] https://www.theglobeandmail.com/investing/personal-finance/retirement/article-average-retirement-length-canada/
[141] ibid
[142] https://www.cbc.ca/news/business/canada-jobs-retirement-economy-1.6580000

Assumption: a senior has been an absolutely perfect Canadian citizen all these years and will retire with top rates of both CPP (about $1,250) and OAS ($685.50). While $1,900-ish a month is not nothing, it's probably not enough to live on – and definitely not enough if you plan to travel the world, take up golf or buy a boat. In fact, it works out to just a smidge above the poverty line in Ontario.

"Neither the CPP or the OAS is enough to retire on their own and they were never intended to be," says Runchey. He explains a common retirement metaphor: "Both were designed as one of three legs on a stool: CPP is one leg, OAS is another, and personal savings and/or private pension plan, if there is one, is the third leg." Only about one in five Canadians has a workplace pension; fewer have personal savings. Under annual income of $20,784 the Guaranteed Income Supplement pays an additional $1,024/month.

Pension plans are being reduced by employers, people are living longer than before, baby boomers – a quarter of the population – are about to retire with a long life expectancy. So why not keep working? The government needs to look at reducing their clawbacks, if only as a PR exercise to add to the labour force. And older workers need to be better educated as to their options: In fact, for the income year 2023, the minimum income recovery threshold for clawbacks is a fairly hefty $86,912.[143],

One in five Canadian workers is 55+; older workers make up more of the workforce than ever. There are of course, political choices. Just as the first baby boomers are turning 75, OAS last year was upped for people 75 and older to about $9,100 a year, compared with $8,250 for people 65 to 74.[144],

Thus, it's statistically viable to predict that at least one-third of the Canadian workforce will need to continue generating work income after 65-71 – the GIS cohort; and up to another third will need to supplement their government, private and RRSP/RIF incomes through continued employment income. The labour market will benefit as will the individuals so employed.

[143] op.cit.
[144] Globe & Mail, March 23, 2023: The growing generation gap between what Ottawa spends on older and younger Canadians

Recommendations

That the Government of Canada:

1. Review the clawback of OAS and the impact on CPP payments on the marginal tax model with the goal of increasing the number of seniors remaining in or returning to the workforce;

2. Review the long-term labour market benefit of allowing workers to remain fully or partially employed without clawing back the OAS payments based on the current marginal tax model, again with the goal of growing the labour pool;

3. Assist in educating employers and workers approaching retirement/elderly benefits age to make informed decisions about continuing to work through better understanding of clawbacks on government payments.

#27 - Unlocking Labour Mobility Amongst the Skilled Trades in Canada

Description

The federal government should implement policies to facilitate inter-provincial unified credential recognition among skilled trade workers across Canada beginning at the apprenticeship level, to streamline labor mobility and promote economic growth.

Background

According to their annual labour survey released on October 25, 2022, The Canadian Manufacturers and Exporters found that “labour and skills shortages are harming the Canadian economy. In the last year alone, these shortages have resulted in economic losses totalling nearly $13 billion, a figure calculated from the responses of 563 manufacturers from across the country.

Over the past year, 62 per cent of manufacturers have lost or turned down contracts and faced production delays due to a lack of workers, resulting in $7.2 billion in lost sales and penalties for late delivery. At the same time, 43 per cent of companies have postponed or cancelled capital projects because of labour shortages, corresponding to $5.4 billion of lost investment.”[145],

Canada's skilled trade workers play a crucial role in driving economic development and infrastructure growth; however, they often face significant barriers when seeking employment in provinces other than the one in which their credentials were obtained, leading to inefficiencies and labor market imbalances. The lack of inter-provincial credential recognition hinders labor mobility and prevents skilled workers from maximizing their potential and contributing to the economic growth of the country at all levels but especially as an apprentice.

A unified training and credential recognition system for skilled trade workers would enhance labor market efficiency, promote competition, and increase economic productivity and would also facilitate the recruitment and retention of skilled trade workers, addressing labor shortages in specific regions or industries. A cohesive and streamlined approach to training and credential recognition would allow skilled trade workers to pursue employment opportunities nationwide, leading to increased career advancement and job satisfaction.

[145] Canada Leaving Almost $13 Billion on the Table Due to Labour and Skills Shortages in Manufacturing — CMEhttps://cme-mec.ca/blog/canada-leaving-almost-13-billion-on-the-table-due-to-labour-and-skills-shortages-in-manufacturing/

There remains a lack of unified credential recognition amongst skilled trades across the country, despite the Red Seal Program. Inconsistencies remain in training programs and processes amongst the provinces and territories. “The Harmonization Initiative was launched in 2013 to substantively align apprenticeship systems across Canada by making training requirements more consistent in the Red Seal trades.” We acknowledge that there has been some advancement from this Initiative which “aims to improve the mobility of apprentices, support an increase in their completion rates and enable employers to access a larger pool of apprentices”; however, we would also like to point out that progression has been slow, and lacks completion.[146]

As it stands, there remains a lack of interprovincial mobility for apprentices. If faced with a lack of available work for their hours in their respective province, some apprentices are compelled to abandon their careers in the trades altogether prior to attaining the necessary qualifications required for achieving the Red Seal Endorsement.

If an apprentice makes it as far as the Red Seal, having that endorsement is merely the first step of many in being able to work in provinces other than the one where credentials were first obtained and not enough to properly address inter-provincial work in the skilled trades.

Recommendations

That the Government of Canada:

1. Develop a unified framework with provincial/territorial governments, industry representatives, and regulatory bodies to recognize domestic skilled trade workers' training and credentials across provinces/territories.

2. Establish common standards for assessing qualifications, competencies and experience.

3. Regularly review and evaluate the effectiveness of the unified training and credential recognition system, making necessary adjustments to ensure its continued relevance and success.

[146] Welcome to Red Seal (red-seal.ca) https://www.red-seal.ca/eng/w.2lc.4m.2.shtml

#28 - Addressing the National Labour Shortage with a National Workforce Strategy

Description

Canada faces a critical labor shortage impacting vital sectors like construction, manufacturing, and hospitality. Immediate action is needed to address the scarcity of skilled workers and prevent a worsening crisis. A unified National Workforce Strategy, led by the federal government, is necessary to collaborate with industry stakeholders and all levels of government. This strategic framework will focus on industries with labor shortages, fostering innovation and targeted workforce development to meet the urgent demand for skilled labor.

Background

Canada is presently facing an immense labour shortage. It is experiencing a historically low unemployment-to-job vacancy ratio that has decreased in every single province over the last two years. 35% of Canadian businesses reported that they expect a labour force shortage to be a significant obstacle for their business. Companies in the construction (49.5%), manufacturing (47.4%), and hospitality (46.3%) industries have even higher expectations that the labour shortage will present significant obstacles.[147]

While provincial jurisdictions have implemented various workforce strategies, the problem has become a national crisis requiring the more considerable national coordination that only the Government of Canada can provide. This strategy needs to identify areas of labour need and remove barriers to entry while generating interest in them.

There is an example to take inspiration from in Australia, where similar challenges are experienced, and a similar form of a national government is in place. In 2022, the Australian government implemented its National Workforce Strategy, designed to bring together all levels of government, industry, and businesses to address its current workforce shortage and expected growth in labour demand.[148]

The federal government needs to do the same with a sense of urgency. We are already behind, and the demand for labour is only growing. Canada needs a National Workforce Strategy that can quarterback workforce development with industry and the provinces to propel its economic growth into the future.

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[147] Statistics Canada. “Labour shortage trends in Canada”, accessed June 7, 2022, https://www.statcan.gc.ca/en/subjects-start/labour_/labour-shortage-trends-canada
[148] The Government of Australia. “Australia’s National Workforce Strategy”, accessed June 7, 2022, https://www.dewr.gov.au/workforce/national-workforce-strategy

Recommendations

That the Government of Canada:

1. Create an employer-led National Workforce Strategy in collaboration with governments, Indigenous communities, post-secondary institutions, and other skill providers to mitigate labour force shortages that will:

    a. Gather and employ data to understand the current and future state of the workforce and share it with Canadians to build understanding around workforce opportunities.

    b. Provide incentives to industry to drive change through incentives that encourage coordination across all levels of government and industry.

    c. Equip Canadians with skills that are in-demand through incentives that link them to careers in areas where there are labour shortages.

    d. Encourage newcomers who have the skillsets in demand in Canada to immigrate by removing barriers to local accreditation and employing special visas to ease access for potential new Canadians in those professions.

    e. Eliminate disincentives to work and put priority on removing barriers to accessing work.

#29 - Canada Summer Jobs Processing Considerations

Description

The Canada Summer Jobs (CSJ) program is part of the Youth Employment and Skills Strategy, a federal commitment to help young people gain employment information, skills and experience. This program aims to support young people, particularly those from communities facing barriers to employment, as they transition into the labour market. It is imperative that the program consider altering the restrictions that limit flexibility and adaptability in order to better meet the diverse needs of employers and youth who are in different contexts and circumstances across the country.

Background

Canada Summer Jobs is a government program that helps employers create jobs for young Canadians across the country. Candidates must be:

1. Between the ages of 15 and 30
2. Legally entitled to work in Canada (which means must have a valid Social Insurance Number)

According to the 2023 Terms of Agreement Employers must provide to candidates under the CSJ Grant

A minimum of 30 hours per week for 6 to 16 weeks

The hours of work will not exceed 40 hours per week

The Terms of Agreement, when an applicant is successful, clearly indicate for the employer, with clear direction to follow the allotments:

Job title

Number of jobs

Start Date

No. of weeks per job

Hrs. per week per job

Total hours

During Covid CSJ created flexibilities to respond to the needs of employers and youth. In 2020 these flexibilities included (but were not limited to):

- All funded employers may offer part-time placements in addition to full-time placements.
- All funded employers may offer job placements between May 15, 2020, and February 28, 2021.
- All funded employers will be provided with flexibility to amend project and job activities to support the delivery of critical services

Other Grant Programs across the country have more flexibility in the allocation of hours and length of time within the allocated grant time. These include, but are not limited to:

Ontario SEP Grant: Position placements are expected to provide employment for a minimum employment contract length of 232 hours or 32 days at 7.25 hours per day. (https://forms.mgcs.gov.on.ca/en/dataset/on00484)

British Columbia Work Experience Opportunities Grant: Each grant is provided at $5,000 per participant. Funds can be applied to placements in two different ways depending on the number of hours the participant can complete in a week and the level of support funds needed (https://www.workbc.ca/media/1367/download?inline=)

Nova Scotia Skill Program: Runs for at least 8 weeks during the summer, provides the student with at least 240 hours of work over these weeks. The program will fund up to 525 hours over a maximum of 14 weeks. (https://novascotia.ca/programs/student-summer-skills-incentive/Skills_Guidelines.pdf)

Newfoundland Wage Subsidy JobsNL28: provides a 60% subsidy to a maximum of $12/hour towards the hourly wage for a period of 10– 28 weeks. There is a minimum of 30 hours per week and a maximum of 40 hours per week. (https://www.gov.nl.ca/ipgs/files/JobsNL-Fact-Sheet-UPLOADED.pdf)

Small businesses, not for profits and other recipients of CSJ funding want to create an environment that includes opportunities, valuable learning opportunities for CSJ employees and true support to them from these candidates. These positions help them to meet their needs. Across the country funds are being provided with a little more flexibility for delivery of many wage subsidy positions that use timelines and funding amounts as the parameters, not direct allotments. This allows employers to make full use of the employees at times when they are most needed, can get the most out of the position and can provide better investment of time and energy into onboarding, training and a valuable learning experience for the candidates.

Example #1– A rural community is successful in applying for a docking assistant to help run the boat launch. The Terms of Agreement indicate a start date of May 25th at 35 hours per week for 9 weeks which means an end date of July 27th. The candidate for hire is a secondary school employee who is in school until June 28th, and the prime time of usage for the launch is weekends until June 30th. It would be very helpful to have the student on the weekends (part-time) in June and be able to have them later into August when it slows again for return to school. The needs of the student who is still in school would be better met with weekend shifts and need of employer who knows the trends for usage are not being met because of lack of flexibility. Taking the 315 hours over a time period of April to Sept would benefit everyone in this situation.

Example #2 – A business is awarded 2 positions of the same Marketing Assistant job title for 8 weeks for 30 hours per week. (240 hours per position or 480 in total). The lack of flexibility in the parameters of CSJ create a number of barriers:

- Lack of interest from post-secondary students due to short term of position
- Potential for less on-boarding and investment in training for this higher profile position
- Inability to structure schedules around needs and demands of position (ie events, trends, demands of community)

Being able to hire for the 480 hours total in a period of April to September would benefit the candidates and the businesses.

The deadlines and timing of the application process also creates frustration. The application process traditionally is announced between mid-December and Mid-January with announcements to successful applicants shared late April.

Canada Summer Jobs (CSJ) program info and application process was:

2023 Sent out Dec 6 and remained open until January 12, 2023

2022 Sent out Dec 17 and remained open until January 25, 2022

Notifications for success in receiving funding are sent out late April (when the grant is supposed to start):

2023 received notification of funding April 22, 2023

2022 received notification of funding April 21, 2022

Launching the application process in the middle of high season for many potential applicants has caused some to completely miss the process and may not permit timing to plan accurately for the summer needs.

Finding out about the success of an application in late April reduces the opportunity for businesses and organizations to be competitive when recruiting. Many employers start the recruiting process for summer staff closer to and at beginning of the calendar year. This puts the businesses/organizations that depend on the grant, in order to provide the position, at a great disadvantage when it comes to being competitive in the recruitment process and the ability to attract the best candidates from the talent pool.

Recommendations

That the Government of Canada:

1. Allows greater flexibility in the timing, duration and format of the CSJ-funded jobs, in order to enhance the quality and impact of the CSJ-funded jobs for both youth and employers. This can be achieved by providing the total number of eligible hours, with a requirement for at least 20 hours per week and a maximum of 40 hours per week, to be used during the summer season between the dates of April 30 and September 15.

2. Provide a minimum of 30 days notice, through communication channels to both previous applicants and the general population, that the application process is opening.

3. Notify Canada Summer Jobs applicants no later than March 15 of their success to ensure employers remain competitive in the recruitment of employees.

#30 - Attracting and Retaining Experienced Workers in the Canadian Labour Market

Description

Experienced workers represent a potential labour pool that is not being used to its full potential. Attracting experienced workers back into the workforce, or keeping them in the workforce longer, is one solution the Government of Canada can focus on to address labour shortages. However, obstacles to the employability of people aged 60 and over do exist, and this can lead many to give up looking for work and retire earlier than they'd like. In this case, the Canadian government has a responsibility to put in place levers to facilitate the attraction and retention of experienced workers.

Background

In Canada, as in many industrialized countries, the labour market is undergoing rapid change. The aging of the population has intensified in recent years, and many Canadians have left the job market. Given the current economic situation - a strong economy combined with low unemployment - it's not surprising that the number of available jobs has risen rapidly. Since the data became available, the number of job vacancies has risen sharply, approaching one million by 2022. According to the most recent data, the number of job vacancies was estimated at over 855,000 in the last quarter of 2022. 149

For businesses, rising job vacancies and a relatively low unemployment rate mean serious financial losses. Due to a lack of personnel, many companies in the vast majority of Canada's economic sectors are having to turn down contracts or postpone expansion projects.

However, there are a number of solutions that can mitigate the labour shortage in Canada. One of the main ones concerns attracting and retaining experienced workers on the Canadian job market. Currently, more than one in five Canadians is aged 55 or over. According to some studies, over 900,000 experienced workers will leave the job market within the next three years. 150

[149] Statistics Canada. Table: 14-10-0325-01, Job vacancies, payroll employees, job vacancy rates, and average offered hourly wages by provinces and territories, quarterly, unadjusted for seasonality.
[150] Victoria Wells, *Posthaste: Baby boomers delaying retirement have eased labour shortages, but our luck is about to run out,* Financial Post, February 1st, 2023 (online): https://financialpost.com/executive/executive-summary/baby-boomers-delay-retirement-canada-ease-labour-shortages

Even today, the participation of experienced workers in the job market is generally low. And yet, Canada's economic context has changed in recent years. For today's experienced workers, retirement no longer means a complete cessation of work. For companies, various mechanisms can be put in place to facilitate the retention of these workers. These can include flexible working hours or the possibility of taking on a different role within the organization.

But to succeed in both retention and attraction, Canadian regulations and taxation will need to be updated.

The Canadian government has a responsibility to act quickly and review certain administrative and tax provisions that may discourage the participation of experienced workers in the labour market. For example, the age limit of 71 for converting an RRSP into a RRIF, coupled with a high minimum withdrawal rate that is taxable and increases with age, makes it fiscally disadvantageous for a septuagenarian to remain in the workforce or return to it, even if he or she so desires. The same applies to eligibility for various benefits, such as the Guaranteed Income Supplement and the Old Age Security pension, if these are deducted due to continued employment.

In addition to fiscal and financial levers, the government has a responsibility to promote the retention and hiring of experienced workers. Unfortunately, some people may have unconscious biases regarding the employability of older workers. Consequently, the government will need to carry out an awareness campaign to promote the hiring and retention of experienced workers.

In addition to the awareness campaign, other tools for the retention and reintegration of experienced workers will be needed to bring this major societal project to fruition. Even today, there is very little training available to support experienced workers in their reintegration into the job market. Given the important role played by new technologies, it is now essential to ensure that suitable training is easily accessible and available to these Canadians. Such training, whether for upgrading or updating skills, or for requalification, is an essential lever for ensuring the full participation of experienced workers in the job market. As a result, the government needs to draw up an action plan to make available new training opportunities tailored to the needs of these workers.

Recommendations

That the Government of Canada:

1. Carry out an awareness campaign to encourage the retention and hiring of experienced workers.
2. Draw up an action plan to provide new training opportunities for experienced workers and support their reintegration into the job market.
3. Increase the income threshold for receiving the Guaranteed Income Supplement (GIS) and introduce a tax credit for career extension.
4. Review the limits, conditions and tax impact of converting an RRSP into a RRIF, with the aim of eliminating constraints for experienced workers wishing to continue to work or return to the workforce.

#31 - Modernize Immigration Supports to Meet our Modern Workforce Needs

Description

As the Canadian Government increasingly turns to immigration to address national demographic challenges, tools and procedures need to be put into place to ensure that newcomers have the best chances of successful economic integration as well as maximizing their benefit to the Canadian economy and society.

Background

The Canadian government has recognized the challenges of Canada's demography in the coming decades and knows that immigration will be key in the nation's long-term economic success. As the baby boomers create a massive wave of workforce exits and increases the pressure on social programs designed to secure Canadians in their old age, immigration is key to replenishing the workforce. This is why the Canadian government has planned to increase the number of newcomers to 500,000 immigrants by 2025.[151]

From general labourers, to tradespeople, to skilled professionals, the Canadian government needs to make sure that our workforce is ready and able to meet the needs of Canada's economy. In order to be successful in that challenge, we need to provide newcomers and the communities that need them, the resources to be successful. Canadians want those who are coming to Canada to have the best chances of success as they integrate into their new communities.

Allowing immigrants the ability to share their personal information, including their educational backgrounds and their work experience, with settlement, newcomer, and workforce agencies can help create the necessary connections to facilitate their full integration into the Canadian economy. By providing local agencies with this information, they can expedite new immigrants' ability to obtain employment in fields where they have pre-existing training and experience. Understanding that many immigrants come from countries with governments and authority figures that have historically used this information as a resource to violate their human rights, creating an opt-in system allows those who may have concerns the chance to feel secure by not being forced to provide such personal information.

[151] Ottawa reveals plan to welcome 500,000 immigrants per year by 2025 | CBC News

Economic integration is key to any newcomer's success. Canada already has a strong record of attracting skilled immigrants to our country. And Canadians have embraced these skilled professionals in various fields including engineering, academia, and medicine, among others. However, many immigrants coming to Canada, have the relevant education and experience but simply cannot afford to become certified in these professional fields. Canada needs these professionals to enter their fields upon their immigration as our workforce continues to age. By providing the financial aid and resources to obtain Canadian recognition of their credentials and certifications, we can better integrate these trained professionals into our economy and help them earn better livelihoods. While some newcomers may need some upgrading to get their credentials to Canadian standards, with their pre-existing education and experience they can more quickly be brought into the Canadian economy upon their recognition. For example, the application costs for the Licentiate of the Medical Council of Canada are thousands of dollars.[152] While those costs can be partially recouped in the form of tax credits, for many skilled immigrants, those costs are prohibitive to continuing the certification process. Especially for those who may have professional backgrounds arriving as refugees.

