2024

Policy Resolutions

Positions on Selected 2024 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 at the Canadian Chamber's Annual General Meeting & Convention in Halifax from October 17-19, 2024.

Each resolution, once approved, has an effective lifespan of three years. The 2024 resolutions were discussed, amended and approved during debate, at which time accredited voting delegates from across the country considered a total of 46 proposals which had been drafted originally by local chambers of commerce, boards of trade and policy committees of the Canadian Chamber. Two-thirds of the votes cast was necessary to approve each resolution. Delegates approved 40 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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FINANCE AND TAXATION

1. Joint Filing of Spousal Personal Income Tax Returns

Description

The Carter Commission recognized long ago that the appropriate unit of taxation is the family unit rather than the individual. Recent changes to the taxation of spouses within a family unit have highlighted the inequality of the tax burden realized by the family unit. In particular, shareholders of Canadian businesses are most affected by the changes, and it is now necessary to reverse them through the introduction of amendments to the Income Tax Act that will provide for the filing of Joint Spousal income tax returns.

Background

Prior to the issuance of the Report of the Royal Commission on Taxation more commonly referred to as the Carter Commission in 1966, the unit of taxation in Canada had been the individual. More specifically, income taxation was directed at the individual or person receiving the income, irrespective of marital status. In his report, Mr. Kenneth Carter pointed to the inequity of this approach and stated Because the individual is the tax unit, serious inequity and enforcement problems arise[1].

Two of the four fundamental objectives of the Carter Commission point specifically to the importance of taxation of the family unit as opposed to the individual. The report stated, in summary:

In most families, incomes are pooled, consumption is collective, and responsibilities are shared. It should be an objective of the tax system to reflect this fact, by considering families as taxable units. The ability to pay of the family, as distinct from the individual members of the family, must be recognized[2].

The tax system must also recognize that the special responsibilities and non-discretionary expenditures of unattached individuals and families affect their ability to pay. Unusually heavy medical expenses, certain education costs and the number of dependent children, for example, should be considered in allocating tax liabilities[3].

The report by the Commission placed a significant amount of weight on the principles of equity and in particular the attention to equity and taxation of the family unit. As early as 1966, it was apparent that addressing the inequality in taxing the individuals who comprised a family unit was of paramount importance as Mr. Carter and his colleagues recommended the following amendments to the Income Tax Act:

- The family unit was to be granted a special rate schedule and would be taxed on the aggregate family income, which would be filed as a single return:
    - Under the schedule, to be known as a family unit rate schedule, family units would pay less tax than individuals with the same income;
    - Family units would be granted a basic exemption that would essentially be double that of an individual; and,
    - Non-refundable tax credits would be granted to the family unit for children of the family[4].

Although the recommendations presented to the House of Commons Report on Taxation were accepted from the Commission, the recommendations on taxation of the family unit did not find their way into the amendment of the Income Tax Act at the time.

The recent changes to the taxation of Canadian-controlled private corporations (CCPC's) and their shareholders have brought this issue, once again, to the forefront as the proposals (which have now found their way into legislation) addressed the ability for families who operate certain CCPC's to allocate or split income between spouses and other family members. The new legislation that addresses the Taxation of Split Income (or TOSI) has eliminated what was once the principal objective of the Carter Commission Report – the ability to minimize the overall tax burden of the family unit.

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[1] Report of the Royal Commission on Taxation, op. cit. n.1, Vol. 3 at p.127
[2] The Family and the Income Tax Act in Canada, McGill Law Journal, Volume 18:4, 1972, David W. Beaubier, p.1
[3] Ibid, p.1
[4] Report of the Royal Commission on Taxation, op. cit. n.1, Vol. 3 at p.173

We believe that the time is right to address the inequity that has resulted from the reluctance of successive Canadian governments to adequately recognize the family unit as the appropriate unit of taxation. The introduction of legislative provisions that will allow for the filing of a joint personal income tax return by married persons will address the inequality that is inherent in our system of taxation and can eliminate the administrative and compliance burden that is imposed by TOSI regime introduced in 2018.