These skilled workers are needed all over Canada and especially our smaller and rural communities that have long struggled with a departing young population and a lack of newcomers bringing needed labour, skills, and investment. Smaller and especially rural communities have had slower population growth than their urban counterparts. With a population growth rate of only 0.4% from the 2016 census to the 2021 census, urban population growth was 15x greater than rural communities.[153] These communities also suffer from the departure of their younger population as they move to urban areas to pursue education and opportunities. The 2011 census found that percentage of young people (aged 15-29) living in rural areas was 3% lower than the national average.[154] These smaller communities are a unique part of Canada's economy and cannot afford to be left behind.

One thing that could help communities struggling to attract and retain immigrants is a municipal nominee program. In 2019, the Minister for Immigration, Refugees, and Citizenship was mandated to introduce the municipal nominee program.[155] Since that time, the program has been stuck in the stakeholder engagement phase. This program provides the potential for Canadian municipalities to better meet the needs of their local workforce demands. The Canadian government needs to move forward with this program and make sure that municipalities who wish to participate have clearly defined criteria to determine their eligibility.

[152] Examination and service fees | Medical Council of Canada (mcc.ca)
[153] Population growth in Canada's rural areas, 2016 to 2021 (statcan.gc.ca)
[154] Canada goes urban (statcan.gc.ca)
[155] IRCC Consultation on Immigration Levels and Municipal Nominee Program (MNP) - Canada.ca

Canadian post-secondary institutions have done a great job at attracting international students, many of whom wish to remain in Canada to build their future, start families, and potentially create their own businesses. A key part of their long-term success is finding work in their field, which can be made easier if they possess work experience in Canada. By allowing international students the ability to participate in the Canada Summer Jobs Program, it not only gives them the opportunity to obtain Canadian work experience but also the potential pathways to post-graduation employment. Allowing them the opportunity to participate in the Canada Summer Jobs program provides the potential to fast-track their long-term economic integration. Furthermore, it also creates a major benefit to Canadian post-secondary institutions to attract future students by giving new recruits the potential to get Canadian work experience. The Canadian Government notes that the "Canada Summer Jobs is an important part of the Government's long-term Youth Engagement Strategy that helps young people get the information, skills, and work experience they need to make a successful transition to the workplace."[156] By including our international student population in the program we can extend its benefits to future Canadians and provide an opportunity to gain vital Canadian work experience.

Recommendations

That the Government of Canada:

1. Create an opt-in information sharing system for newcomers to provide their background information (including education and work experience) with newcomer/settlement as well as job placement agencies to better facilitate workforce integration.
2. Provide the necessary financial aid and resources to newcomers with experience and training in professionally certified occupations to obtain Canadian recognition (including any necessary upgrading) of their credentials.
3. Help smaller and rural communities attract and retain newcomers by: a. Providing smaller and rural communities with additional newcomer resources to assist in integration. b. Allocating additional points in the points-based immigration system for committing to settle in smaller communities during their permanent residency.
4. Launch the municipal nominee pilot program and develop a comprehensive plan for its expansion and any relevant criteria for program inclusion.
5. Allow international students to join the Canadian Summer Jobs program with Canadian students still having priority.

[156] Success Stories: Youth and Students - Canada.ca

#32 - A Focus on Refugees

Description

The concern is that Federal support for publicly sponsored refugees is only for one year. Given that it is unreasonable to expect refugees to find sustainable employment within a year of arrival due to waitlists for language and job skills training, and because the family health and emotional needs and the associated challenges of integrating to a very different society, service providers are now advocating for the provincial support services to be increased by a value that mitigates the impact of transitioning funding sources.

Background

The United Nations Refugee Agency says Canada has admitted the largest number of resettled refugees in recent years to its country and has had the second highest rate of refugees who later gained full citizenship. Canada accepted 28,100 of the 92,400 refugees who were resettled across 25 countries in 2019. British Columbia became home to 3,850 of asylum claimants, who settled in Canada in 2019.[157] Ontario had, in 2019, 225 Inland asylum seekers and 7,470 from all ports of entry (land, air, and marine), and Quebec had 195 inland and 19,825 at all ports of entry (land, air, and marine).[158],

Government Assisted Refugees (GARs) are referred by the United Nations High Commissioner for Refugees (UNHCR) for resettlement to Canada and are selected based upon "need for protection." The Government of Canada fully supports their initial settlement for up to one year. When they arrive, GARs receive Resettlement Assistance Program (RAP) services, including temporary accommodations, assistance in finding permanent accommodations, orientation to life in Canada, and one year of financial support roughly equivalent to provincial Income Assistance rates.[159], In a 2016 report evaluating the resettlement programs (GAR, PSR, BVOR and RAP), it was found that RAP is inadequate and recommended that:

"IRCC should development policy options to ensure that refugees supported by the Government of Canada are provided with an adequate level of support (including RAP income support) to meet their resettlement needs in support of their successful integration."

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[157] 1 https://www.canada.ca/en/immigration-refugees-citizenship/services/refugees/asylum-claims/asylum-claims-2019.html
[158] 2 https://www.canada.ca/en/immigration-refugees-citizenship/services/refugees/asylum-claims/asylum-claims-2019.html
[159] 3 https://www.canada.ca/en/immigration-refugees-citizenship/services/refugees/help-outside-canada/government-assisted-refugee-program.html

Many GARs have limited English or French skills, have varying levels of trauma and medical needs and are learning how to adapt to Canadian society. [160] Their day-to-day settlement needs - finding appropriate housing, furniture, appropriate clothing, food and living costs, enrolling children in school, figuring out the public transit system, finding their way to medical appointments, and finding social and emotional support networks- takes the majority of their time in the first year. In addition, the emotional trauma of having left loved ones behind has an understandable impact on their resettlement efforts. Service providers across Canada have done their best to accommodate these refugees, but wait lists for services, English language training, basic job skills training can take multiple weeks.

There is a need to ensure refugee families continue to be supported beyond the one year federally-funded period at a level that provides sufficient economic security to continue with English and employment-related training. Recognizing the challenge to federal resources, once employed, refugees will be able to contribute back to Canada through taxes as well as economic activity in their community.

A number of refugees have various educational backgrounds such as engineering, or other professional credentials. Many have had their education interrupted and would like to continue; however, with lengthy waitlists for English instruction that will expedite employment opportunities, a provincial “top up” of the income assistance (IA) funding will assist refugee families' transition until their English becomes relatively proficient. Currently, the federal government provides all GARs with the ability while on federal income support to earn 50 percent of their monthly income support without claw back.

It should be noted that between 1979 and 1981, Canada accepted 60,000 “boat people” from Southeast Asia. Within a decade, 86 percent of those former refugees were working, healthy and spoke English with some proficiency, achieving the basic criteria for success set out by academic Morton Beiser in his landmark study of their integration into Canadian society (Strangers at the Gate: The Boat People). They were less likely to use social services and more likely to have jobs than the average Canadian. One in five was self-employed and did not become a drain on the taxpayer—they were taxpayers.

In December 2015, VanCity Credit Union released a report entitled: From Crisis to Community: Syrian Refugees and the B.C. Economy. The report outlined that Syrian refugees settling in British Columbia would generate at least $563 million in local economic activity over the next 20 years. This report can be extrapolated to be applicable to many regions across Canada.[161],

Canada has a rapidly aging population. Over 6 million Canadians are aged 65 or older, representing 15.6 percent of Canada's population. By 2030—in less than two decades—seniors will number over 9.5 million and make up 23 percent of Canadians. Additionally, by 2036, the average life expectancy at birth for women will rise to 86.2 years from the current 84.2 and to 82.9 years from the current 80 for men. The demographic shift is expected to shrink work-force participation, erode labour productivity and drive-up expenditures for things like elderly benefits.

[160] 5 https://www.amssa.org/wp-content/uploads/2017/02/AMSSA_RefugeeExperience-sm.pdf
[161] 4 https://www.vancity.com/AboutVancity/News/MediaReleases/RefugeesBoostLocalEconomy-Dec2-15/

At the same time, the Advisory Council on Economic Growth advised the Government of Canada to increase immigration levels to 450,000 annually as one step to address the projected challenges to the Canadian economy. According to a Conference Board of Canada report, we will need to attract 350,000 immigrants annually by 2035, up from 260,404 in 2014.[162]

What is needed is not just a discussion of how to facilitate immigration—of refugees and others—but how to ensure our new residents integrate swiftly into the economy. But all of this requires a shift in thinking. Done properly, bringing refugees into our country isn't about charity; it's about investing in the future of business —both theirs and ours.

Statistically, Privately Sponsored Refugees are more likely to be employed in their first year of arrival than GARs. While GARs may transition onto provincial social assistance, funding for settlement services is federally funded. The province provides limited funding for temporary migrants (e.g., TFW, RC, international students) and naturalized Canadian Citizens.

GARs also need to pay back their transportation loans. These repayment requirements are often made before saving for a home, or other necessities. The loans, the difficulty in securing stable housing, and learning a new language all lead to the GARs' inability to find adequate employment.

Recommendations

That the Government of Canada:

1. Support Government Assisted Refugees by:

    a. Working with employers to provide access to employment supports including English and French language training; and,

2. Provide wage incentives for employers who provide employment within the first two years of settlement of a GAR.

[162] 6 https://www.unhcr.org/statistics/unhcrstats/5d08d7ee7/unhcr-global-trends-2018.html

#33 - The Upskilling and Reskilling of Women into High-growth Sectors amid Technological and Climate Changes

Description

Climate change and technological changes will significantly alter the economic landscape of Canada and the world. Many jobs will be lost due to automation, while new jobs will emerge in technological and green sectors. Canada's Sustainable Jobs Action Plan lists digital technology, cyber security, agriculture technology, advanced manufacturing, clean technology and biomanufacturing as high-growth industries. As there is a greater emphasis on upskilling and reskilling workers into higher growth sectors, it is imperative to note that women are significantly underrepresented in these industries today and improvement needs to be made now to enable women to take advantage of this new economy.

Background

As market circumstances continue to evolve, it is inevitable that new skills will be required across existing and emerging industries. Climate change and artificial intelligence, for example, will continue to have profound impacts, and will therefore require new skillsets from workers. Upskilling and reskilling are useful tools that governments and industries will employ to navigate this transition.

Innovation, Science and Economic Development Canada (ISED) defines upskilling as "an employer-driven approach that seeks to identify industries' skills needs in high-growth sectors and respond to them by delivering short-cycle training to workers" (2023).[163] Ultimately, upskilling and reskilling refer to the act of acquiring new skills to enhance one's employability. Upskilling refers to the development of skills related to one's current job, whereas reskilling involves acquiring a new skillset to transition to a new job.

The Sustainable Jobs Plan published by the federal government contemplates this need for upskilling and reskilling into high-growth sectors, and specifically in sustainable, green industries. The plan sets out "targeted support for Canadian workers and communities" and details various policies to ensure "job creation, workforce development, and economic growth across this great country" (2022).[164]

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[163] Innovation, Science and Economic Development Canada. (2023, February 27). Upskilling for Industry Initiative. Language selection - Innovation, Science and Economic Development Canada Main Site / Sélection de la langue - Site principal d'Innovation, Sciences et Développement économique Canada. https://ised-isde.canada.ca/site/upskilling-industry-initiative/en

[164] The Government of Canada . (2023, May 25). Sustainable Jobs Plan. Canada.ca. https://www.canada.ca/en/services/jobs/training/initiatives/sustainable-jobs/plan.html

For instance, the Upskilling for Industry Initiative through ESDC will fund $250 million over three years "to upskill and redeploy approximately 15,500 workers to meet the needs of businesses in high-growth sectors" (2023) {9}. The Community Workforce Development Program funds $55 million over two years to "develop local workforce development plans" to connect employers and training providers to upskill and reskill workers into high-growth industries, such as the energy sector {9}. Lastly, the Labour Market Transfer Agreements, also through ESDC, has $3 billion of funding annually, plus an additional $625 million in 2023-2024. These funds will allow individuals and employers to obtain necessary skills training and employment support {9}.

The initiatives mentioned above are imperative as our economy continues to change. However, it is important to note that the Sustainable Jobs Plan only mentions women a total of four times. Women represent 47.6% of the total workforce in Canada, yet are underrepresented in the higher growth, sustainable jobs that this roadmap is focused on (StatsCan, 2023).[165] For example, women only represent 18.1% of the workforce in the natural resources and agricultural sector, and 28.3% in the manufacturing sector, both of which are considered high-growth industries (StatsCan, 2023) {6}. Without targeted policies to bring more women into these industries, women will not be able to reap the benefits of upskilling and reskilling programs and policies.

Similarly, Budget 2023 has many supports for industries that are going to be disrupted by the green transition and technological changes. Like the Sustainable Jobs Plan, Budget 2023 includes funding for initiatives that focus on upskilling and reskilling workers such as the Skills for Success, the Upskilling for Industry Initiative, and the Labour Market Transfer Agreements previously mentioned. The problem is that most funding and other available supports are unlikely to benefit women, as they are significantly underrepresented in high-growth sectors that are the focus of the aforementioned upskilling and reskilling initiatives.

Existing and emerging initiatives regarding the upskilling and reskilling of workers into high-growth sectors, fail to include specific targets for women. These targets are essential to correct the historical underrepresentation of women in these sectors. If women's underrepresentation is left unaddressed, we will continue to perpetuate a gendered labour force segregation. Moving forward, the government of Canada and private sector must apply a gender lens to upskilling and reskilling and work to specifically increase the participation of women in high-growth sectors.

[165] Statistics Canada. Table 14-10-0416-02 Proportion of women and men employed in occupations, annual

Recommendations

That the Government of Canada:

1. Partners with provinces and territories to increase awareness in schools by directly promoting STEM and other high growth career opportunities to women-identified individuals. Additionally, partner with industry to implement sector-specific skillset evaluations to help individuals identify their existing skills and determine the appropriate training for upskilling or reskilling.

2. Sets specific targets in its workforce development initiatives (Upskilling for Industry Initiative, the Community Workforce Development Program, and the Labour Market Transfer Agreements) to encourage and support women's upskilling and reskilling to access high-growth sectors of the economy.

3. Partner with Regional Development Agencies to identify and remove barriers faced by women-identified individuals in high-growth sectors.

Indigenous

#34 - Advancing Indigenous Procurement in Canada

Description

Considering the current landscape, it is imperative for the Canadian government to prioritize Indigenous procurement as a means of achieving economic reconciliation and boosting Indigenous presence in the Canadian economy. This policy resolution aims to support Indigenous entrepreneurship by leveraging the potential of government procurement to strengthen the Indigenous economy.

Background

As a direct result of historical marginalization, Indigenous people experience significant disparities in education, employment, income, wealth and other socio-economic outcomes in comparison to non-Indigenous Canadians. Reports have consistently highlighted that the solution to many of these problems comes in the form of socio-economic reconciliation and support of Indigenous owned businesses [166], [167],. Specifically, investing in, and encouraging the growth and establishment of Indigenous owned businesses.

Indigenous businesses are present in every sector of the economy [168], and the Indigenous business sector plays an important role in generating wealth and jobs for local communities.[169] The Canadian Council for Aboriginal Business' report "Industry and Inclusion: An Analysis of Indigenous Potential in Federal Supply Chains" finds that Indigenous businesses have capacity to supply roughly 24% of the goods and services purchased by the Federal Government annually.[170]

The importance of Indigenous Procurement has led to the establishment of the Procurement Strategy for Indigenous Businesses (PSIB) that builds on the 1996 "Procurement Strategy for Aboriginal Business" or "PSAB". The strategy aims to encourage Indigenous participation in the Canadian economy by setting a target for Indigenous procurement in the federal government. As of April 2022, the Government of Canada implemented a mandatory requirement for federal

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166 https://qspace.library.queensu.ca/bitstream/handle/1974/31503/Barberstock_Shyra_L_202304_PhD.pdf?sequence=2&isAllowed=y

167 https://www.ccab.com/wp-content/uploads/2016/10/CCAB-PP-Report-V2-SQ-Pages.pdf

168 Canadian Council for Aboriginal Businesses, 2016, CCAB-PP-Report-V2-SQ-Pages.pdf

169 https://www.oecd-ilibrary.org/sites/e6cc8722-en/index.html?itemId=/content/component/e6cc8722-en Profile of Indigenous Canada: Trends and Data Needs" in Linking Indigenous Communities with Regional Development in Canada (2020) OECD Profile of Indigenous Canada: Trends and data needs | Linking Indigenous Communities with Regional Development in Canada | OECD iLibrary (oecd-ilibrary.org)

170 https://www.ccab.com/wp-content/uploads/2016/10/CCAB-PP-Report-V2-SQ-Pages.pdf

departments and agencies to ensure a minimum target of 5% of the total value of contracts is awarded to Indigenous businesses annually.[171]

While this strategy is a step in the right direction, Indigenous advocacy groups, experts, and Indigenous business owners have made it clear that there are still major gaps in its application and execution. Specifically, regarding the lack of performance reporting, the lack of an Indigenous controlled process for an Indigenous certified businesses directory, and the absence of procurement policies and practices to ensure Indigenous businesses are not placed in a position of disadvantage. These gaps must be addressed and worked on to achieve effective economic reconciliation with Indigenous peoples.

Recommendations

That the Government of Canada:

1. Work in partnership with Indigenous business leaders and organizations to:

    a. Improve performance reporting of the Procurement Strategy for Indigenous businesses by:

        i. Implementing government mechanisms to monitor and evaluate Indigenous procurement to publish annual reports across federal government departments.

        ii. Improving data collection and data reporting of Indigenous businesses and all federal government contracts with Indigenous businesses.

        iii. Reporting on activities and strategies to achieve the goal of a minimum target of 5% of the total value of contracts is awarded to Indigenous businesses annually.

    b. Support Indigenous controlled processes to maintain the integrity and accuracy of a certified Indigenous business directory by working in partnership with Indigenous organizations.

    c. Adapt procurement policies and practices to ensure Indigenous businesses are placed in an equitable position and improves procurement tools that enhance and facilitate training and enhanced knowledge of procurement processes to generate increased procurement from Indigenous businesses, and to help offset the disadvantages that have been historically created

[171] https://www.canada.ca/en/public-services-procurement/news/2021/08/government-of-canada-announces-federal-wide-measures-to-increase-opportunities-for-indigenous-businesses.html

International Affairs

#35 - Strengthen the Resilience of Canada's Food and Beverage Industry by Reinforcing and Stabilizing the Supply Chain of Strategic Commodities

Description

The Canadian Food and Beverage Industry is a major employment sector and relies heavily on the availability of input resources to maintain competitiveness. When supply chain disruptions to critical input commodities occur, the resilience of the entire industry can be undermined. While many resources can be readily produced in Canada, some critical resources are currently only being imported from other markets. The Canadian Government can deploy strategies to strengthen the supply chain of these critical food and beverage industry commodities.

Background

The Food and Beverage Industry is the second largest manufacturing industry in Canada in terms of value of production by GDP with a value of sales of goods manufactured worth $117.8B in 2019, accounting for 17% of total manufacturing sales and 2% of the national GDP while being the largest sector for manufacturing employment at 290,000 Canadians.[172] In 2021, Canada imported $522M worth of Raw Sugar, making the nation the 15th largest importer of Raw Sugar in the world.[173]

In 2022, a major recall of refined soft yellow sugar, and diversion of raw sugar directed toward the production of ethanol have resulted in significant shortages of a commodity[174], that, although refined domestically, is almost exclusively imported from other markets in its raw form. This disruption to an already strained global supply chain caused Food and Beverage Industry producers to seek alternative sources of the refined material necessary to continue operations, fulfillment of contracts, and keep Canadian employees on payroll.

[172] Agriculture and Agri-Food Canada (AAFC) (2021, October 28). Overview of the Food and Beverage Processing Industry. Retrieved May 16, 2023, from https://agriculture.canada.ca/en/sector/food-processing-industry/overview-food-beverage

[173] The Observatory of Economic Complexity (n.d.). Economic Complexity of Raw Sugar in Canada. Raw Sugar in Canada. Retrieved May 16, 2023, from https://oec.world/en/profile/bilateral-product/raw-sugar/reporter/can?redirect=true#:~:text=Canada%20imports%20Raw%20Sugar%20primarily,Costa%20Rica%20(%248.68M).

[174] BNN Bloomberg. Fears of Global Sugar Shortage Drive Prices to Decade High. Retrieved May 31, 2023, from https://www.bnnbloomberg.ca/fears-of-global-sugar-shortage-drive-prices-to-decade-high-1.1906723

Canadian Food and Beverage manufacturers then suffered prohibitively expensive anti-dumping duties by importing refined products originating from markets listed within the Special Import Measures Act as markets that subsidize the production of the refined product. While Canada produces nearly 1.2 million tonnes of refined sugar annually, nearly 94% of the raw materials originate from non-domestic sources.[175]

While the Special Import Measures Act is a valuable tool in limiting exposure of the Canadian economy to un-competitive trade practices, it can be an exacerbating penalty added to a Canadian manufacturer during times of supply chain crisis. While the example above is focused on a specific commodity (Raw Sugar), other raw versions of commodities used heavily in the Canadian Food and Beverage Industry are also worth considering, when contemplating susceptibilities to the entire sector (e.g., Cacao, Coffee, Tropical and Citrus Fruits, Tea, etc.).

The United States of America, India, China, Brazil, the European Union, and Thailand all currently deploy strategic initiatives to either mange the supply or stockpile surplus reserves of raw sugar to bolster their industries. Furthermore, diversification of the end use of commodities like raw sugar into ethanol for the energy sector places further strain on Canadian Food and Beverage producers by increasing input costs for raw materials. Canada must act in the interest of its Food and Beverage industry by finding competitive solutions to major market disruptions and price volatility on non-domestic commodities.

Recommendations

That the Government of Canada:

1. Identify, monitor and address barriers that emerge from imported commodities of domestic producers of consumer-ready goods in the Food and Beverage Industry, particularly those that are dependent on products as a major input to their production.

2. Investigate updating trade relationships and the Special Import Measures Act to ease the burden on Canadian Producers from purchasing source commodities without incurring anti-dumping duties during times of significant supply chain disruption.

3. In collaboration with industry stakeholders, investigate and support innovative means of producing the raw materials that currently do not originate in Canada to further strengthen a domestic supply chain for the Food and Beverage industry.

[175] Canadian Sugar Institute. Canadian Sugar Today. Retrieved May 23, 2023, from https://sugar.ca/international-trade/canadian-sugar-market/canadian-sugar-today

Natural Resources, Energy and Environment

#36 - Powering the Green Grid: Recommendations to Improve the Clean Electricity Regulations

Description

Across sectors, businesses have advanced decarbonization initiatives, positioning Canada as a global leader in emissions reductions and sustainable investment. Attaining net zero electricity, however, requires policies and incentives that balance the environment and economy, ensuring the long-term prosperity of Canadian businesses and Canadians.

As it stands, Canada's 2030 Emissions Reduction Plan (ERP) [176], and the proposed Clean Electricity Regulations [177], do not adequately account for regionality in Canadian markets, leading to unintended social and economic consequences. We encourage the government to work collaboratively with industry to ensure regulations do not adversely impact the reliability and affordability of electricity.

Background

Achieving net zero grids

Decarbonizing our electricity[178], systems is critical to achieving the national emissions reductions goals reflected in Canada's ERP. To support these goals, the federal government has moved quickly to reinforce the role of low-carbon electricity and electrification in achieving decarbonization targets, introducing various financial incentives[179], including the Clean Electricity Investment Tax Credit[180], and Zero Emission Vehicle Infrastructure Program.[181] These incentives have been welcomed by businesses across economic sectors, seeing them as critical to attracting investment and supporting them as they endeavour to decarbonize in line with government targets. However, further legislative amendments and financial incentives are still required.

[176] https://www.canada.ca/en/environment-climate-change/news/2022/03/2030-emissions-reduction-plan--canadas-next-steps-for-clean-air-and-a-strong-economy.html
[177] https://www.canada.ca/en/environment-climate-change/services/canadian-environmental-protection-act-registry/publications/proposed-frame-clean-electricity-regulations.html
[178] https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/climate-plan-overview/emissions-reduction-2030/plan/annex-8.html#toc2
[179] https://www.budget.canada.ca/2023/home-accueil-en.html
[180] https://www.canada.ca/en/department-finance/news/2023/03/a-made-in-canada-plan-affordable-energy-good-jobs-and-a-growing-clean-economy.html
[181] https://natural-resources.canada.ca/energy-efficiency/transportation-alternative-fuels/zero-emission-vehicle-infrastructure-program/21876

As demand for electricity significantly increases – with the growing adoption of electric vehicles and the electrification of major industries – Canada will require two to three times[182], the non-emitting generating capacity by 2050 compared with what is in place today. Meeting this increased demand will require significant investments in new generating capacity. Moreover, with more than 80 per cent of Canadian electricity already generated using non-emitting sources, achieving the ERP's 2035 target for a net zero grid hinges on decarbonizing the remaining 20 per cent. However, as electricity markets and generation methods fall predominantly under provincial jurisdiction, each with its own differences and complexities, achieving these reductions will require strategic policies and incentives feasible across jurisdictions.

According to the Canadian Energy Regulator[183], B.C., Manitoba, Ontario, Quebec, Newfoundland and Labrador, New Brunswick, P.E.I., the Yukon, and the Northwest Territories generate the majority of their power from readily available renewable sources, leveraging combinations of hydro, nuclear, wind, and solar. Conversely, jurisdictions that lack access to renewables capable of 24/7 power generation[184], including Alberta, Saskatchewan, Nova Scotia, and Nunavut, have turned to the use of non-renewable resources to ensure a similar level of reliable, accessible and affordable power.

182 https://ourspace.uregina.ca/bitstream/handle/10294/12252/jsgs_policybriefs_greenhouse_gas_emissions_reductions_in_canada_web.pdf?sequence=1&isAllowed=y

183 https://www.cer-rec.gc.ca/en/data-analysis/energy-markets/provincial-territorial-energy-profiles/provincial-territorial-energy-profiles-canada.html#:~:text=B.C.%2C%20Manitoba%2C%20Quebec%2C%20Newfoundland,territories%20use%20all%20of%20them.

184 https://unece.org/fileadmin/DAM/energy/se/pdfs/CSE/PATHWAYS/publ/NG_RE.pdf

While non-renewable resources offer these jurisdictions the most reliable means of generating electricity, governments and businesses have also recognized their associated environmental impacts when unabated. As such, they have taken a proactive approach to decarbonization:

- Alberta introduced Canada's first carbon pricing scheme[185], in 2007 and in 2010 developed Canada's first comprehensive carbon sequestration legislation[186],
- Saskatchewan implemented the Saskatchewan Technology Fund[187], in 2017 to support investments into decarbonization technologies;
- Nova Scotia released its Climate Change Plan for Clean Growth[188], in 2022, including a roadmap towards a clean electricity system; and
- Nunavut founded the Nunavut Climate Change Secretariat[189], in 2016, leading research to support the implementation of their 2010 Upagiaqtavut[190], climate change plan.

Nevertheless, decarbonization projects are capital-intensive, especially for jurisdictions that don't benefit from access to dispatchable renewables. To support decarbonization efforts, many businesses within these jurisdictions have acted proactively, making significant investments in renewables and decarbonization technologies to displace higher emitting generation and abate emissions where possible. Considering these investments to date, many view the implementation of the Clean Electricity Regulations (CER) as instituting overly prescriptive and stringent decarbonization regulations that will significantly impact project economics, compromise the ability to attract investment capital, energy affordability and reliability, as well as undermine long-term economic competitiveness, with uncertain additional positive environmental impacts.

Balancing the environment and the economy

Given regional differences in electricity generation, it is inevitable that the economic impacts of the CER will be felt unevenly across Canada and amongst Canadian businesses. Moreover, despite broad support for decarbonization in Budget 2023[191], significant cost challenges remain. Factors such as policy and regulatory uncertainty, lengthy project approval timelines, and supply chain challenges necessitate adequate and sustained financial and regulatory supports are in place to ensure businesses can continue deploying the capital required to decarbonize. Additionally, minimizing cost impacts to businesses and consumers will require a technology-agnostic approach to policy development, ensuring businesses can self-determine the

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185 https://www.alberta.ca/carbon-competitiveness-incentive-regulation.aspx
186 https://www.alberta.ca/carbon-capture-utilization-and-storage-development-and-innovation.aspx#:~:text=In%202010%2C%20Alberta%20developed%20Canada%27s,in%20large%2Dscale%20energy%20development
187 https://innovationsask.ca/stf
188 https://climatechange.novascotia.ca/sites/default/files/uploads/ns-climate-change-plan.pdf
189 https://www.climatechangenunavut.ca/en
190 https://www.gov.nu.ca/sites/default/files/3154-315_climate_english_sm.pdf
191 https://www.budget.canada.ca/2023/home-accueil-en.html

technologies that offer the most cost-effective method of decarbonization based on the regions they operate in.

Unintended consequences

Decarbonization also cannot come at the expense of energy reliability – Canadians must be confident that when they flick a switch, the lights will come on. For grids to remain reliable, government policies and regulations must provide the flexibility to maintain baseload (the minimum amount of power that must be supplied to a grid at any given time) and dispatchable (the ability of a generator to rapidly vary power output based on demand) power. Despite advances in intermittent renewables technologies, such as wind and solar, externalities such as weather mean they cannot solely provide baseload or dispatchable power.

As renewable technologies advance, existing reliability challenges may be addressed. In the interim, however, policies and regulations must enable jurisdictions to leverage a diversity of generating technologies in support of grid reliability. Additionally, policies must consider provinces and territories' varying abilities to procure power from neighbouring jurisdictions via interties, to ensure less interconnected jurisdictions can mitigate unexpected increases in demand or disruptions to regional generating capacity.

Underlying affordability and reliability concerns continues to be the overall efficiency and effectiveness of federal climate action. In addition to the 2030 ERP and CER, there are several other federal policies and regulations focused on decarbonization, including carbon pollution pricing[192], the proposed oil and gas emissions cap[193], methane regulations[194], clean fuel regulations[195], zero-emission vehicle sales targets.[196], Green Building Strategy[197], and the fertilizer emission reduction target.[198] The sheer volume of government action has resulted in an inefficient layering of policy and regulations that will have varying degrees of success in decarbonizing provincial and territorial economies. For example, regulatory timelines that may be achievable for Ontario may not be possible for Alberta, or renewable technologies that are viable in Saskatchewan may not be feasible in Canada's North. Ultimately, this has led to a disjointed understanding of the governments long-term vision for emissions reduction. Moving forward, businesses are seeking a collaborative approach to policy development. This will minimize regional disparities in the efficiency and effectiveness of policy by allowing businesses to advise the government on the nuances of their jurisdictions, ensuring clear, consistent, and achievable federal policies are put in place.

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[192] https://www.canada.ca/en/services/environment/weather/climatechange/climate-action/pricing-carbon-pollution.html

[193] https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/oil-gas-emissions-cap.html

[194] https://www.canada.ca/en/environment-climate-change/services/canadian-environmental-protection-act-registry/review-methane-regulations-upstream-oil-gas-sector.html

[195] https://www.canada.ca/en/environment-climate-change/services/managing-pollution/energy-production/fuel-regulations/clean-fuel-regulations.html

[196] https://tc.canada.ca/en/road-transportation/innovative-technologies/zero-emission-vehicles/canada-s-zero-emission-vehicle-zev-sales-targets

[197] https://natural-resources.canada.ca/public-consultations-and-engagements/the-canada-green-buildings-strategy/25009

[198] https://www.canada.ca/en/agriculture-agri-food/news/2022/03/government-seeks-guidance-on-path-towards-reducing-emissions-associated-with-fertilizer.html

Recommendations

That the Government of Canada:

1. Collaborate with the Private Sector, Provinces, and Indigenous communities to develop a technology and resource agnostic approach to the decarbonization of electricity generation and distribution that respects the regionality in Canadian markets and takes into consideration the significant timelines needed to decarbonize – which may jeopardize the feasibility of achieving net zero electricity markets by 2035 – while ensuring that affordability and reliability are central to policy development.

2. Finalize and provide clarity on financial supports aimed at decarbonizing electricity systems.

3. Commit to extending the full suite of financial incentives beyond 2030 – at the highest credit thresholds and provide timelines and details on the development and rollout of carbon contracts for differences (CCfDs).

4. Streamline and harmonize regulatory processes and review periods for federally designated projects to improve approval times, removing duplicative policies and regulatory red tape.

#37 - Keeping Canada's Fertilizer Emission Reduction Target Voluntary

Description

The federal government has set a voluntary national nitrous oxide (N2O) fertilizer emission reduction target of 30% below 2020 levels by 2030. Canadian farmers are already among the most sustainable growers in the world; therefore, they have less room to easily lower fertilizer emissions without compromising food production. Since announcing the target significant concerns have been expressed about the impact it will have on farm profitability and global food security. The federal government must not transition this to a mandatory goal.

Background

In December 2020, the federal government set a voluntary national fertilizer emissions reduction target of 30% below 2020 levels by 2030. Specifically, the government is focused on nitrous oxide (N2O) emission reductions. The target applies to both direct (following fertilizer application) and indirect (from nitrogen leached from fields and volatilized to the atmosphere as ammonia) emissions from the application of nitrogen fertilizer. It does not address emissions associated with the manufacturing of fertilizers.

Canadian farmers are already among the most sustainable growers in the world; therefore, they have less room to easily lower fertilizer emissions without compromising food production. Crop production is not only important to Canada's economy but also crucial to global food supply. Recognizing this, in addition to its goal to reduce GHG emissions from fertilizer, the federal, provincial, and territorial Ministers of Agriculture set targets for $250 billion in sector revenues and $95 billion in sector export revenues by 2028.[199] The increased use of fertilizer plays a significant role in increased crop production capacity.

The federal government's goal is also challenged by the diverse nature of crop production. A one size fits all plan is not feasible, within Canada there are multiple growing zones with specific considerations. In fact, each field offers a unique set of challenges that change from one year to the next. Fertilizer application is impacted by the changing natural variables of soil condition, and moisture volume.

[199] AAFC, 2022. Annual Meeting of Federal, Provincial and Territorial Ministers of Agriculture. https://www.canada.ca/en/agriculture-agri-food/news/2022/07/annual-meeting-of-federalprovincial-and-territorial-ministers-of-agriculture.html

Beyond the environmental considerations impacting fertilizer application decisions, the rate of change in agriculture practices has been significant. Major advancements in crop genetics, equipment technology to mitigate waste, and best management practices (such as soil sampling, crop rotation and the 4Rs[200]) have materially changed the environmental impact of crop production. The federal government is basing its GHG emissions data modelling on sales data which does not translate directly into emissions as all these variables are not accounted for. Alas, very little data exists for Canada's on-farm practice to allow for correct modelling and proper evaluation of fertilizer reduction impacts. Under current conditions, mandating the fertilizer GHG emission reduction goal would likely amount to an outright reduction in fertilizer use by farmers. This would lower both crop yields and farm profitability, impacting the ability for farm operations to make improvements in the future.

Recommendations

That the Government of Canada:

1. Avoid making on-farm fertilizer GHG emission reduction goals mandatory and incentivize processes or provide grants through the Canadian agriculture programs, that encourage GHG emission reduction, including recognition of sequestration.

2. Engage with the Agricultural sector including farmers, fertilizer producers, agricultural organizations, chambers of commerce and food & grain exporters to gather educated and current farm practices that will create a framework for future policies in regard to reducing emissions in the agriculture sector.

3. Provide a report to the public no more than eight months after the completion of the engagement.

4. Ensure that engagement be done every three years (after completion of previous report).

[200] 4Rs – The right fertilizer at the right rate in the right place at the right time.

#38 - Utilizing Regional Solutions for Canada's Energy Needs

Description

The recent release of the Canada Green Buildings Strategy (CGBS) discussion paper and general move of the government towards total electrification has sparked discussion about what the right path(s) are to important net-zero targets. The CGBS proposes that electric heat pumps are the best solution for most buildings in Canada, and advocates for “phased timelines” to “transition off of fossil fuel heating systems” stating there should be a time when “installation of oil or natural gas heating systems would no longer be permitted”.[201], While we must work to achieve our net-zero targets, this approach will not work in reality to meet the varying regional requirements to heat and energize Canadian homes and businesses.

Background

The Canadian government has been working to reduce its environmental impacts in recent years, setting targets to reduce greenhouse gas emissions, increase renewable energy production, and promote sustainable practices in all sectors of the economy. The Canada Green Buildings Strategy (CGBS) discussion paper was released in July 2022 with a full strategy planned to be released in 2023. This work sets the federal government’s direction for building practices into the future, and it is important that this work is undertaken thoughtfully and with the vision of supporting all regions of Canada to reach net-zero targets.

The Canada Green Buildings Strategy discussion paper is a starting point, however, there are some concerns that must be addressed in order to meet the diverse needs of businesses from coast to coast. The CGBS prioritizes electricity for heat and calls for the phasing out of natural gas and related infrastructure to heat businesses and homes utilizing electric heat pumps. The CGBS claims that “In most buildings across Canada, Electric heat pumps are the right solution”.{1} This is deeply troubling to many in industry today. While full electrification may work very well in some places and some applications, it currently has critical limitations and there are important shifts that must be made for the plan to work for businesses and home across the country.

201 Canada Green Building Strategy

First, the Canadian government must consider "regional differences" when building a strategy to lower carbon intensity in new buildings and homes because different regions of Canada have varying climates, energy sources, and building practices. While it is commendable that the CGBS report acknowledges that "each region has unique circumstances that the Strategy will need to consider and address in developing concrete actions".[202], the CGBS, as proposed, would disadvantage some regions more than others. For example, the energy requirements for heating and cooling a building in a colder climate like Yukon or Nunavut will be vastly different than in a warmer climate like British Columbia or Southern Ontario. Similarly, different regions of Canada have different access to renewable energy sources like wind, solar, or hydroelectric power. Additionally, there are variations in building codes and construction practices across Canada that must be considered.

System reliability is also essential for any electricity supply grid. In addition to the green building strategy work being performed, the Canadian government has set 2035 as the target to have all new car sold be zero emissions.[203], As it stands today, the Canadian electricity grid is not ready to support full electrification, and reliability must be included in expanded capacity. A 2022 report released by the Canadian Climate Institute states that "A range of studies conclude that achieving net zero will require an increase in overall electricity generation to become 1.6 to 2.1 times greater by 2050 compared to 2020 levels. Total electricity capacity will need to rise even more, reaching 2.2 to 3.4 times current capacity".[204], The federal government has also set 2035 as the target to achieve net-zero electricity grid3. While wind and solar power are commendable sources of clean energy, gas remains vital for stable base load for some regions where cold temperature challenges exist. In Alberta, a cold streak from December 15, 2021, to January 9, 2022, held the average temperature at –22C. During this time Alberta's wind assets ran achieved only 29.5 percent of its average maximum capacity, while Alberta's solar assets reached only 2.6 per cent of its average maximum capacity. Gas was the stable base load operating on 71.2 per cent of average maximum capacity and producing 69.7 per cent of Alberta's total power share for those three weeks. Had Albertan's been more reliant on wind and solar during that period, rolling brownouts or blackouts may have been necessary.[205] At the building or home heating level; even if Alberta's grid could support full electrification today, heat pumps would pose their own problem as commercially available air-source models cease to function at approximately –20C, whereas current natural gas infrastructure remains stable and reliable. In the future, one burgeoning electricity solution may be using Nuclear Small Modular Reactors (SMRs) for a stable clean grid. There is SMR work underway in Ontario, Saskatchewan, and Alberta, however, we are currently years away from SMRs becoming widely available.