Arguments have been advanced that the introduction of a method of taxation that does not singularly recognize the female worker and her contribution to the fisc by representing a unit of taxation bears any validity whatsoever. On the contrary, we believe that the introduction of provisions to allow for the filing of joint spousal returns will not have any adverse impact upon female labor participation rates and will only serve to provide greater after-tax resources to the family unit, thus ensuring greater financial security for female participants of the workforce.

Recommendations

That the Government of Canada:

1. Establish a framework within the Income Tax Act, Canada, to address the importance of the family unit as the appropriate unit of taxation.

2. Introduce legislation to provide for an appropriate family unit rate schedule to address taxation of the family unit.

3. Review and address current non-refundable tax credits to ensure their appropriate application to the taxation of the family unit.

4. Introduce legislation to provide for the ability for families to file a Joint Spousal income tax return to report the aggregate family income of the family unit.

2. Consolidated Income Tax Filing for Corporate Groups in Canada

Description

The current approach to taxation of corporate groups in Canada ignores the commonality of ownership principles and requires that owners undertake costly and complicated planning to allow for consolidation or transfers of losses and/or credits between members of a common corporate group. Several countries in the Organization for Economic Co-operation and Development (OECD) allow for taxation of corporate groups on a consolidated basis and it is past time for Canada to join its peers in this practice.

Background

"Every man is entitled, if he can, to order his affairs so that the tax attaching under the appropriate Acts is less than it otherwise would be." – The Duke of Westminster (1936)[1]

As aptly put by the Duke, owners of corporations are, within the bounds of the legislation of the Income Tax Act, Canada, allowed to order their affairs to minimize the income tax that they would otherwise pay in the absence of planning for the resulting liability. Where closely-held groups of companies are concerned, this often requires that the shareholders undertake complex loss consolidation transactions through financing arrangements, reorganizations, and transfers of property on a tax-deferred basis which will attract additional professional fees (legal and accounting) and may also attract additional costs associated with seeking specific rulings from the Department of Finance. From the Duke's perspective, the ability to arrange one's affairs exists, but achieving the goal of tax minimization is much more cumbersome than it needs to be.

Several jurisdictions within the OECD have legislation in place that will allow for the consolidation of corporate groups and the option to file as such, or to file an income tax return for each corporation independently. The following countries (all of which are members of the OECD) have the ability to order the income tax affairs of consolidated groups of companies subject to taxation in their respective countries on a joint and consolidated basis: Austria, Luxembourg, Mexico, Netherlands, Poland, Portugal, Spain, France, Germany, Hungary, Italy, and Japan.

Most significantly, our largest trading partner, the United States, also provides for the consolidated taxation of a corporate group. This option has been available to groups of corporations in the US who meet certain qualifying requirements since 1918 in recognition of the fact that, although many businesses achieve some of their objectives with multiple legal entities, the US Tax Code recognizes that the business entity is singular.

Foreign entities who make investment decisions will always consider not only the rates applied to business income earned in a jurisdiction but the level of complexity and burden of compliance in a target jurisdiction. As many of our economic contemporaries allow for a streamlined approach to tax filings for corporate groups, it is a safe assumption that, in respect of this consideration when investors choose where to invest, Canada does not fare as well as other competitive jurisdictions.

Recognizing that the cumbersome nature of tax compliance of a corporate group in Canada results in distinctly higher costs for Canadian business owners and also represents a drag on the competitiveness of Canadian business for foreign investment capital.

Recommendations

That the Government of Canada:

Introduce legislation to create a formal system of corporate group taxation that would provide for a formal system of loss transfers and/or consolidated reporting.

[1] Inland Revenue Commissioners v. Duke of Westminster [1936] A.C. 1; 19 TC 490.

3. Calling for a Comprehensive, Independent Review to Simplify Canada's Tax Code

Description

It has been nearly 60 years since the last thorough review was undertaken of Canada's tax code, which now encompasses several thousand pages. Over successive governments it has become bloated and inefficient, while continually being inflated by a patchwork of incentives and amendments that have made it burdensome and complex, especially for businesses. It is time reinforce the Canadian Chamber of Commerce's ongoing advocacy in support of a simplified tax code, beginning with an independent, comprehensive review with a mandate to simplify and create a system that works in Canadians' best interests and encourages, not discourages, economic growth.