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[202] https://www.fortisbc.com/services/sustainable-energy-options/renewable-natural-gas/environmental-benefits-of-renewable-natural-gas

[203] https://www.cbc.ca/news/politics/power-grid-demand-electric-vehicles-1.6440595

[204] https://climateinstitute.ca/reports/big-switch/

[205] https://edmontonjournal.com/news/local-news/david-staples-how-did-alberta-survive-wicked-cold-snap-thanks-for-nothing-solar-power

The government must also consider that there are “multiple pathways” beyond electricity to decarbonize and reach net zero targets. It is not the government’s place to pick winners and losers. This means that where there are low carbon heat sources other than electricity that exist as solutions or bridges, they should be included in the option set. Natural gas can be an important tool to be used, for example in highly efficient gas furnaces, and gas heat pumps (a gas-based version of the electric heat pump that was not discussed in the current draft of the CGBS). Renewable Natural Gas (RNG) may also provide an excellent opportunity to continue traditional gas appliances with; according to FortisBC, RNG is a purified biogas captured from decomposing organic waste (FortisBC), and has a low-carbon intensity, and “its combustion... releases biogenic carbon dioxide, which does not add to the natural carbon cycle”. RNG can be used in the same systems as Natural Gas as a replacement fuel, further lowering the carbon intensity. Beyond natural gas, Hydrogen is an important new commercial and residential heating frontier with a new community in Alberta studying to become North America’s first full community with heating and appliances being powered by 100% hydrogen. Finally, district energy systems using microgeneration with natural gas and/or geothermal, and more, are proving to be an opportunity for low carbon heating that is worthy of being explored. With an abundance of current and future options for both electric and non-electric options, more time must be taken to build a strategy that includes multiple pathways for success.

The CGBS also requires further alignment with other federal, provincial, and territorial initiatives. For example, the CGBS fails to consider hydrogen as a home and building heating option, despite the existence of the Federal Hydrogen Strategy. Provincially, Alberta has a Hydrogen Roadmap, and there is government supported work underway considering a 100% hydrogen community in Alberta. The government must ensure that there is broad alignment with federal, provincial, and territorial initiatives to allow for buy-in across the country, synergies from working together, and opportunity for innovative solutions meet the diverse needs of Canadians.

Ultimately, there is no “silver bullet” solution to reach net zero emissions in Canada. Electrification presents both opportunities and challenges. Today, fuels like natural gas, RNG, and hydrogen are available to be used alongside electric solutions depending on regional needs, and they require infrastructure and piping to transport them. In the future, SMR technology and other innovations may also be a part of the solution. Simply put, we must continue to support low carbon electricity alternatives and its related infrastructure for businesses and consumers. We need a plan from the government that allows for multiple pathways to low carbon intensity goals, recognizes regional differences, is in alignment with government initiatives federally, provincially, and territorially, and is reliable.

Recommendations

That the Government of Canada:

1. Work with the Natural Resources Canada, provinces, territories and stakeholders, including Indigenous partners, to:

    a. Ensure that any Green Building Strategy or Initiative holds the principles of:

        i. Multiple pathways; including technologies like hydrogen, renewable natural gas, and gas heat pumps alongside electric heat pumps for building heating systems,

        ii. Regional differences; recognizing that different areas of the country have different strengths and weaknesses in terms of technology, energy mix, and weather, making different building heating solutions more viable in various regions,

        iii. Alignment with other federal and provincial initiatives; ensuring that the CGBS aligns with the federal hydrogen strategy and other ongoing initiatives,

        iv. Low-carbon intensity; focusing on all options that have low carbon emissions from the production to the end point user,

        v. Reliability, maintaining a stable grid for Canadians, and;

    b. Continue to allow businesses and citizens to build and install pipes to new buildings that rely on low carbon, non-electric energy systems.

#39 - Investing in District Energy Implementations & Regulating Energy Sharing Agreements

Description

There exists a significant economic and environmental opportunity to incentivize industrial players to capture and reutilize their residual heat from regular operations to efficiently supply energy to nearby commercial, institutional, and residential stakeholders. Canada currently lacks much in the way of industrial incentivization to participate in energy sharing agreements that could help reduce the demand for natural gas while simultaneously incorporating circularity in our energy transition. The Canadian government ought to include decarbonization incentives specifically dedicated towards advancing energy harvesting and district energy implementations, and pursue legislative provisions that serve to regulate energy sharing agreements.

Background

Canada's industrial stakeholders are tasked with the enormous goal of achieving net-zero emissions by 2050, and barring any federal or provincial exemptions, will need to explore as many creative solutions as possible to aggressively decarbonize their emissions to achieve this target.

Canada's primary fuel source for heating buildings is natural gas which places Canada further away from its net zero goal. Canada has a robust industrial sector that produces a substantial amount of heat as a byproduct to of production that is currently being wasted and could be repurposed for heating buildings.

An often-overlooked opportunity to decarbonize industrial operations pertains to capturing and reutilizing residual heat through recovery systems that then channel that otherwise lost energy potential into productive purposes. This otherwise lost energy can then be distributed among a network of end users that are on-site, adjacent to, or nearby the residual heat supply source.

Repurposing industrial waste heat allows for a district energy approach to energy distribution. It's important to note that while examples of Canadian district energy systems exist, they are mostly of older technologies that do not capture and reutilize the most harmful residual energy streams that modern district energy and energy harvesting systems utilize. In order to help advance industrial decarbonization in line with federal net-zero targets, it is important for the federal government to support the advance of new generation residual energy recovery technologies that are widely implemented in other international jurisdictions including Denmark, Sweden, Finland, and Norway[206], .

[206] https://tech.facebook.com/engineering/2020/7/odense-data-center-2/

Canada has historically underutilized district energy systems that enable manufacturers to then set up robust energy harvesting systems. We currently lag behind many of our European counterparts when it comes to operating district energy systems supplied by large industrial emitters that supply energy to local stakeholders 365 days a year.[207]

Repurposing industrial waste heat does not require complex engineering implementations and have the potential to provide energy solutions to stakeholders adjacent to or nearby within a reasonable geographic radius – some networks extending as far as dozens of kilometres between sites.[208] The business case is well documented for energy sharing agreements as well, there already exist dozens of technical engineering firms who work directly with industrial stakeholders on residual heat recovery design and implementation that would benefit greatly from the economic opportunity presented by dedicating additional resources to promote and incentivize participation in district energy networks.

Reutilizing Canada’s industrial waste heat in other sectors, including residential implementations, also serves as a creative solution to help reduce energy poverty across Canada and allow for the reallocation of natural resources to more productive processes. What results is an economic, social and environmental win for all community stakeholders with energy saving results directly going to residents as we collectively pursue net-zero.

There exist opportunities to expand energy networks into communities, especially in existing systems owned by municipalities. A common challenge preventing the rapid expansion of these networks pertains to drafting energy sharing agreements between private and/or public stakeholders that adequately satisfy the requirements of each party.

For the supply side of residual energy, industry has shared goals of repurposing its otherwise wasted productive energy supply, collecting compensation for that energy, and reducing its overall environmental footprint. On the demand side, the user is seeking a low-carbon, reliable and affordable supply of residual energy to serve a reducing their own carbon footprint and drive down energy costs. Demand side users vary considerably from industrial, to commercial, to institutional, and residential stakeholders, demonstrating the potential market for this residual energy should a consistent framework for partnership exist.

Based on the successful experiences of various European jurisdictions at harvesting residual industrial heat for productive purposes, the Canadian government ought to include in its suite of economic decarbonization incentives resources specifically dedicated towards advancing energy harvesting and local district energy implementations. There exists a significant economic and environmental opportunity to incentivize industrial players to capture and reutilize their residual heat from regular operations to efficiently supply energy to nearby commercial, institutional, and residential stakeholders.

[207] https://foresightdk.com/the-path-to-emissions-free-district-heating-in-denmark/
[208] https://www.iea.org/reports/district-heating

The federal government must pair these incentives with additional legislative provisions that serve to de-risk energy sharing agreements and further incentivize commercial participation in district energy networks[209].

Currently, energy sharing agreements are drafted on a case-by-case basis, however, given the likelihood of uniformity in ultimate design, scope, and terms of agreement, there exists are opportunity for the federal government to craft legislation that would eliminate the need to negotiate and determine commonly agreed upon components of any such energy sharing agreement. This would eliminate an immediate hurdle by establishing a common ground to start from when parties – private or public – begin negotiations to explore participating in residual heat recovery implementations.

Combined with dedicated federal supports, creating a common set of regulations, terms of engagement, risk sharing agreements, and price per unit of energy, there exists an opportunity to significantly increase the re-utilization of industrial residual heat across Canada and effectively collaborate with community stakeholders to collectively address our decarbonization targets.

Recommendations

That the Government of Canada:

1. Include energy harvesting technologies and fourth generation district energy implementations as eligible for federal economic and environmental financial incentives to increase the uptick in utilization of residual heat recovery technologies and implementations across Canada.
2. Work with municipal governments already operating local district energy systems to pursue expansion opportunities with private enterprise as part of collective decarbonization efforts.

[209] https://www.sciencedirect.com/science/article/pii/S0360544217304140

#40 - Accelerating Canada's Clean Energy Future

Description

There is a lack of certainty and support to build the energy infrastructure needed for Canada to meet its net zero goals. Over the next decade, if these barriers to development and innovation are not effectively addressed, we can expect an unreliable and expensive energy grid.

Background

Canada is prioritizing the pursuit of energy security and a sustainable future that will create economic, social development, and export opportunities for the country.

There is an urgent need to address the challenges of climate change and enhance energy security domestically to ensure that future generations can enjoy a healthy and prosperous world. From hospitals to schools and manufacturing, electricity plays a vital role in the lives of Canadians across all sectors.

The electricity sector has been posed to get to net zero by 2035. To meet these ambitious goals, Canada must accelerate the development and deployment of energy infrastructure.

In February 2023, the IESO released a "Pathways to Decarbonization" study, which stated that Ontario alone will need 2-3 times more electricity than they produce and distribute by 2050. This is a gap that we are behind in addressing. With 2050 quickly approaching, there is still a lack of certainty and challenges in regulations and financial support from the government to ensure a reliable and affordable grid can be developed in that timeline for Canadians.

Under the current structure of policies and assessments, operators can expect to wait close to a decade before shovels even break ground for our proposed and approved energy projects. Ontario, Saskatchewan, Alberta, and New Brunswick have signed an MOU to develop and deploy small modular reactor SMRs across Canada, helping the country meet environmental and economic goals. In many cases, provincial and federal priorities across the country do not align, complicating development further. If Canada does not find ways to build out new sources of generation faster, there is no guarantee we can meet our 2035 and 2050 climate goals.

Around the world, governments are implementing policies that are accelerating innovative technology production that relies heavily on critical minerals as raw resources, as well as implementing policies surrounding electric vehicles, clean energy, and information communications technology.

Meeting the government's timelines requires significant investment by both provincial and federal governments and effective regulatory and permitting systems. Incentives, in conjunction with regulations, will help accelerate the attainment of clean energy goals across all energy sectors, including both legacy and emerging industries.

This support will ensure good jobs, promote clean economic growth, and ensure businesses and households can continue to benefit from affordable, sustainable, and reliable energy.

Recommendations

That the Government of Canada:

1. Implements a framework that gives proponents clear requirements for permitting applications that adhere to approval timelines of ~12 months from the application decision.
    a. Consolidate the provincial and federal assessments for IAA and CER.
    b. Work with the provinces to simplify permitting with the goal of shortening approval timelines.
2. Work with provinces, territories and industry to develop standards for net-zero technologies, to satisfy decision-making and eliminate the need for further regulatory approval in some cases.
3. Incentivize and remove regulatory barriers to support this transition, including but not limited to, new nuclear AND carbon sequestration.
4. Work with the provinces and territories to ensure grid stability via grid interconnectedness.

#41 - Connecting Incentives to Vehicle Battery Recycling Programs

Description

Canada is making significant commitments to electrification of passenger and some light-industrial vehicles. Canada has proposed regulations for one-fifth of all passenger cars, SUVs and trucks sold in Canada to operate on electricity by 2026.

Battery lifespans are estimated at between 10-20 years. Electric vehicles have been on the market for close to 10 years already, and some already require battery recycling. The batteries will need to be recycled. The issue is there are limited battery recycling facilities across Canada.[210], As a result, the Provincial and Federal Governments should investigate how many more recycling facilities are needed and determine which communities to target.

Background

Canada has proposed one-fifth of all passenger cars, SUVs and trucks sold in Canada in 2026 will need to run on electricity. Under new regulations proposed by Environment Minister Steven Guilbeault, 60 per cent of all vehicle sales will be EVs by 2030, and every passenger vehicle sold in Canada will need to be electric by 2035.[211],

BC passed the Zero-Emission Vehicles Act (ZEV Act)[212], on May 30, 2019. The ZEV Act requires automakers to meet an escalating annual percentage of new light-duty ZEV sales and leases, reaching: 10% of light-duty vehicle sales by 2025, 30% by 2030 and 100% by 2040. To increase uptake of electric vehicles, BC has also provided other incentives to consumers through the Go Electric Program.[213],

[210] https://www.cbc.ca/news/business/electric-vehicle-battery-recycling-1.6695010
[211] https://www.cbc.ca/news/politics/canada-ev-mandates-2026-1.6693967
[212] https://www.bclaws.gov.bc.ca/civix/document/id/complete/statreg/19029
[213] https://www2.gov.bc.ca/gov/content/industry/electricity-alternative-energy/transportation-energies/clean-transportation-policies-programs/clean-energy-vehicle-program

In 2018, Quebec's ZEV Act came into force. Quebec's standard seeks to boost the supply of (ZEVs) and low-emission vehicles (LEVs), such as plug-in hybrids, to afford Québec consumers access to greater numbers and a broader range of plug-in motor vehicles. The automakers subject to it must accumulate credits by supplying the Québec market with ZEVs or LEVs. The credit target is calculated by applying a percentage to the total number of light-duty vehicles that each automaker sells in Québec. The purpose of the ZEV standard is thus to incentivize the automobile market to develop greater numbers of models that rely on increasingly efficient low-carbon technologies.[214]

While these investments and targets are heavily debated, it is noted that many people are purchasing electric vehicles since a record 86,032 electric vehicles were registered in Canada in 2021, making up 5.3% of total vehicle registrations for that year. In comparison, there were 56,165 electric vehicles registrations (2.9% of total registrations) in 2019 and 19,696 (1% of total registrations) in 2017.[215]

Over the years, these electric vehicles will undergo wear and tear, and their batteries will need to be recycled. It is estimated that the car battery's life expectancy is 10-20 years.[216]

Recycling is also important since lithium, nickel and cobalt are scarce resources. The lithium, nickel and cobalt can be theoretically recycled limitlessly.

According to market analysts, a combined total of over 180,000 tonnes of lithium, cobalt, nickel, and manganese could be recovered by 2030 through Li-ion recycling, a value which is forecast to grow by approximately 10x by 2042 worldwide.[217],

While Canada hasn't pledged federal funding for recycling EV batteries, the U.S. is spending hundreds of millions of dollars on recycling projects. The U.S. Senate also just passed a bill to increase EV battery recycling, which could soon be signed into law.[218]

Canada needs to step up and invest in battery recycling.

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214 https://www.environnement.gouv.qc.ca/changementsclimatiques/vze/index-en.htm

215 https://www.cer-rec.gc.ca/en/data-analysis/energy-markets/market-snapshots/2022/market-snapshot-record-high-electric-vehicle-sales-canada.html#:~:text=Release%20date%3A%202022%2D10%2D26&text=A%20record%2086%2C032%20electric%20vehicles,of%20total%20registrations)%20in%202017.

216 https://www.jdpower.com/cars/shopping-guides/how-long-do-electric-car-batteries-last

217 https://www.mining.com/how-much-could-battery-recycling-actually-aid-cobalt-lithium-supply-shortages/#:~:text=According%20to%20the%20market%20analyst,by%20approximately%2010x%20by%202042.

218 https://www.utilitydive.com/news/ev-battery-recycling-senate-romney-ndaa/639317/

Recommendations

That the Government of Canada:

1. Work with the Provincial, Territorial and Indigenous Governments to commission a study and action plan for the implementation of electric vehicle battery recycling plants we will need per region; and,

2. Invest in innovation for current electric vehicle battery recycling plants to increase their capacity.

#42 - Developing a Comprehensive National Forestry and Forest Sector Strategy

Description

The Canadian government has recognized the importance of strategic planning for critical sectors such as critical minerals, hydrogen, and nuclear. This resolution urges the government to extend similar strategic attention to the Forestry and Forest Sector, a significant contributor to the Canadian economy, that warrants a dedicated national strategy for its sustainable growth and resilience.

Background

Canada, home to nearly 9% of the world's forests[219], has a Forest Sector that contributes more than $24.6 billion to Canada's GDP and supports over 200,000 direct jobs across the country[220], . Yet, despite its economic, environmental, and social importance, there is no comprehensive national strategy to address the unique challenges and opportunities of this sector.

Canada's Forestry and Forest Sector has been impacted by several factors including climate change, wildfires, pests, trade issues, and a changing global market. These challenges are compounded by the lack of a unified, strategic approach that acknowledges the national significance of this sector and its potential to contribute even more to the Canadian economy and the fight against climate change.

The development of strategic frameworks for critical minerals, hydrogen, and nuclear power underlines the Canadian government's ability and commitment to catalyze key sectors through targeted planning and investment. The time is ripe for the Forestry and Forest Sector to receive a similar strategic focus.

Developing a Forestry and Forest Sector Strategy is of national significance, with impacts across all regions of Canada, from British Columbia's lumber industry to Ontario's pulp and paper sector, and Quebec's forest-based bioenergy. The issue is both current and timely, especially considering the increasing global focus on sustainable economies and climate change mitigation.[221]

[219] {1} Natural Resources Canada, "The State of Canada's Forests. Annual Report 2022."
[220] {2} Forest Products Association of Canada, "Economic Impact of the Forest Industry."
[221] {3} Intergovernmental Panel on Climate Change, "Climate Change 2022: Impacts, Adaptation, and Vulnerability."

Recommendations

That the Government of Canada:

1. Form a dedicated task force to develop a comprehensive national Forestry and Forest Sector Strategy.
2. Engage with all relevant stakeholders, including businesses, Indigenous communities, labor groups, environmental organizations, and provincial and territorial governments in developing the strategy.
3. Ensure the strategy focuses on sustainable growth, resilience to changing climatic conditions, wildfire mitigation, innovation, trade competitiveness, labour force development and support for communities.
4. Consider the potential of the forest sector in the fight against climate change and include measures to support the carbon sequestration potential of Canadian forests.
5. Review and update the strategy regularly to adapt to evolving circumstances and emerging opportunities.

#43 - A Circular Economy from Plastics

Description

Plastics provide value through the use of thousands of products that add comfort, convenience and safety to our everyday lives. However, because of our linear economy behaviour of "make, use, dispose", 86% of all plastics in Canada end up in our landfills.[222] This poses a threat to our environment and a loss to an economic opportunity. The potential lies in replacing linear behaviours with a more sustainable, circular economy where plastics are recovered and re-purposed to capture the value-add potential for new, innovative products derived from a plastics "commodity."

Background

Currently, in Canada, over 3 million tonnes of plastic waste is generated every year with an estimated 9% being recycled while the remainder ends up in landfills, being incinerated, or simply dumped in the environment. This unsustainable practice has an adverse effect on the economy and threatens the health of the environment.

Environment and Climate Change Canada (ECCC) commissioned a study to better understand the current state of our plastics industry. Their findings show that our plastics manufacturing industry is a significant economic driver with sales being reported at $35 billion in 2017 and supporting over 90,000 jobs across more than 1,900 companies. In comparison, Canada's recycling industry has less than a dozen companies employing about 500 people and generating $350 million.

Because our infrastructure does not keep pace with our plastics consumption, a significant amount of plastics end up being disposed of rather than being recycled and re-purposed into higher valued products for consumer use. The ECCC study finds that by diverting this "waste" product to recycling facilities requires an investment between $4 - $8 billion for new infrastructure plus government regulation to encourage responsible use and disposal of plastics. Revenues from the investment could increase to $3 billion and create over 40,000 new direct and indirect jobs nationally.

At the G7 Environment Ministers meeting in late 2018, Canada announced the Circular Economy Leadership Coalition that is "accelerating sustainable, profitable, zero-waste solutions to ensure Canadian leadership in the global Circular Economy". Soon after the federal, provincial, and territorial governments agreed to a Canada-wide strategy on Zero Plastic Waste.

[222] 1 http://publications.gc.ca/collections/collection_2019/eccc/En4-366-1-2019-eng.pdf

Under this umbrella, and in support of the G7 Innovation Challenge to Address Marine Plastic Litter, Canada is "investing in innovative Canadian technologies to help small businesses across the country find new ways to reduce plastic waste and turn it into valuable resources that support a circular economy."

In July 2020, Alberta, one of Canada's largest plastic manufacturing locations, announced the creation of The Plastics Alliance of Alberta, a special partnership between government, industry, non-government organizations, and academia.[223] The group "will collaborate on actions needed to encourage and support a plastics circular economy in Alberta".[224] Today, we are seeing some industries re-thinking their systems and processes to align with a circular model to be more productive and create new market opportunities. However, addressing the plastic waste issue and changing the way we think about plastics requires a long- term commitment by all consumers, manufacturers, technology providers, government and society as a whole. Investments and clear regulations will be required by government to achieve a larger commitment to developing the infrastructure and encouraging the behaviours required for a sustainable, healthy future for our communities.

Recommendations

That the Government of Canada:

1. Establish a task force that includes government, industry, and research institutions to identify global best practices for plastics management and to advise on policies and programs to encourage a circular economy.

2. Implement policies and programs that support the investment in infrastructure and services that would further encourage value-add manufacturing investments thereby creating new employment and economic potential across Canada.

3. Support and promote industries and attract investments that support a circular economy, adding value to our natural resources and continuing economic diversification.

4. Consider implementing a "green investment credit" for advanced recycling products to offset the significant costs of building out recycled content feedstock.

5. Support multiple pathways to achieve a circular economy, including studying the inclusion of biodegradable plastics.

6. Ensure that all new regulations, policies, and programs, account for the cost burden to business, and include appropriate credits and incentives enable adoption and participation in the circular economy.

[223] 2 https://plasticsalliancealberta.ca/who-we-are/
[224] 3 https://www.nait.ca/nait/about/newsroom/2020/new-alliance-to-maximize-innovation-reduce-plastic

#44 - A Path Forward for Canadian Energy

Description

The world has entered unprecedented economic challenges and Canada has not been spared. With persistent inflation and an expanded national debt, Canada must chart a viable recovery path, and energy holds a vital place on that path. Canada's oil and gas sector has seen deep struggles in the last two decades, and the recent impacts of COVID-19 and global oil price instability have caused greater uncertainty than ever. Oil and gas, and energy as a whole, is vital to Canada's economy, and we must chart a collaborative path forward.

Background

Currently, Canada has important interests as well as concerns around resource development. While many families in Canada rely on their energy sector work to put food on the table, there other Canadians with legitimate concerns around the inherent rights of Indigenous peoples and environmental risks.

Canadians recognize that our environment is important and we must do our part to lead in building a greener society. However, this must be properly balanced with the economic and technological realities we also live in. The demand for Canadian energy, including fossil fuels, remains high for the foreseeable future. The Canada Energy Regulator modelling suggests that crude oil production still has the potential to see a 20% increase from 201 to 2040.[225], On environmental concerns, it is important to recognize and celebrate hard work that is being done to reduce emissions, for example in hydrogen and Carbon Capture Utilization and Storage (CCUS). It is also important to recognize that on the global stage Canada only contributes 1.5% of the world's GHG Emissions[226].

Canada needs to focus on its values of collaboration, civic pride, and its leadership in human rights. One of the top countries that Canada imports oil from is Saudi Arabia. When viewing the human rights track record of Saudi Arabia, we believe that Canadians would prefer our own domestic supply to continue our leadership in promoting global human rights, as well as to secure our supply price shocks from OPEC+ nations.

We appreciate the Federal Government's continued commitment to the Trans Mountain Expansion. Pipelines are safer than transporting oil via rail and provide the opportunity for Indigenous partnership/ownership.

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[225] https://www.cer-rec.gc.ca/en/data-analysis/canada-energy-future/2020/results/index.html
[226] https://www.capp.ca/explore/greenhouse-gas-emissions/

The Canadian Chamber of Commerce requests that the Federal Government develop and implement a cohesive energy strategy that recognizes regional and provincial differences, and charts a collaborative path forward with industry, stakeholders, and provincial governments, to work together to use our own energy to meet our own needs, by removing interprovincial trade barriers, and continue our global leadership in clean energy innovation. The Canadian Chamber of Commerce recognizes that the energy sector can be part of a net-zero strategy and can play a vital role in building the Canada of tomorrow.

Recommendations

That the Government of Canada:

1. Work with industry, stakeholders, and provincial governments to create and implement a cohesive energy strategy that:

    a. Reduces regulatory hurdles to support Canada's resource-rich opportunities from coast to coast to ensure sustainable development as well as national security of resources with a focus on using our own energy resources to supply our own needs.

    b. Works with the provinces to remove interprovincial trade barriers to allow free flow access for energy and goods.

    c. Collaborates with the energy sector on an achievable net-zero strategy that recognizes the clean energy innovations that are already being used in Canada and that recognizes that there are multiple pathways to decarbonization that includes the continued use of fossil fuels.

    d. Educates and builds knowledge to Canadians and international audiences on the investments and actions our energy industry has taken to be leaders in environmentally responsible developers of our national resources.

    e. Works with the CSA for accelerated study, and, if approved, use of hydrogen in home and building heating systems and appliances.

#45 - Low Carbon Intensity Hydrogen

Description

Hydrogen is a gas that is recognized as a solution for the world's low carbon heat, transportation, and industrial needs. Canada has an excellent opportunity to produce inexpensive, clean hydrogen. While there are various production technologies to consider, the bottom line is that all forms of clean, low carbon intensity hydrogen should be considered as part of Canada's future hydrogen plan as we continue in our role as a global energy leader.

Background

Hydrogen is a burgeoning clean fuel that governments around the world have been rallying around that has no carbon release into the atmosphere when utilized as an energy source. While there are several methods of hydrogen production, each one may be advantageous in specific geographical locations as we move to a low-carbon future. The hydrogen technologies that are currently available, plus those that are being developed, must consider total carbon intensity from the production method to the form of transportation utilized to the end user.

"Colours" have been adopted to make hydrogen production technologies easier to communicate. These refer to the means by which hydrogen is produced, but not necessarily their carbon intensity. Grey hydrogen is made from natural gas, with CO2 released into the atmosphere. Green hydrogen is made through electrolysis (water-splitting), which releases no CO2 during production, but does use significant freshwater feedstock and requires a renewable electricity source powering the process to avoid upstream emissions. Blue hydrogen, like grey, is also produced from natural gas, however the CO2 is captured and stored underground, so that it emits nearly zero emissions during production. Turquoise hydrogen uses methane pyrolysis to produce a marketable product called "carbon black" which safely embeds the CO2 in products such as tires, asphalt and more, with hydrogen being a by-product. Finally, pink hydrogen is produced via electrolysis powered by nuclear energy.

There are four factors for a desirable fuel source: reliability, cost, safety, and carbon intensity, with the two most crucial factors being carbon intensity and safety. While there are many different methods and "colours" of hydrogen production, this alone does not necessarily describe the carbon intensity of the hydrogen produced. Therefore, we must remain colour/technology agnostic and focus on carbon intensity as the key conversation. It is vital that carbon intensity be measured from the start of the production process all the way to the end user, so that a true picture can be analyzed when comparing the specific methods of production. For example, green hydrogen via electrolysis is among the cleanest ways to produce hydrogen, however, the electrolyzer used must be powered by clean electricity, or else it may have a higher carbon intensity than other forms of production.

There are also other environmental impacts to consider, such as use of freshwater and upstream carbon intensity of the components. Blue hydrogen uses natural gas as feedstock but up to 95% of emissions may be captured during production, which can bring it very close to zero emissions. According to a recent Edmonton Region Hydrogen HUB presentation the respective ranges for blue and turquoise CO_2 emissions per kg of H_2 (including both production and upstream) is 3-5kg, whereas the range for green hydrogen can be as low as 1kg and as high as 18kg depending on what source powers the electrolyzer. Therefore, multiple productions methods have low carbon intensity potential; each of these, and as well as any other colour that can prove the same or better, should be considered to achieve our net zero goal. Safety is also a concern, and while hydrogen comes with its own unique challenges, hydrogen can be a safe, widely used clean source of energy.

The Canadian Government has already signaled strong support for hydrogen with its own Hydrogen Strategy[227], supported within Budget 2022[228], and with recent agreements to collaborate on Hydrogen with the Netherlands[229], and Germany.[230] There is also significant provincial support for hydrogen in Alberta, with the Alberta government's Hydrogen roadmap.[231], Alberta Innovates' Hydrogen Centre of Excellence[232], and the new "Edmonton Region Hydrogen HUB",[233] as well as over $60M in funding support provided to hydrogen projects across the value chain by Emissions Reduction Alberta, allocated by the Government of Alberta under the Technology Innovation Emissions Reduction (TIER) fund. In Alberta's Industrial Heartland, the Transition Accelerator has been playing an important 'thought leadership' role in Alberta's hydrogen {8} production industry.

Hydrogen is a valuable fuel for heat, transportation, and to power industry; it will be vital to determine hydrogen markets in order to build a business case for building a hydrogen supply. The time is now for the Government Canada to work with the provinces and territories, as well as industry partners to determine demand markets so that the needed hydrogen supply and infrastructure can be built to support a low carbon future. For example, if hydrogen vehicles are used increased fueling station access and methods to efficiently distribute hydrogen, such as pipelines, will be essential.

It is important to note that hydrogen is not a "silver bullet," but one important piece in solving the net- zero puzzle that will also include electrification, nuclear, wind, solar, fossil fuels with carbon-capture, and more.

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227 https://www.nrcan.gc.ca/sites/nrcan/files/environment/hydrogen/NRCan_Hydrogen-Strategy-Canada-na-en-v3.pdf
228 https://budget.gc.ca/2022/report-rapport/chap3-en.html
229 https://www.nrcan.gc.ca/climate-change/canadas-green-future/the-hydrogen-strategy/memorandum-understanding-between-the-government-canada-and-the-government-the-netherl/23907
230 https://www.nrcan.gc.ca/climate-change-adapting-impacts-and-reducing-emissions/canadas-green-future/the-hydrogen-strategy/joint-declaration-intent-between-the-government-canada-and-the-government-the-federal/24607
231 https://www.alberta.ca/hydrogen-roadmap.aspx
232 https://albertainnovates.ca/programs/hydrogen-centre-of-excellence/
233 https://erh2.ca/

Recommendations

That the Government of Canada:

1. Work with the provinces, territories, Indigenous and industry partners to:

    a. Support colour agnostic research and development of all forms of clean hydrogen that are low carbon intensity measured from "start to finish;"

    b. Determine demand markets, and to ensure that Canada can meet domestic and international supply needs through low-carbon hydrogen production;

    c. Ensure that infrastructure to transport hydrogen domestically is in place to meet demand now and into the future;

    d. Recognize that government's immediate support is of the essence to compete as other jurisdictions are moving quickly with both financial and policy support, and;

    e. Effectively communicate with the public about the importance and safety of hydrogen as an energy source and to promote the importance of producing low-carbon intensity hydrogen rather than specific colours.

Special Issues

#46 - Bail Reform, Mental Health and Addiction Supports as Essential Components to Increasing Safety in Canadian Cities

Description

Since the COVID-19 pandemic, there has been a dramatic increase in mental health and addictions challenges and homelessness. Additionally, many businesses and workers have moved away from downtown cores due to health and safety concerns, decreased workforce retention, absenteeism, and financial hardship caused by property damage, affordability, increased business costs, and loss of economic growth. While mental health & addictions are related but not intrinsically linked, these conditions have resulted in an increase in organized crime in downtown areas, causing public health and safety concerns for business owners, communities, and those most vulnerable.

Background

Canadians are feeling less safe since the pandemic. A recent survey conducted by Leger and the and the Association for Canadian Studies found that two thirds of Canadians believe violent crime is visibly worse than it was before the onset of the COVID-19 pandemic. Of respondents, one fifth said they had feared for their safety in the last six months. One in every 20 said they had personally been assaulted.[234]

Increasingly, business owners - particularly those whose businesses are located in downtown cores are becoming the victims of crime. According to a survey by the Downtown Victoria Business Improvement Association nine out of 10 businesses reported crime and street disorder as a top-three issue. A Victoria small business owner reports considering closing their business after being broken into for the second time in three weeks.[235]

Another business owner - a hairstylist from London Ontario - recounted to her local chamber of commerce that she had left the downtown in favour of doing business from her home after being robbed at knifepoint.

[234] Canadians feel less safe than before COVID and blame government: poll | National Post
[235] Victoria business owner mulls closing downtown shop after repeated break-ins - BC | Globalnews.ca

Violent crime has increased in Edmonton, Winnipeg, Toronto, Montreal, and Vancouver.[236] This increase in crime not only affects the safety of those who live, work, and do business in these areas, reducing the number of patrons going into downtown cores to support the businesses that choose to remain there, but it also affects marginalized communities that are often criminalized due to mental health and/or addictions challenges, and homelessness.

For those who choose to stay in the cores, it is not business as usual. In London Ontario, a small business owner with a fish and chips restaurant reports that she must keep her door locked for her own safety - requiring patrons to call the number posted on the front door or to knock to receive service.[237]

Many urban centres across Canada have experienced an increase of crime. Regrettably, there are no failsafe measures in place to protect communities, with limited access to programs and services for those most vulnerable, and an absence of affordable and supportive housing, and mental health and addictions care. This impedes the ability of vulnerable people released on bail to comply with certain bail conditions. Furthermore, there are limited measures, services and resources in place to support business communities and promote economic growth.

The Chamber Network fully appreciates the fundamental important Charter rights conferred upon individuals charged with an offense which includes inter alia, the presumption of innocence and the right to reasonable bail for those charged with an offense. These protections are enshrined in our laws and rest at the core of our system of justice. However, all levels of government are choosing to not break down siloes between the justice system, health system, and social services, to ensure marginalized/vulnerable Canadians are not discharged from institutions into homelessness, and to have a robust care plan to ensure they have ongoing access to services/supports that they need.

On May 16, 2023, the Government of Canada introduced Bill C-48[238] that proposes changes to the Criminal Code's bail provisions to promote community safety and reinforce public confidence in the administration of justice - an excellent first step in reducing violent crime in the downtown cores of Canadian cities. While this may be a step forward in terms of community safety, Canadians need action from all levels of government, industries, and community organizations to provide supports for businesses, communities, and those living with mental health and/or addictions.

[236] It's not just Toronto. Violent crime is a national problem - The Hub
[237] London police arrest suspect in random train crossing stabbing | CTV News
[238] Bill C-48: Proposed changes to strengthen Canada's bail system (justice.gc.ca)

Reducing the incidence of crime in Canada's downtown cores is a challenge that will need to be tackled in a multi-faceted, all-hands-on-deck approach from all levels of government. Adequate mental health and addictions care in the Canadian penal system can reduce those most likely to reoffend, reduce property damage to Canadian businesses, as well as increase financial viability and workforce retention in various industries and sectors. This requires exploring evidence-based approaches by the Canadian Correctional Services, Minister of Health, and the Minister of Public Safety, which will help reduce the burden on Canadian businesses and communities.

Recommendations

That the Government of Canada:

1. Modernize the Criminal Code to ensure there is a reasonable bail threshold, especially for violent and repeat offenders, while also ensuring that those who repeatedly interact with the justice system have better access to diversion programs such as housing options, mental health and addiction programs, wrap around social services, etc. in order to help prevent those released on bail and those exiting the correctional system from falling into homelessness, addictions and/or reoffending.

2. Improve workforce development programs for inmates in the Canadian Correctional System (CCS), to increase opportunities to enter the workforce upon release.

3. Provide more funding for bail supervision programs to monitor those who are released on bail - particularly those who may pose a higher risk or have greater needs - and help ensure they can access community services that they may require in order to stay compliant with the conditions of their bail.

#47 - Building National Prosperity Through a New Industrial and Advanced Manufacturing Strategy

Description

The emergence and subsequent recovery from the Covid-19 pandemic has brought to light the erosion of our industrial and advanced manufacturing capability. Over decades, the growing reliance on imports of goods and the decline of domestically produced goods has exposed the vulnerability of our economic underbelly. The absence of a long-term national strategy to advance our capabilities and competitiveness has amplified Canada's decline in the ability to produce high skilled, high earning jobs and the economic benefits that come from a strong and growing manufacturing sector. A sustainable recovery cannot be one of just competing on the subsidization of firms to locate in Canada and reliance on a climate solution based industrial focus alone.

Background

The decline in manufacturing has been a key contributor to the stagnation of wages in Canada and Canada's increasing reliance on the extraction and export of unprocessed natural resources. Canada needs to emphasize merits of generating wage gains through greater value- added roles and productivity improvements without loss to our competitiveness to reverse wage stagnation and deterioration.

In 1980, almost 20% of all jobs (8.5% of the population) in Canada were in the manufacturing sector – that dropped to 9% by 2019. Source: Stats Can, Turner Investments

The decline in manufacturing exports has led to an overall decrease in exports by Canada. Over the period 2000-2014, overall exports declined by 6.4 percent, while manufacturing exports declined by 26 percent.

One of the by-products of the COVID-19 pandemic is that all of a sudden people are paying attention to where things are actually manufactured. On Monday morning April 13, 2020, the lead headline on the CBC website was "Canada building its own PPE supply chain…in China." As the Toronto Star noted in its April 7, 2020, editorial – "Canada Needs a New Industrial Policy," when Canada is left scrambling for medical equipment, relying on goods that are manufactured halfway around the world "doesn't seem like such a good idea anymore."

While job and wage gains have been trending in the right direction it must be noted that the main driver behind this growth has been due to labour shortages, and we must recognize that economic threats still loom on the horizon.

Canada Posts Eighth Straight Monthly Job Gain in April; Manufacturing Employment Also Rises. The April 2023 statistics provided by the Canadian Manufactures and Exporters highlights that:

- Employment in Canada rose by 41,400 (+0.2%) in April, the eighth straight monthly increase.
- Employment was up in 9 of 16 industries, led by wholesale and retail trade, transportation and warehousing, information and cultural industries, and educational services.
- Manufacturing employment climbed by 2,800 (+0.2%) in April, up for the third time in four months.
- The headline unemployment rate held steady at 5.0% for the fifth consecutive month, while the jobless rate in manufacturing inched up from 2.9% in March to 3.0% in April.
- Wages in the manufacturing sector were up a very elevated 7.2% year-over-year in April, down modestly from a 7.4% increase in March.
- Total employment was up in 7 of 10 provinces, led by Ontario and PEI. Ontario was also responsible for the bulk of the job gains in manufacturing.

The manufacturing sector has created only 3,700 jobs over the last 12 months. The tepid pace of job growth is consistent with a sector that is being held back by slower demand for consumer goods amid sharply higher interest rates and the ongoing post-COVID shift to spending on services.

For the fifth consecutive month in April, the headline unemployment rate held steady at 5.0%, remaining just a hair above the record low of 4.9% reached last June and July. Meanwhile, the jobless rate in manufacturing inched up from 2.9% in March to 3.0% in April, only 0.4 percentage points above the all-time low.[239]

The lack of an industrial and advanced manufacturing strategy for Canada has further exacerbated policy formulation and decisions that support a strong and renewed recovery. It is long past time that Canada should address this problem. By focusing on a diversified industrial growth strategy leveraging the various areas of sector strength and expertise, governments can help to ensure that the economic recovery will be more durable, will create better jobs and, if we do it right, will help us meet our climate change targets.

[239] Canadian Manufactures and Exporters

As part of that new industrial and advanced manufacturing strategy the Canadian Government needs to use the power of infrastructure spending and procurement to support Canadian industry and maximize job creation in Canada. It does not help that trade agreements, notably the CETA with the EU, restrict Canada's ability to insist on domestic procurement that creates jobs in Canada and you can be sure that in the U.S., aggressive "Buy America" programs will surely be the order of the day for the large U.S. procurement market, and under the recently concluded CUSMA and the Inflation Reduction Act, Canada has no preferential access to U.S. procurement.