Background

When income tax was first imposed on a small portion of Canada's population in 1917 to help finance the First World War, the Income War Tax Act was drafted as a 10-page document. However, once the war ended in 1918 and nearly $8 million had been collected representing just a fraction of the overall cost of the war which left a national debt of $1.6 billion, this temporary measure remained. It was expanded during the Second World War and officially became a permanent legislative fixture coming into effect Jan. 1, 1949, as the Income Tax Act.[1]

By 1948, the Act had grown to 88 pages and continued to expand following a series of amendments and reforms in the 1960s leaving the 1970 edition at 424 pages. Despite the fact it was considered too complicated for the average Canadian to understand even at that time, the Act has continually increased in size ballooning to more than 3,300 pages thanks to various amendments and narrow fixes. In the Federal Budget 2024 alone, numerous amendments and changes were announced including an increase to the Carbon Tax, Increased Capital Gains Inclusion, and the Alternative Minimum Tax, to name just a few.[2]

The document itself, according to the Canadian Taxpayers Federation, contains more than 1.1 million words – more than the Bible and the Koran – and would take more than 62 hours straight to read. (It's approximately the same length as the entire seven-book Harry Potter series).[3] Containing countless amendments and adjustments, the current tax code has become increasingly convoluted as taxation of SMEs has become more complex as layers of incremental changes are continually introduced – from anti-avoidance rules to association rules, to the taxation of private corporations.

Canada's tax code does not foster alignment with international norms, nor does it do enough to promote global competitiveness and more must be done to help businesses grow and innovate.[4] According to a True North article shared by the Fraser Institute from December of 2023, Canada is expected to be the worst-performing advanced economy among 38 OECD (Organisation for Economic Co-operation and Development) for growth in in-person GDP and uncompetitive business tax rates have been identified as being partially responsible.[5]

Canada has lost its corporate tax advantage as the U.S. and other countries have reduced corporate taxes and improved their own tax competitiveness. The tax code last underwent a comprehensive review in 1967 and since then the world has become much more global as technology has taken hold.

[1] https://shorturl.at/bnn9E
[2] https://shorturl.at/DAmkr
[3] https://tinyurl.com/mr4ckdk2
[4] https://shorturl.at/aRFXY
[5] https://shorturl.at/tNUTR

Some may argue the tax code in its current form serves Canadian taxpayers well and that continued amendments ensure Canada's wealthy will pay their fair share, which is untrue. In fact, a 2023 Fraser Institute report has suggested the top income-earning families — those making just under $250,000 — pay most of Canada's taxes. It found that the top 20% of income earning families pay 61.9% (nearly two thirds) of all the country's personal income taxes and more than half — 53.1% — of total taxes, while accounting for just under half of its total income.[6]

The Canadian Chamber of Commerce has long been a strong proponent of changes to Canada's tax system. In its 2021 pre-budget submission to the House of Commons Standing Committee on Finance, the Canadian Chamber clearly identified the ongoing complexity of our tax system and the need for review to enhance Canada's competitiveness.[7] As well, in its 2019 report 50 Years of Cutting and Pasting: Modernizing Canada's Tax System, it identified eight recommendations pertaining to the tax system, five of which remain outstanding. Among these is a call to have a federally appointed Royal Commission to undertake a whole-of-system review of taxation in Canada.[8]

We feel strongly the time is now to move forward and believe the first step requires a review of the tax code itself to determine what efficiencies can be found to strengthen our current tax system, creating a more viable economic environment for businesses to thrive.

Recommendations

That the Government of Canada:

Heed the call to reform Canada's tax system. Commit to establishing an independent, comprehensive review of Canada's tax system ensuring the review's terms of reference focus on simplification and modernization, identifying potential changes to encourage more economic prosperity for Canadians.

[6] https://shorturl.at/BCyuD
[7] https://shorturl.at/XovA9
[8] https://shorturl.at/EhXM8

4. Discard the Capital Gains Tax Increase

Description

The increase to capital gains set to be enforced as of June 25th, 2024, will have profound, long lasting and potentially irreversible repercussions detrimental to Canadian businesses.