Because we have neglected our manufacturing base for decades, Canada is more reliant than ever on resource extraction and the resource sector. The Canadian Government must strategically balance embracing manufacturing as a path to transition from fossil fuels while recognizing the importance of that sector to Canada's economy. Mining and manufacturing supply chains are critical for the production of the goods we need for a low-carbon economy, whether that is transit, wind turbines or electric vehicles, there is however a role for the oil & gas sector within the know carbon economy.

The current shift in political and public sentiment toward increasing domestic production, strengthening domestic supply chains, and making and buying local is welcome news for manufacturers and fits well with Canada's trade and industrial (and manufacturing) realities. But this shift should not mean that Canada attempts to isolate itself, shut down global supply chains, and reverse decades of trade-driven prosperity for Canada. Instead, Canada should attempt to capitalize on these shifting sentiments by refocusing attention on the need to boost export growth by supporting the production of value-added goods and by strengthening regional supply chains.

Canada's manufacturing industry has huge potential for Canada's economic future. The world is changing, and new technologies are not just opening new markets for Canadian goods, they are changing the ways these goods are produced. For manufacturing in Canada to remain a vibrant, innovative, and a competitive contributor to our economy, business and Government will need to work together. A vibrant manufacturing community encourages industrial clusters that develop skills, knowledge and technology. Success breeds success: when Canada's manufacturers grow and compete, they act as magnets for new investment and for new young people wanting to be part of this great industry, making the products of tomorrow.

Recommendations

That the Government of Canada:

1. In collaboration with stakeholders, develop and implement a long term modern industrial and advanced manufacturing strategy, founded on the principles of continuous improvement, that focuses on increasing investment through reducing production costs, supports innovation and technology adoption with the goal of increasing value-added exports. Emphasize competitive strengths, particularly natural resources, green steel, energy, food and technology.

2. As part of the long-term strategy, ensure that in partnership with the provinces, stakeholders, and academic institutions, both public and private, develop advanced and industrial manufacturing curriculum to address the skills shortages.

3. Introduce a trade strategy that strengthens North American competitiveness, including efforts to modernize, strengthen, enhance capacity and financially support the trade remedy system and the verification of import data.

4. Build the "Canadian Made" brand by modernizing the legislated and voluntary expansion of government and public-private partnership procurement tools to evaluate and consider preferential selection of local suppliers after fairly evaluating:

    a. Global environmental impact and cost assessment versus the imported alternative; (i.e.: greenhouse gas (GHG) emissions during production and transportation),

    b. Presence of comparable health and safety regulations during production and manufacturing,

    c. Whether the exporting country allows for reciprocal access to their market for the same product.

5. Prioritize investment in trade and industrial infrastructure, including transportation networks, industrial parks, and broadband internet.

6. Drive Canada's business investment and competitiveness by lowering the cost of doing business through tax and regulatory reform.

#48 - Creating a National Strategy Regarding Healthcare Credentials

Description

Healthcare in Canada is in crisis and it is limiting workforce mobility. We have a shortage of healthcare workers and that shortage is expected to increase if we continue with the status quo. As we struggle to train enough workers domestically, barriers to labour mobility in the healthcare sector are keeping skilled workers away. We need a national strategy regarding accreditation barriers in the healthcare sector that addresses interprovincial and international qualifications.

Background

Healthcare deficiencies across Canada are holding back our workforce and our economy.

The OurCare national survey[240], showed an estimated 6.5 million Canadians are without a family doctor. In Ontario alone, the Ontario College of Family Physicians[241] puts that figure at 2.2 million, or 15% of the population. These numbers continue to grow.

Workers who do not have access to primary healthcare through a family doctor are left to piece together their healthcare needs and use resources that are not optimal, like hospital emergency departments, for basic healthcare needs. The demands on hospitals and lack of workers have led to lengthy ER wait times. All of this contributes to worse health outcomes, more time spent trying to access healthcare, and more lost time in the workforce.

A shortage of accredited workers is also holding back private sector healthcare providers from meeting the needs of Canadians.

At the same time, we have qualified workers who are unable to work in the healthcare sector. They have gone to school and successfully gained the certifications they need to work in the healthcare sector. Many have worked in the industry, some for decades. The issue is that their qualifications and experience are in a different province, territory, or country.

The Government of Canada is actively recruiting foreign healthcare workers, but many are struggling to get accredited to work in the province they have settled in. With a need to pay the bills and support their families, they are moving into other sectors.

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[240] 1. OurCare National Survey https://data.ourcare.ca/
[241] 2. More Than 2.2 Million Ontarians Left Without a Family Doctor https://www.ontariofamilyphysicians.ca/news-features/news/~287-More-Than-2-2-Million-Ontarians-Left-Without-a-Family-Doctor

A lack of cooperation between provinces regarding healthcare accreditation is hindering workforce mobility as people are hesitant to take out-of-province jobs since they or their spouse may be ineligible to work in their area of expertise. Additionally, many are reluctant to move at all since they may not be able to get a family doctor if they relocate.

One place this workforce mobility issue is particularly challenging is within the Canadian Forces, which regularly transfers its workforce between provinces. While the member of the forces is able to work anywhere in Canada, their spouse might not be. As a result, we have people moving out of the healthcare sector or even out of the workforce entirely due to a lack of recognition of their qualifications and experience.

While healthcare is largely a provincial issue, it is clear we need our federal government to create a strategy to increase the mobility of healthcare workers between provinces and to make it easier to provide accreditation to foreign healthcare workers and allow them to use their skills anywhere in Canada.

Continuing with the status quo will increase lost time in the workforce, decrease workforce participation, hinder workforce mobility, and hold back both the public and private sectors from addressing healthcare needs in our country.

Recommendations

That the Government of Canada:

1. Create a national strategy to assist provinces and territories in recognizing out-of-province and international healthcare credentials; and

2. Create a national proficiency exam that allows national labour mobility for healthcare workers new to Canada, currently working in a province, or newly graduated.

Transport & Infrastructure

#49 - Local Autonomy and Funding Support are Key to Success at Canada's Airport Authorities

Description

Transport Canada's recent consultation document on the future of Canada's Air Transportation system suggests a desire to increase Government involvement in Airport Authority oversight that could hinder responsiveness to local needs and priorities.

Background

30 years ago, the federal government divested Canada's airports so they could be flexible, connected to their communities, and grow to meet passenger demand. "The primary intention of the national airports policy divestiture policy was to enable the not-for-profit airport authorities to fully develop the potential of their airports, reduce costs, tailor levels of service to local demand, and attract new and different types of business." [242] These not-for-profit businesses have been guided by local community business leaders, have invested over $30 billion in their own infrastructure, and have paid more than $6 billion in rent to Ottawa — delivering enormous benefits to the federal treasury and value to taxpayers.

In April, Transport Canada conducted an Air Sector Consultation looking at a wide variety of issues facing the sector and asked questions regarding various elements including: the role of government is selecting board directors/chairs, service level standards, data sharing, consultation protocols, regional connectivity and airport financing.

Standardized Consultation Processes

More red tape will only slow down airport growth when demand and competition are taking off in this highly competitive sector. Airport Authorities must balance the needs, interests and concerns of a number of stakeholders whose interests and priorities may not always align. Airport Authorities are accountable to, among others, air carriers (passenger and cargo), passengers, their communities, businesses in Canada that are dependent on-air transportation, and municipal, provincial and federal governments.

Airport Authorities are accountable to their communities and the government through their ground lease and to their air carrier/airport user communities through Airport Improvement Fee or Passenger Facilitation Fee agreements with air carriers and the Air Transport Association of Canada.

[242] https://publications.gc.ca/Collection-R/LoPBdP/BP/prb0241-e.htm#thenationaltxt

- Airport ground lease agreements mandate frequent, meaningful public and stakeholder consultation on matters related to airport planning, operations and municipal concerns including noise management and mitigation.
- Airport Improvement Fee/Passenger Facilitation Fee agreements include strict language that requires consultations with and voting by air carriers to provide Airport Authorities with access to AIF/PFF funds for proposed capital expenditures. As a result, through this AIF process airports consult with air carriers on master planning and individual projects. In addition, air carriers are provided with audited financial statements on the use of these funds and the applicability of them under the AIF agreement.

Pricing Strategies

Pricing strategies are a key factor in advancing business tactics that support local objectives. Standardized, one-size-fits-all consultation processes do not provide sufficient flexibility to adequately address local market needs.

A recent report for Aeroports de Montreal by Moody's Investors Service highlights the risk to its credit rating in the face of potential government-imposed changes: "Any legislative or other development(s) which would limit ADM's ability or willingness to set rates and charges as necessary to fully cover its costs will cause a downgrade."

Airport Funding

Recovery from the pandemic is being experienced unevenly across the country with large hubs filling up with travellers and Ultra Low-Cost Carriers appearing in new markets; meanwhile many smaller regional airports struggle to secure service in the face of labour/pilot shortages. Further, the system is burdened with over $3 billion in pandemic debt needing servicing, which is impacting airport rates and charges.

Budget 2023 did not include infrastructure investment support for Canadian airports or any reductions in the amount of rent collected by the Government. Canadian airports are currently carrying $18 billion in debt and project to spend an additional $28 billion over the next decade to keep up with the state of repair of the assets, take action on environmental and climate change goals, modernize infrastructure to keep pace with demand, and improve the passenger journey. All these investments, that align closely with the government priorities, need to be funded and are placing considerable strain on airport finances. If the Government is serious about making air transportation in Canada more competitive, a new funding stream for airport infrastructure investments will go a long way to reduce pressures on both airport authorities and the air carriers that they serve.

Governance / Board Member Selection

Airport Authority governance models are comprised of local community members. The Board of Directors of Airport Authorities include appointees from municipal, provincial, and federal government as well as nominees by key community stakeholders. The local nomination process is informed by a consideration of experience, skills and abilities that are important to the board in providing oversight of the business and affairs of the authority. Airport Authority boards reflect the community they serve.

One of the most challenging parts of the airport board nomination process currently is the federal government appointments. Federally appointed board seats are often vacant for extended periods. It is not uncommon for airports to wait one to two years for a federal position to be filled. Additional Federal Government involved in the selection of director or chair positions would add a partisan element that would represent a fundamental shift away from the successful community, skills-based approach towards a more politicized environment that is not desired.

Recommendations

That the Government of Canada:

1. Ensure the continued autonomy of Airport Authority operations, financing, pricing and oversight to maximize the local benefits to their host communities;
2. Retain the current Airport Authority appointment process to eliminate the politicization of the candidates and to avoid lengthy delays as experienced by other agencies that require government approval of appointments; and
3. Create a new airport funding program through the reinvestment of airport rent back into airport infrastructure for a period of 10 years.

#50 - Sustaining the Canada Community-building Fund

Description

The Canada Community Building Fund (CCBF), previously the Gas Tax Fund, funds vital infrastructure in communities across the country. As Canada begins to shift to electric vehicles, the source of revenue for this fund is expected to decline. Government should ensure that the CCBF remains a sustainable program, despite potential revenue reductions.

Background

The CCBF is a $2 billion program that provides project funding to 3,600 communities across the country. Its impact extends to a wide range of local infrastructure projects and plans which could be affected if government revenues supporting the CCBF decrease.

The fund plays a crucial role in supporting businesses and communities nationwide by providing significant contributions to fund local infrastructure. It addresses critical needs such as public transit, roads, airports, and broadband connectivity. Improved infrastructure enables businesses to operate more efficiently, access new markets, and attract investment. Reliable broadband connectivity, in particular, is increasingly important for businesses in the digital age. It enables efficient communication, facilitates online transactions, and creates global market access for people and businesses in communities of various sizes. The CCBF's support in expanding broadband infrastructure helps businesses, particularly in rural areas, remain competitive and tap into previously unavailable markets.

The First Nations Infrastructure Fund, a program administered by Indigenous Services Canada, is also a recipient of the CCBF, and it assists First Nations in upgrading and increasing public infrastructure in their communities and increase economic activity. Sustaining the CCBF is important for maintaining and building infrastructure in First Nations communities, enhancing quality of life, and creating opportunities.

To ensure the continuity of infrastructure investments and support businesses and communities nationwide, governments need to proactively address revenue challenges. This can be achieved through innovative funding approaches and collaboration with stakeholders. The CCBF continues to play a vital role in renewing and expanding public infrastructure in communities, and it must be maintained as Canada upgrades infrastructure systems throughout the country.

It is crucial to the health of communities to prevent infrastructure from falling into disrepair or becoming obsolete. Sustaining the CCBF is essential in this regard, as it supports local businesses, fosters economic growth, and ensures that communities across the country have the necessary resources for development and prosperity.

Recommendations

That the Government of Canada:

1. Equitably maintain and sustain the CCBF as new programs and innovations are introduced, so those who currently rely on this crucial infrastructure enabling funding are not negatively impacted.

#51 - Protect Vital Trade Infrastructure on the Chignecto Isthmus

Description

National transportation links (road and rail) and utility infrastructure between New Brunswick and Nova Scotia are at risk of being severely damaged or severed by sea level rise and storm surges. This has been confirmed by the 2022 study[243], by Wood and Stantec, Chignecto Isthmus Climate Change Adaptation Comprehensive Engineering and Feasibility Study, identifying vulnerabilities of critical trade and utility infrastructure to the effects of climate change. There is an immediate need for decisive action on the part of the federal government, provinces and territories to protect this vital trade route, which is of national importance.

Background

The Isthmus of Chignecto is a narrow, low-lying neck of land spanning approximately 21 km, that provides the only land connection between Nova Scotia and the rest of Canada and the principal transportation connection to Newfoundland and Labrador. The isthmus is composed primarily of marshlands located at the head of the Bay of Fundy, the home of the world's highest tides. The area is protected by a system of dykes and berms, some dating back more than 250 years.

As the only land link to Nova Scotia, and Newfoundland and Labrador, there are numerous transportation and energy transmission linkages that, if interrupted, would have enormous economic impacts on people and businesses in and outside Atlantic Canada. The Trans-Canada Highway, the Canadian National Rail Line linking the Port of Halifax to North American markets, the High Voltage interconnect, fibre-optical cables, a wind farm and the Maritimes and Northeast Gas Pipeline all traverse this narrow stretch of land.

The value of this land connection is enormous to the local and national economy. The estimated $35 billion per annum value of goods and services through the corridor, inclusive of revenues generated by in-corridor economic activity, is at risk. The origin and destinations of transported goods span well beyond markets in Atlantic Canada, handling goods from across Canada to international markets and the island of Newfoundland.

[243] Chignecto Isthmus Climate Change Adaptation Comprehensive Engineering and Feasibility Study – Final report, March 16, 2022 (https://novascotia.ca/tran/publications/ci/Chignecto-Isthmus-Climate-Change-Adaptation-Comprehensive-Engineering-and-Feasibility-Study-Report.pdf)

The effects by climate change, such as sea-level-rise and increased intensity of weather events, combined with land subsidence, are increasing the risk of temporary and permanent damage to the existing infrastructure, and impacting the function of the Trade Corridor. With the increase in rising sea level as predicted, the existing infrastructure below contour elevation of 10.6 m, is vulnerable and requires protection. In the case of the Isthmus of Chignecto, the dangers are further amplified by geography, being located next to a body of water with tides reaching more than 13.5 metres in height.

The key challenge in this area is that flood protection is provided by a system of dykes managed by two provincial government departments and CN Rail. A significant portion of the system relies solely on the existence of a raised rail bed that parallels the Trans-Canada Highway for about 8 km. The balance of the system is provided by very old dykes, varying in height from 7.5m to 8.5 m that have been topped or threatened by storm surges on several occasions.

The value of this transportation infrastructure to the national economy is significant and the threat to its operation is real. The value of goods transported across the isthmus is estimated at roughly $50M a day and growing. More than 400,000 containers and 230,000 new cars pass through the isthmus on their way to and from the Port of Halifax every year. As the first port of call on North America's east coast for ships transiting the Atlantic from Europe and South Asia, the Port of Halifax offers a year-round, ice-free, uncongested gateway for importers in Canada and the United States. The cost of protecting this vital link can be easily justified when compared to the economic and social impacts of allowing the primary links to NS and NL to be damaged by increasingly frequent extreme weather.

The 2022 study identified 10 potential options, then shortlisted to three with the highest costed option being $300.8 M. The study indicated a 10-year timeline to put solutions in place. The project would be cost shared by the provinces of Nova Scotia and New Brunswick along with the federal government, which has indicated it would consider covering about 50 per of the cost, approximately $150 M.

It is not a question of if there will be an extreme weather or tidal event that breaches the dyke system, simply a question of when. Since the study completion, Hurricane Fiona in the fall of 2023 caused further destruction to coast lines. The study assumes that, if the status quo persists, over the next 30 years there will be an extreme weather event which results in the closure of the Chignecto Isthmus for two days' duration once every five years. In other words, 6 events or 12 days in total over the period. Based on the annual trade value of $35 billion the 12-day interruption has a total value of $1.2 billion.

To ensure an all-season trade route to PEI, in the past 30 years Ottawa has contributed more than $1.257B[244], through an annual subsidy to Strait Crossing Development Inc., compensating for the construction of the Confederation Bridge, exclusive of ongoing revenue from tolls. The federal government should consider the Chignecto Isthmus of equal importance to the country's trade infrastructure.

[244] https://www.thecanadianencyclopedia.ca/en/article/confederation-bridge#The%20Bridge

Recommendations

That the Government of Canada:

1. To consider the vulnerabilities to Canada's supply chains in this vital trade corridor a national priority to implement improvements in both public and private sector flood protection infrastructure while committing to reliable timelines for project completion.

2. Work with all provinces and territories to establish an equitable funding model removing the unfair burden of repair cost.

#52 - Recommitting to Tackling the Housing Affordability Crisis

Description

Housing has reached a crisis point in Canada, impacting the ability of businesses to attract and retain talent. Housing affordability and supply constraints are exacerbating labour shortages and the housing crisis itself, as the workers needed to build more housing are increasingly priced out of their communities.

Further, inflation, supply chain challenges, and other pressures are contributing to rising costs for housing development, which has not kept pace with demand. As Canadians spend more on housing, they have less available to spend on other goods and services, resulting in wide-ranging implications for businesses and the economy. Previously considered an urban issue, housing affordability is now impacting communities of all sizes.

Background

The Canada Mortgage and Housing Corporation (CMHC) estimates an additional 3.5 million housing units are needed in Canada beyond what is already being built or in the pipeline to restore housing affordability.[245], Moreover, Scotiabank recently called for the doubling of Canada's social housing stock, recognizing the moral and economic value proposition of affordable housing development.[246], For example, studies have demonstrated that investing $10 in affordable, supportive housing can save close to $22 in public spending on healthcare, justice, and social services.{3)

While distinct, housing supply and affordability challenges are mutually reinforcing and must be tackled in tandem: as mid-high income earners are priced out of the real estate market, they are increasingly occupying market rental housing for longer, contributing to low vacancy rates and rising rental rates. This also puts additional downward pressure on the limited supply of more affordable, non-market housing options (e.g., supportive and other types of social housing), further compounding the homelessness crisis.

[245] Canada Mortgage and Housing Corporation (2022, June). Canada's Housing Supply Shortage: Restoring affordability by 2030. Retrieved June 2, 2023, from https://www.cmhc-schl.gc.ca/en/blog/2022/canadas-housing-supply-shortage-restoring-affordability-2030

[246] Scotiabank (2023, January). Canadian Housing Affordability Hurts. Retrieved June 2, 2023, from https://www.scotiabank.com/ca/en/about/economics/economics-publications/post.other-publications.insights-views.social-housing--january-18--2023-.html

Canada launched its National Housing Strategy (NHS) in 2017, setting bold targets to reduce chronic homelessness by half, lift 530,000 households out of core housing need, and build 160,000 new homes over a 10-year period.[247], While some progress and significant additional investments have been made over the first half of the NHS's timeframe, the Auditor General of Canada found that the federal government has not effectively tracked or analyzed the impact of the NHS to date, in particular as it relates to reducing chronic homelessness.[248], [249],

The NHS needs to better meet the current crisis and leverage the strengths of the private, public, and non-profit sectors. Building and preserving the right types and mix of housing along the continuum is critical to ensuring all Canadians can access housing that meets their needs, especially as we continue to welcome much needed levels of immigration to help fill labour gaps.[250]

Currently, housing development targets and policy levers do not fully reflect different household incomes and compositions, nor do they account for external socioeconomic pressures, such as the rising cost of living. There are also significant barriers at all levels of government to approve development applications and distribute relevant funding in a timely manner.

Moreover, different levels of government and industry are not aligned on the definition of "affordable housing". Housing is generally considered "affordable" if it costs less than 30 per cent of household income before tax, yet many housing polices, programs, and funding streams use market-based valuations to determine affordability levels (e.g., 80 per cent of average market rent) as opposed to income-based ones (e.g., rent-geared-to-income). As market rates continue to increase due, in part, to low supply, high demand, and rising inflation, "affordable" housing is increasingly out of reach for households in need.

[247] Government of Canada (2023, March). About the National Housing Strategy. Retrieved June 2, 2023, from https://www.placetocallhome.ca/en/what-is-the-strategy

[248] Government of Canada (2023, March). Progress on the National Housing Strategy. Retrieved June 2, 2023, from https://www.placetocallhome.ca/progress-on-the-national-housing-strategy

[249] Office of the Auditor General of Canada (2022, November). Report 5 | Reports of the Auditor General of Canada to the Parliament of Canada: Chronic Homelessness. Retrieved June 2, 2023, from https://www.oag-bvg.gc.ca/internet/English/parl_oag_202211_05_e_44151.html

[250] Canada Mortgage and Housing Corporation (2018, March). About Affordable Housing in Canada. Retrieved June 2, 2023, from https://www.cmhc-schl.gc.ca/en/professionals/industry-innovation-and-leadership/industry-expertise/affordable-housing/about-affordable-housing/affordable-housing-in-canada

To solve the housing affordability crisis, the federal government has a critical role to play to spur different types of affordable housing development along the continuum, including:

- Deeply affordable and supportive non-market housing in collaboration with non-profit partners and other levels of government.
- Purpose-built rentals, mixed-use buildings, and “missing middle” housing in partnership with the private sector.
- Innovative mixed-income projects through public-private-non-profit partnerships.

In addition to building new housing, it is equally important to preserve existing housing stock, from both an affordability and sustainability perspective.

Recommendations

That the Government of Canada:

1. Address the impact of housing affordability on Canadian businesses, communities, and the economy by enhancing the National Housing Strategy and recommitting to deeper market and non-market housing affordability along the housing continuum, including by:
    a. Fostering a framework for private lending institutions to provide low-interest loans and other financing options tied to affordable housing production targets, while continuing to fund housing development through the Housing Accelerator program and exploring other programs.
    b. Expediting approvals and funding disbursements, which could include exploring automatic approvals for applications that meet specific affordability criteria.
    c. Developing a rental housing acquisition program to preserve existing low-end of market rental housing, including by supporting community land trusts.
    d. Continuing to identify surplus public lands and other assets for affordable housing development through the Federal Lands Initiative.
2. Work with all levels of government and industry to establish common definitions of affordable and attainable housing, with a focus on outcomes and considerations for regional variation in market rates, income levels, cost of living, etc.
3. Take a whole-of-government approach to harmonize housing policies and targets with other interrelated policy areas, including immigration, workforce development, and infrastructure to build complete, sustainable communities. This should include close collaboration and alignment with Indigenous Peoples, provinces, territories, municipalities, and industry to collect, analyze, and share relevant data to assess policy impacts and outcomes.

#53 - Support for the Renewal of the Billy Bishop Toronto City Airport Tripartite Agreement

Description

Billy Bishop Toronto City Airport is a critical transportation link for Canada and a key piece of infrastructure for the nation's economic future. In ten years (2033), the Tripartite Agreement which governs the operation and existence of Billy Bishop Airport will expire. As Canada continues to recover from the pandemic, we need to identify, secure, and optimize our competitive advantages. The time is now to modernize and renew the agreement under which the airport operates to ensure the airport can continue to offer connectivity that: drives trade and tourism, creates jobs, facilitates vital support for services like healthcare, and embraces technology that will make the airport cleaner, greener, and quieter to achieve climate change goals.

Background

Offering service to cities in Canada and the United States, with connection opportunities to international destinations, Billy Bishop Airport is an important international gateway and a key driver to Ontario's and Canada's economies. Generating more than $2 billion in net wider economic impacts and supporting tens of thousands of jobs throughout the country, the airport is an important connection in Canada's aviation ecosystem.

Around the world, downtown airports like Billy Bishop Airport support businesses, create jobs, provide connectivity, and unlock opportunities. These airports play a critical role in building knowledge economies that rely heavily on the circulation of people and ideas.

Canada is fortunate to have at the heart of its most populated province, one of the closest downtown airports in the world. Located approximately 3 kilometers from the downtown core, Billy Bishop Airport offers a unique competitive advantage. Providing linkages between Atlantic Canada, Quebec, and Ontario, the airport connects important economic and trade centres in central and eastern Canada and northeastern United States. With more than 20 destinations served today, the airport makes investment, trade, tourism, and development opportunities possible for businesses and workers in these communities and the communities around them.

Prior to COVID-19, Billy Bishop Airport supported the movement of nearly 3 million people, making it one of Canada's top ten busiest airports. Additionally, its connectivity to the United States makes it the fifth busiest Canadian-U.S. air border. This further supports the movement of people and goods that fosters a valuable and more resilient environment for trade, investment, talent attraction and retention, convenient travel for business and leisure, as well as rebuilding the visitor economy.

More generally, Ontario has an entrenched trade relationship with the United States. The airport has a bright future and is set to increase its value and impact for Canada's economy through the addition of U.S. preclearance services. This investment will:

- Increase economic opportunity with a net impact of C$4.8 billion in annual GDP (up from $2.1 billion in 2019), 32,400 jobs (up from 14,000 in 2019), and $28 million in monetized time savings for travelers and Canadian businesses.
- Generate an additional $60 million in direct on-site tax revenues across federal, provincial, and municipal levels.
- Support Toronto's waterfront revitalization efforts, which will create approximately 40,000 new residences and 40,000 new jobs.
- Increase connectivity to key business centres, including New York, Chicago, and Boston, while increasing access to new U.S. destinations for Canadians, such as Atlanta, Nashville, Chicago O'Hare, Minneapolis, and Philadelphia.

In addition to the incredible economic benefits and value of the airport, it also has an important function connecting Canadians to healthcare facilities and services not available in their home communities through various organizations. As a base for ORNGE – Ontario's air ambulance and medical transport – more than 3,600 life-saving flights were recorded in 2021 through the airport, while through organizations like Hope Air, Canadians needing access to care outside of their communities can access treatment in locations such as Toronto.

In ten years (2033), the Tripartite Agreement which governs the operation and existence of Billy Bishop Toronto City Airport will expire. As Canada continues to recover from the pandemic, we need to identify, secure, and optimize our competitive advantages. Now is the time to modernize and renew the agreement under which the airport operates.

Recommendations

That the Government of Canada:

1. Declare their support for Billy Bishop Toronto City Airport as a critical transportation link for Canada and a key piece of infrastructure for the nation's economic future, including by working with the City of Toronto, Government of Ontario, and PortsToronto to advance modernizing and renewing the Tripartite Agreement with urgency.

#54 - Expanding Short-sea Shipping and Container Movements within the Great Lakes

Description

Canadian transportation systems are congested, supply chains are less reliable, and Canada needs a more sustainable transportation system that reduces GHG emissions. Marine transportation on the Great Lakes presents an opportunity to tackle these challenges, leveraging existing infrastructure and capacity within the Great Lakes Seaway system. To enable an increase in Great Lakes short sea shipping services, the Canada Border Services Agency must provide the necessary service in the form of customs clearance and a First Port of Arrival designation for the Great Lakes.

Background

The Canadian commodities transportation system is congested - shipments to and from the major ports of entry are experiencing delays getting to their destination due to congestion at the existing major ports, rail transport being at capacity, and road congestion. Congestion costs just in the GTHA in the form of lost economic activity are estimated to be as much as $6 billion per year.[251], At the same time, transportation represents an enormous share of greenhouse gas emissions.

Marine transportation is the most carbon-efficient mode of transportation per tonne/km of cargo, 19% more efficient than rail transport and 533% more efficient than road.

‘Short sea shipping’ is the idea of making more regional goods movement transportation trips by marine. Recently, the context has been evolving dramatically, including the increasing cost of ground transportation, the impact of highway congestion, and shippers looking to green their supply chains.

Every day, more than 10,000 trucks move goods between the GTHA and Montreal. There is excellent potential to accommodate some of this traffic on a less-congested water route, using the greenest mode of transportation.

[251] “Costs of Road Congestion in the Greater Toronto and Hamilton Area”, Metrolinx. 2008.

In the wider Canada-US Great Lakes region, there is also untapped potential: a new study on Canada-US inter-lake short sea shipping opportunities published by Fluid Intelligence[252] shows how greater use of marine transportation can address some of the acute challenges facing southern Ontario's economy right now:

- Highway congestion and wear
- Border congestion
- Lack of transportation redundancy
- Truck driver shortages
- Need to reduce transportation-related GHGs
- Intensification of all the above, due to population growth and density
- Congestion costs just the GTHA economy as much as $6 billion per year

For example, the Fluid Intelligence report shows that there are an estimated 2700 truck trips between the area immediately around the Port of Chicago (50km radius) and the GTHA. If just 10% of existing cargo currently being moved by truck on this one route was handled in the marine mode, the transportation system could save 220 tonnes of GHGs per week.

In total, there are 5000 (50km radius) and 12,000 (100km radius) truck trips per week moving between five US Great Lakes ports and the GTHA, which are excellent candidates for a modal alternative (Ports of Cleveland, Milwaukee, Rochester, Toledo, Chicago).

Expanding short-sea shipping and marine transport of containers into Ontario has some barriers; the largest among them is the ability of the Canada Border Services Agency to provide the required sufferance facilities and staffing at Ontario ports.

To fully realize Ontario's short sea shipping opportunity, there must be adequate sufferance facilities and a designated first port of arrival for containers in Ontario. These services are essential to the future of sustainable goods movement in the province, alleviating road and rail congestions that affect Canada's transport infrastructure and drastically reducing greenhouse emissions.

[252] "Foundational Study on Cross-Border Short Sea Shipping Opportunities" Fluid Intelligence (HOPA Ports & McMaster Institute for Transportation & Logistics). 2023

Recommendations

That the Government of Canada:

1. Ensure that the Canada Border Services Agency (CBSA) is resourced and directed to enable the establishment of sufferance facilities and the clearing of containers at deepwater ports on the Great Lakes.

2. Designate a First Port of Arrival within the Great Lakes.

#55 - Transport Canada Civil Aviation: Addressing the Need to Speed up STCs & TSOs

Description

Transport Canada Civil Aviation (TCCA) is the Civil Aviation Directorate[253], and promotes the safety of the national air transportation system through its regulatory framework and oversight activities. As part of the regulatory framework, TCCA develops policies, guidelines, regulations, standards and educational materials to advance civil aviation safety in Canada. The issue in this policy is the delay in approvals of STCs – Supplemental Type Certificates and TSOs - Technical Standard Orders. TCCA, through oversight activities, verify that the aviation industry complies with the regulatory framework through certifications, assessments, validations, inspections and enforcement.

Background

TCCA is managed from five regional offices: Pacific Region; Prairie & Northern Region; Ontario Region; Quebec Region; Atlantic Region. The issue arising is that some regions are far busier than others. Requests for approval arriving from outside Canada are handled on a first-come, first-served basis, i.e., US. Requests from within Canada must be handled within the geographic region where the company is based which files the approval request. Despite this policy being tabled with Government in 2020, no progress has been made; hence this submission for renewal.

This has a two-pronged negative effect on Canadian companies, especially in the Pacific Region and the Ontario Region where the back-ups are lengthy. Foreign companies have an edge in the market over Canadian companies; and Canadian companies are being driven to open satellite offices in the US from which to file paperwork in order to receive approvals in a timely manner.

Background

Supplemental Type Certificates - STC

TCCA issues Type Certificates for Canadian-designed aeronautical products to certify that the product complies with the appropriate airworthiness standards. Hundreds of aviation-related companies produce products under some of the strictest controls in manufacturing today, incurring research and development (R&D) costs, high-paid staff costs and the costs of testing.

Approval certificates are a critical final step in the process. Delays in the Pacific Region have been growing for the last decade, from a variety of reasons: chronic understaffing; change in directors; lack of resources; increase in requests for approvals.

[253] https://www.tc.gc.ca/eng/civilaviation/menu.htm

Ten years ago, the wait for paperwork was 5-6 weeks. Now, it is 12 weeks and growing. New products are vital to improve a wide range of aircraft performance and maintenance factors.

Technical Standard Order – TSO

The TCCA requires that an applicant for a Canadian Technical Standard Order (CAN-TSO) design approval in respect of an appliance or a part has or shall have access to, the technical capability to conduct the design analyses and tests required to demonstrate the conformity of the appliance or part with its certification basis[254], . Our Canadian-based aviation companies – and there are thirty in the Okanagan, more than 100 in the lower mainland, and several others throughout the province – submit application to qualify new products on a year-round basis.

In Ontario and Quebec, the numbers are much greater: 52% of Canada's aerospace industry production takes place in Quebec ($14.4B annual sales); in Ontario there are 200+ aerospace companies, with $6B annual economic contribution). Slow-downs in TSO and STC approvals are a country-wide issue.

Many TSO agreements are in place between TCCA other international bodies, i.e., the EASA (European Union Aviation Safety Agency) and the FAA (US)[255].

This paperwork, both TSOs and STCs, is critical to the economic well-being of Canadian-based aerospace companies, and to the growth of professional level jobs in BC. At least one Okanagan-based company has already decamped altogether to the US (Washington State, in order to remain close to BC markets); rumours also continue of companies planning to open satellite offices as far south as Arizona and California, from which to file paperwork on products researched and designed in Canada.

This is a loss for Canadian business, and adds unnecessary layers of wasted time, increased costs, doubling of regulations and tax and audit reporting, for reasons which can be resolved through TCCA regional assignment flexibility, e.g., utilizing the less-busy Atlantic Region for Pacific, Ontario & Quebec Region requests.

Recommendations

That the Government of Canada:

1. Request that TSOs and STCs be processed to the first regional office that has processing capability, rather than queuing by geographic region;

2. Encourage Transport Canada Civil Aviation to bring its staffing to levels that meet regional demand to prevent the bleed-off of provincial businesses to the US and protect Canadian jobs.

[254] Canada, Aviation: Schedule V, Aeronautical Product Approvals, Canada: https://www.tc.gc.ca/eng/civilaviation/publications/tp14984-with-05-2710.htm
[255] Reciprocal Acceptance of TSOs; https://www.tc.gc.ca/en/services/aviation/aircraft-airworthiness/international-agreements-arrangements/reciprocal-acceptance-tso-easa-faa-tcca.html

#56 - Asset Maintenance Investments for Public Green Transportation Infrastructure

Description

Despite investment in new projects, the federal government is not investing nearly enough in maintaining and modernizing public transportation infrastructure, at a time when there is a growing need, particularly to make up for the long-standing shortfall.

Background

The issue of asset maintenance is an area that is not being sufficiently addressed in federal government public policy, especially when it comes to public and active transportation. Investing in new projects rather than maintaining the existing infrastructure, particularly when it comes to sustainable mobility, is often the preferred option, and we can well understand why, given the need for demographic development.

And yet, the federal government has committed $3 billion a year in permanent, predictable funding for public transit. Moreover, the rollout of the Active Transportation Fund will provide another $400 million over five years to help build new bike paths, trails and pedestrian bridges.

And let's not forget that the Government of Canada is investing significant resources in its green transition. In its 2023-2024 budget, investments totalling $80 billion over 10 years for the transition to a green economy were announced in a bid to counterbalance the U.S. *Inflation Reduction Act*. Of this amount, the Infrastructure Bank of Canada (IBC) has been allocated $20 billion for strategic financing.

The evidence is clear: the development of new transportation infrastructure remains extremely important, as Canada seeks to set an example in the green transition. However, asset maintenance and transportation infrastructure modernization needs are equally important but tend to slip under the radar of federal public policy. Transit authorities in urban areas estimate the need to invest billions of dollars in asset maintenance over the next decade. Provincial and municipal governments are already spending significant amounts, but this effort remains insufficient to address the asset maintenance deficit.

This is a source of concern in terms of planning, as the needs remain immense and will only increase over the years. According to Statistics Canada, in 2020, road infrastructure accounted for 48.1% of the infrastructure in greatest need of rehabilitation or replacement. Investment in asset maintenance is therefore more than warranted and, essentially, an opportunity to rethink and encourage new ways of getting around through the modernization of our public green transportation infrastructure.

Recommendations

That the Government of Canada:

1. Provide a substantial share of permanent and predictable funding for public transit and public green transportation infrastructure, for asset maintenance.

#57 - Canada’s Aging Icebreakers

Description

The obsolescence of Canadian icebreakers could have significant economic consequences and should be addressed. In recent years, vessels have been trapped in ice for periods in excess of the five-hour standard set by the Canadian Coast Guard (CCG), in some cases for more than a week, due to the unavailability of icebreakers. Rapid fleet modernization is therefore essential.

Background

Every winter, more than 1,500 merchant ships of all types travel the St. Lawrence and Saguenay rivers to supply aluminum plants, mines, refineries and other facilities or their customers.

Over the past decade, several ships have been icebound for longer than the five-hour standard set by the CCG. In some cases, ships have been immobilized for more than a week, due to the unavailability of icebreakers.

This situation is detrimental to companies and communities that are waiting for inputs essential to their operations and livelihoods, or that are committed to delivering their goods to their clients within contractual deadlines. In recent years, for example, a Rio Tinto Alcan plant has found itself less than 24 hours away from running out of alumina. If the unavailability of icebreakers forced an aluminum smelter to halt production, restarting it would cost tens of millions of dollars. Similarly, in 2015, the CTMA Vacancier, a ship that provides a winter service between the Magdalen Islands and Prince Edward Island, was trapped in the ice for three days due to the unavailability of an icebreaker.

In winter 2019, an ice jam in the vicinity of Sorel-Tracy and Lac Saint-Pierre interrupted navigation, holding up five ships at the Port of Montreal, which could have significantly affected trade from the St. Lawrence-Great Lakes corridor.

Nearly every winter, events of this kind reoccur. Calls for the federal government to modernize the icebreaking fleet have been made repeatedly since 2016 by all those involved in the industry. The Canadian Coast Guard’s (CCG) icebreaking fleet is antiquated. With an average age of around forty years, the Government of Canada has already stretched the fleet’s life expectancy. At least one icebreaker must now be taken out of service every winter for major repairs. On the other hand, the United States is currently building new icebreakers, which should start operating in Arctic waters in 2024.

This state of obsolescence jeopardizes the availability of service, with serious economic consequences, among them for the supply chains of companies across Canada, who receive or ship goods by rail or road to ports along the St. Lawrence River. Between 2021 and 2022, monthly twenty-foot equivalent container traffic at the Port of Montreal grew by 15%.

In the long term, the risk of reduced port accessibility and ship mobility along the Gulf of St. Lawrence, the St. Lawrence River and the Saguenay River will damage the reputation of the Port of Montreal and its ability to attract major international industrial investment. The risk of icebreakers being unavailable means that promoters may have to reconsider major investments.

The Canadian government's management of this risk seems insufficient. Although the government has expressed an intention to build new icebreakers, the new vessels will not be available for another decade. In the meantime, CCG intends to further extend the service life of its fleet through a program of maintenance and refits. According to CCG's Deputy Commissioner of Operations, "our fleet is actually very reliable". But is it reliable enough? In the light of recent experience, the answer is certainly questionable.

A fundamental mission of the State, in terms of economic development, is to provide companies with quality transportation infrastructure. The shipping lanes icebreaking service is a fine example of this mission, all the more so as it is a service financed by its users.

Recommendations

That the Government of Canada:

1. Set out a clear timetable for icebreaker replacement.

2. Address the Canadian Coast Guard's (CCG) needs in a timely manner, pending the construction of new vessels, by allocating sufficient funds in the next budget to enable CCG to raise the level of availability of the St. Lawrence River icebreaking fleet, thereby bringing the effective level of service up to standard.

3. Establish a domestic preference in the awarding of contracts to Canadian shipyards for the refit and construction of CCG icebreakers.

#58 - Empower the Development of Housing in Canada

Description

Canada's housing crisis continues to worsen, and with national housing supply in a very short state, the only permanent solution is increased construction of housing. However, federal investment in infrastructure to support housing development remains at low levels, even while federal tax revenues are high.

Background

The Canadian housing shortage continues to worsen. In 2003-2004, the average household would have had to devote 40% of their income to buy an average house in Ontario and 45% in British Columbia. In 2021, that had increased to 60%. CMHC estimates that the housing stock will increase by 2.3 million units this decade, but to restore affordability, an additional 3.5 million units will be needed.[256],

The housing shortage has a notable impact on Canada's economy and its employers. Individuals make their choices on where to live and work based on a trade-off between wages, house prices, and commuting costs.[257], With commuting costs rising with energy prices, vehicles, and transit fares, as house prices and rents increase, employers must either accept a smaller and shrinking pool of talent (especially with the current low unemployment rate) or be forced to increase their wages and labour costs.

The Government of Canada is increasing the number of immigrants it takes in, from 465,000 this year to 485,000 in 2024 and 500,000 the year after.[258], Approximately two-thirds of these immigrants will be economic immigrants whose skills and investments will drive Canadian economic growth, however, the additional population will further strain Canada's housing supply, already the lowest in the G7 and falling.[259],

[256] 1. CMHC: Canada's Housing Supply Shortage: Restoring affordability by 2030, retrieved from https://www.cmhc-schl.gc.ca/en/blog/2022/canadas-housing-supply-shortage-restoring-affordability-2030
[257] 2. Kim So, Peter Orazem, Daniel Otto: The Effects of Housing Prices, Wages, and Commuting Time on Joint Residential and Job Location Choices. American Journal of Agricultural Economics 83(4).
[258] 3. Government of Canada, Supplementary Information for the 2023-2025 Immigration Levels Plan, retrieved from https://www.canada.ca/en/immigration-refugees-citizenship/news/notices/supplementary-immigration-levels-2023-2025.html
[259] 4. Scotiabank, Estimating the Structural Housing Shortage in Canada: Are We 100 Thousand or Nearly 2 Million Units Short? Retrieved from https://www.scotiabank.com/ca/en/about/economics/economics-publications/post.other-publications.housing.housing-note.housing-note--may-12-2021-.html

Building additional housing will require a multi-pronged approach, but of particular interest to this resolution is that new housing requires new infrastructure. Municipal governments usually bear the bulk of the cost of this infrastructure, but while the federal government has benefitted significantly from the taxation of new housing construction, it has not invested back into supporting infrastructure at anything close to the same level.

As an example, the federal tax burden on new housing in Ontario is 31%, twice the average rate for the general economy, but the Government of Canada contributes only 7.1% of the public infrastructure requirement. The taxation-to-investment ratio for the federal government is 9.7 times better than for the province and 6.9 times better than for municipal government.[260]

By bringing their level of investment in infrastructure closer to the provincial and municipal level, the Government of Canada can not only ensure that the infrastructure to support a growing population and an increasing demand for housing is there but send a signal to the provincial and municipal governments and to developers that they are willing and able to support the housing growth that Canada needs.

Recommendations

That the Government of Canada:

1. Increase its investment in housing infrastructure to a level more closely aligned with provincial and municipal government.
2. Tie future housing investment to population growth targets to help ensure that the housing supply can keep up with increasing demand.

[260] 5. CANCEA, Will Feds Answer the Call? Infrastructure Investment Lags Amidst Highly Taxed Housing Construction. Retrieved from https://rccao.com/documents/Will-Feds-Answer-the-Call-Economic-Analysis-Report.pdf

#59 - Keeping Ports Connected

Description

To ensure that the Canadian economy can continue to grow, investment in infrastructure and technology related to imports, exports and advancements in shipping are necessary. Infrastructure projects and technological advancements improve efficiencies, commodity pricing and will ensure Canada remains competitive on the world stage.

For infrastructure and technology projects to materialize, all levels of government must work with ports across the country, to:

- coordinate investments in digital technology to enhance block chain and supply chain visibility; and,
- prioritize the timely and efficient approvals of infrastructure projects designed to meet Canada's trade objectives related to the shipping industry.

Background

Canadian trade connections and capacity can deliver the competitive advantage for Canada in the years ahead, but only if Canadian port authorities are able to plan for and advance projects that will meet the country's trade objectives.

For instance, the Port of Vancouver is about the same size as the next five largest Canadian ports combined. Home to 27 major terminals, the port is able to handle the most diversified range of cargo in North America: bulk, containers, breakbulk, liquid bulk, automobiles and cruise. As Canada's gateway to over 170 trading economies around the world, the port handles $1 of every $3 of Canada's trade in goods outside of North America. Enabling the trade of approximately $240 billion in goods, port activities sustain 115,300 jobs, $7 billion in wages, and $11.9 billion in GDP across Canada.[261],

However, even with these impressive stats, Canada's largest port is predicted to run out of space for containerized cargo by the mid to late 2020s. Container volumes through Canada's west coast have experienced significant growth over the last decade, a phenomenon that is expected to continue in the long-term.

[261] https://www.portvancouver.com/wp-content/uploads/2022/05/2022-05-17-Brochure-key-facts-web.pdf

Various infrastructure projects have been completed or are currently underway in order to improve capacity on the west coast. But that is still not enough to meet the predicted demand. Canada's best solution is Roberts Bank Terminal 2 (RBT2) – a proposed new marine container terminal in Delta, BC that is needed to ensure Canada is able to meet its trade objectives. The project recently received federal approval, following a rigorous environmental assessment process that began in 2013.

It is important to note that Canadian Port Authority operations are not financed by tax dollars. They receive revenues from terminal and tenant leases as well as harbour dues and fees charged to shipping companies that call at the port. The RBT2 project does not require the use of public funds, as the project will be funded by the port authority and private investment.[262],

The investment will be recuperated by the proceeds of the long-term lease of the terminal operator and terminal user fees. The construction of the Roberts Bank Terminal 2 will add a $2.3 billion increase to the GDP and $519 million in tax revenue. Once it's operational by the early 2030s, the RBT2 project will add an annual $3 billion increase to the GDP and $631 million in tax revenue.[263], Roberts Bank Terminal 2 will increase container handling capacity on Canada's west coast by 50%,[264], equivalent to 2.4 million twenty-foot equivalent units (TEU) per year.[265], This is needed to ensure Canada has the needed trading infrastructure to participate effectively and efficiently in the global economy.

The Port of Vancouver is expecting cargo to grow at the rate of nearly 3% over the next 4 years[266], with the majority of increases coming from foreign sources. This is a major boon to the economy but there are two issues that are causes for concern:

1. Without adequate space for the containers, this increase will be diverted to other ports in the United States, resulting in higher prices on consumer goods in Canada.

2. Many international shipping lines that utilize digital technologies that are years ahead of current technology used by the Port of Vancouver will choose to go to other ports that can communicate with the new technology.

Top international shipping lines like A.P. Moller-Maersk are increasing their investment in digital technologies to improve efficiencies and sharpen competitive edges in what is an extremely capital-cost-intensive industry. The connectivity and digital efficiency of major ports and their operations is therefore becoming a critical differentiator in attracting and maintaining business from major shipping lines.

[262] https://www.robertsbankterminal2.com
[263] https://www.robertsbankterminal2.com/projectfacts/
[264] https://www.portvancouver.com/news-and-media/news/steady-2022-cargo-volumes-through-the-port-of-vancouver-led-by-canadian-resource-exports-and-strong-second-half/
[265] https://www.robertsbankterminal2.com/about-the-project/container-forecasts/
[266] https://www.portvancouver.com/wp-content/uploads/2021/03/Drewry-container-forecast-report-final.pdf

Similarly, the Port of Montreal, the largest port in Eastern Canada, is battling the same capacity issues, with the Port expected to reach maximum capacity very soon.[267], The Port of Montreal sees over 2000 vessels per year, up to 2.500 trucks per day, and 60-80 trains per week with a 15.1 million tonnes volume of goods.[268] As Canada's second largest port, having connections to over 140 countries, the Port of Montreal handles goods from around the globe.

The Montreal Port Authority has proposed the Contrecoeur Terminal Expansion Project to plan for the forecasted increase in traffic. After completion, this project will add 60% more container handling capacity to the Port of Montreal equivalent of 1.15 million twenty-foot equivalent units (TEUs) per year.

This project has been in development since 2014 and recently saw a nearly 50% increase in its cost due to delayed investments by the Federal government {9}. The delay in funding will postpone the completion of the project which will hinder the ability for the Port of Montreal to function at its highest capacity.

Canada's competitiveness is weak and in addition to a supportive regulatory framework for the approval of infrastructure projects in shipping, it also requires large investment in supply chain visibility and block chain technology. The Vancouver Fraser Port Authority's Supply Chain Visibility Program provides better insight into the performance of the supply chain by using real-time, multi-modal information and data. This allows the port authority to identify network bottlenecks and constraints, which in turn can inform improvements and infrastructure investment possibilities. The program will benefit Canadian exporters by optimizing the western Canadian supply chain, which will improve performance, capacity and resiliency.

In order for this program to succeed, the Federal government should require, or at the very least, incentivize, private industry to work more closely with the VFPA to facilitate development of performance metrics across supply chains, share data, develop and provide funding for technology solutions.

Canada's major ports are our gateway to international trade. Our ports are planning for and mobilizing on various projects to support continued growth, but without sufficient regulatory support, they will not be able to meet Canada's trade objectives and Canada will fall behind.

[267] https://www.port-montreal.com/en/ctc-home/ctc-project
[268] https://www.port-montreal.com/en/the-port-of-montreal/about-the-port/at-a-glance/statistics

Recommendations

That the Government of Canada:

1. Create a competitive investment climate and regulatory framework to enable port infrastructure projects across the country receive approval and timely public and private sector investments; and,

2. Work with the supply chain industry, in particular marine terminal operators, drayage companies, railways and port authorities to invest in digital technologies that allow seamless communication with the technology used by large commercial shipping companies; and

3. Work with Provincial/Territorial Governments to ensure that industrial land is protected so that it may be used to enhance port activity.

#60 - On The Move: A Call for Sustainable Funding in Public Transit to Tackle Congestion

Description

Canada is a vast country with over one million kilometers of publicly owned roads.[269], Without efficient transportation, economic growth and the capacity for innovation will fail. Canada's network of roads, bridges, and public transportation options is managed by the three levels of government, often with varying capacity for reliability. The unreliability of transportation funding, increasing population, and congestion will stall economic growth.

Background

In 2022, Canada set a record population growth of over one million new residents, 95.9% of which is attributable to international immigration. This continues the trend of Canada's leading growth rate among G7 counties. According to StatsCan, this trend would lead to a doubling of Canada's population in 26 years.[270],

These newcomers to Canada bring necessary skills to ease Canada's labour shortage and demographic shift and contribute to the fabric of our country. However, our growing population needs a safe, efficient, and affordable way to get to school, home, and work.

For instance, in the lower mainland of British Columbia, one million new commuters are anticipated to come to the region over the next 20 years. Investing in better, planned, sustainably funded transit and transportation infrastructure is key to reducing congestion, making life more affordable for Metro Vancouver residents, reducing impact on the environment, helping the province of British Columbia as a whole. In 2022, Vancouver ranked 22 on a list of best cities globally for public transit (the highest score in Canada). Montreal ranked 31, and Toronto ranked 34.[271]

The three Canadian cities listed already invest heavily in transit improvements and have significant projects underway. Despite this, ridership numbers are still below their 2019 levels, which is beginning to necessitate cuts or inconsistencies in funding.[272]

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[269] https://www150.statcan.gc.ca/n1/daily-quotidien/201026/dq201026a-eng.htm?HPA=1
[270] https://www150.statcan.gc.ca/n1/daily-quotidien/230322/dq230322f-eng.htm
[271] https://www.oliverwymanforum.com/content/dam/oliver-wyman/ow-forum/template-scripts/urban-mobility-index/PDF/Mobility-Index-Report.pdf
[272] https://montrealgazette.com/news/local-news/transit-cuts-are-being-felt-in-montreal-and-more-could-be-coming

Employers across this country need their workers, customers, and suppliers to be able to reach them. Ballooning population, coupled with reduced transit use has driven congestion in urban centres across Canada. In 2023, Toronto took the unfortunate ranking of 7 for worst congestion, among 1,000 global cities, with Torontonians losing approximately 118 hours in traffic in 2022.[273], A study from 2015 estimated that in Metro Vancouver alone, the economic cost of congestion to the region was $500 million to $1.4 billion every year.[274],

Canadians' reliance on single occupant vehicles, whether gas powered, or electrical will continue to congest our roadways. Every minute that a commercial vehicle must sit in stop-and-go traffic is a waste of carbon. Creating reliably funded public transit in all regions will facilitate individuals to replace their car trips with transit. Investment in transit does not only benefit businesses and residents by reducing congestion, but it will also help Canada achieve its climate goals, as transportation accounts for approximately 25 percent of Canada's greenhouse gas emissions.

The Mayors' Council has advocated for a permanent federal transit fund – with a projected start in 2026[275], – to help meet demand in the future. We can't wait another three years to take the next steps in expanding Metro Vancouver's transit system. That's why we are asking the federal government to make an immediate commitment – accelerating the implementation to 2024 – to help us accelerate the implementation of Transport 2050: 10-Year Priorities[276].

The Mayors' Council is asking the federal government to renew its partnership with B.C. and regional leaders to quickly allocate funding to expedite completion of the 10-Year Priorities and maintain the momentum on nation-leading transit expansion and ridership growth. Just by completing the 10-Year Priorities, road congestion can be reduced by up to 20 percent and save commuters as much as 30 minutes on their daily travels.

In order to understand the needs of a region, the Transport 2050 planning process should be supported regardless of political changes. This study will look at population patterns, public policy initiatives underway or planned, fiscal responsibilities, and other variables. Once the study is complete, it is assumed that the need for annual and long-term funding would become apparent.

A concerted effort with adequate levels of funding from the Federal Government will provide benefits to the region for generations. Half-measures and planning that changes with a change of government will only hurt our business community.

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[273] https://inrix.com/press-releases/2022-global-traffic-scorecard-uk/

[274] https://www.cdhowe.org/public-policy-research/tackling-traffic-economic-cost-congestion-metro-vancouver

[275] https://www.infrastructure.gc.ca/alt-format/pdf/transit-transport/ptf-engagement-paper-fptc-doc-mobilisation-en.pdf

[276] https://www.translink.ca/news/2022/april/translink%20unveils%20first%2010%20years%20of%20transport%202050%20priorities

Recommendations

That the Government of Canada:

1. Accelerate the implementation of the Permanent Federal Transit Fund to begin in 2024 that provides:

    a. Reliable, predictable funding over a minimum 10-year term; and,

    b. Funding for a study of the best technology implementation to relieve congestion and improve safety.

#61 - Supporting Public Transportation Funding in Smaller and Rural Communities

Description

To implement successful public transportation systems, smaller and more rural communities across the country require tailored policy making from the federal government that reflects the current realities of our economy and population as well as the challenges that are often dissimilar to more populated, urban areas of the country. Public transportation policy and funding implemented uniformly across the country adds little value to our public transportation systems or achieving climate goals.

Background

For Canada to succeed on improving public transportation to help meet our climate goals, smaller and more rural communities across the country require tailored policymaking from the federal government that reflects the current realities of our economies and populations as well as the challenges that are often dissimilar to more populated, urban areas of the country. Implementing a public transportation funding policy uniformly across the country will add little value to many of our public transportation systems.

Canada is a big country with diverse and distinct regions – this is already recognized by the existence of successful, tailored initiatives like the Atlantic Immigration Program and the Rural and Northern Immigration Pilot. Those are regionally-focused success stories and we can continue to build on those models. Applying Ottawa-centric policies and programs that do not reflect current demographic and economic conditions will make the government's public transportation and climate change goals very difficult to achieve for many communities outside of large centres.

A lower population density and large geographical areas separating communities make the financial viability of public transit unsustainable in many parts of the country.

The public transit stream of the Investing in Canada Infrastructure Program (as well as the one-time $750 million top-up in 2022) has two primary issues for smaller and rural communities:

1. The restriction on use of funds for operating costs.

2. The funding formula, which is based on transit ridership (70 per cent weight) and population (30 per cent weight).

Operating Costs

Most federal funding for public transit is restricted to capital costs – largely targeted at electrification and other GHG emission reductions. Smaller and rural communities are often not in a position to take advantage of this funding because of (a) matching requirements - there are widely differing investments in public transportation by provincial governments, which may affect the ability of communities to implement needed public transportation solutions as more of the burden falls onto municipalities; and (b) spending money on new capital costs makes the public transportation system even less financial viable as it will not increase ridership.

From an emission perspective, it would be more effective to (for example) increase the ridership on current gas-powered buses than to purchase new electric vehicles that also run mostly empty.

Current Funding Formula

The current funding formula places 70% weight on current transit ridership. This ensures that communities with low ridership that are seeking ways to increase the use of public transit are disadvantaged. Similarly, these are also the communities with a lower population – which makes up the other 30% of the formula. Unlike many other federal funding programs – there is no base amount of funding that could make up some of this gap. This leaves communities with the least amount of capacity and lower ridership in a difficult position to implement public transit solutions.

Recommendations

That the Government of Canada:

1. Adjust federal public transportation funding formulas to provide smaller and rural communities with:
    a. Support to expand operational services.
    b. A base funding amount that encourages communities with low ridership and population density to invest in operational and capital upgrades.

#62 - Working Together to Create a Canadian Supply of Sustainable Aviation Fuel

Description

Canada's aviation and aerospace industry shares the Government of Canada's goals to decarbonize air transportation and supports Canada's Aviation Climate Action Plan's[277], goals of net-zero by 2050. This ambitious target cannot be achieved without a domestic supply of Sustainable Aviation Fuel (SAF). Industry needs to work with government to support the production and supply of affordable, low-carbon, made-in-Canada SAF.

Background

On June 5th, the Canadian Council for Sustainable Aviation Fuel (C-SAF), a group made of airlines, suppliers, aerospace manufacturers, airports and academia, released Canada's first SAF Roadmap[278] which provides a clear path to the ambitious goal of a 10% SAF use by 2030 as set in the Action Plan. By 2035, Canada should be ready to produce SAF to meet 25% of total jet fuel demand which would reduce emissions by 15-20% for departures from Canada.

The industry cannot get there unless decisions are made now to scale up SAF production in Canada. Canada has long been a leader in sustainable aviation. However, in the absence of bold. deliberate policies, Canada is losing investment to other countries. Not only will this make Canada miss out on a new, but emerging net-zero industry that will also be prominent in the future, it will ultimately undermine the competitiveness of Canada's aviation and aerospace industry, one of the world's three global hubs, which supports 633,000 jobs across the country and contributes over $60 billlion to Canada's GDP.

The roadmap for SAF in Canada relies on three key objectives to balance:

- Decarbonize now: maximize SAF now from commercial ready pathways.
- Feedstock activation: establish regional value chains and commercial pathways for all Canada's feedstocks.
- Innovation drive: launch demonstrations in multiple SAF production pathways.

The aviation ecosystem needs Government to create a concrete action plan to establish a competitive investment climate and capture the economic value-add of made-in-Canada SAF.

[277] https://tc.canada.ca/en/corporate-services/policies/canada-s-aviation-climate-action-plan
[278] https://c-saf.ca/

Recommendations

That the Government of Canada:

1. Work with governments across the country to seize the opportunity to work together with industry, and to introduce concrete and comprehensive measures and policies that will support the development of local supply chains of Sustainable Aviation Fuel (SAF) and prioritization of sustainable feedstock, which will help preserve Canada's leadership and competitiveness in aviation and develop an affordable and resilient SAF industry in Canada.