Background

In Budget 2024, Fairness for every generation, the Federal Government announced plans to raise the capital gains inclusion rate from 1/2 to 2/3 on corporations and trusts. The increase will also apply to capital gains over $250,000 realized by individuals.

The increase will be conditionally enforced as of June 25, 2024, even if the proposed legislation putting it into force does not receive Royal Assent by that date.

Increasing the capital gains inclusion rate puts Canadian businesses at a disadvantage relative to other countries with lower capital gains inclusion rates or capital gains tax rates. The Canadian Chamber of Commerce estimates the increase is likely to affect one in five Canadian businesses directly over the next decade.

The proposed increase has received sweeping backlash from the business community since the tabling of Budget 2024. In May, six industry organizations including the Canadian Chamber of Commerce and the Canadian Federation of Independent Businesses wrote an open letter to the Minister of Finance[1] highlighting economic disadvantages that may arise from the capital gains inclusion increase.

Businesses and business councils agree that increasing the capital gains inclusion rate will have far-reaching effects on the Canadian business community as well as individual Canadians.

Some potential effects of the increase include:

- Diminishing the creation of new jobs, and therefore making it more difficult for Canadians to find jobs,
- Decreasing the incentive for foreign investors to invest in Canada,
- Limiting domestic competition by discouraging entrepreneurship and lowering the risk/reward balance,
- Eroding pension returns and compromising retirement savings,
- Limiting access to affordable housing,
- Exacerbating financial challenges for medical practitioners and farmers.

David Dodge, former Governor of the Bank of Canada, stated that increasing the inclusion rate would make Canada a less attractive place for foreign investment[2] This comes as the Bank of Canada called Canada's business productivity problem an emergency, and cited an increasingly persistent gap between the level of capital spending per worker by Canadian firms and the level spent by their US counterparts.[3] The capital gains inclusion rate hike would only serve to widen this gap.

Recommendations

That the Government of Canada:

Discard the capital gains tax increase, to bolster innovation and retain investments in Canada.

[1] https://chamber.ca/news/joint-letter-to-minister-freeland-on-capital-gains/
[2] https://www.bnnbloomberg.ca/2024-budget-hurts-inflation-fight-foreign-investment-young-people-dodge1.2060905
[3] https://www.bankofcanada.ca/wp-content/uploads/2024/03/remarks-2024-03-26.pdf

5. Tax Fairness for Healthcare Professionals

Description

While most healthcare professionals are exempt from charging clients Harmonized Sales Tax, there are still some left out of this exemption, including Registered Massage Therapists. All healthcare service providers should enjoy the same sales tax exemptions.

Background

The federal Excise Tax Act provides the Canada Revenue Agency with a number of exemptions to the collection of sales tax. Schedule V, Part II of the Act[4] defines healthcare services and section 7 specifically lays out what individual service practitioners are exempt. The Act lists 13 specific services like chiropodic, physiotherapy and naturopathic services.

There are notable registered professions missing from this list, including registered massage therapists.

The registered massage therapy sector met the criteria for harmonized sales tax exemption in 2019[5] by achieving five provinces regulating the profession. These provinces are Prince Edward Island, Ontario, British Columbia, New Brunswick, and Newfoundland and Labrador. The Canadian Massage Therapist Association has requested exemption from the Ministry of Finance, but no action has yet been taken from the federal government.

Psychotherapists have been in the same situation, but the federal government is now in the process of approving a sales tax exemption for this mental health profession.

It's fair for the Government of Canada to set baseline criteria for providing HST exemptions to ensure only those held accountable through regulated professions can be afforded this support. However, it's also incumbent on the Government of Canada to grant approval in a prompt manner when those criteria have been met. Waiting five years with no indication of any action is unacceptable.

Recommendations

That the Government of Canada:

1. Level the playing field for all regulated healthcare professions by providing sales tax exemptions for all providers that meet regulation requirements.

2. Begin the sales tax exemption process within one year of complying with regulation criteria.

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[4] Excise Tax Act, Schedule V https://laws-lois.justice.gc.ca/eng/acts/e-15/page-120.html
[5] Canadian Massage Therapist Association https://crmta.ca/project-rmtact/

6. Addressing the Affordability Crisis by Getting Back to Fiscal Balance and Right-Sizing Government

Description

Public debt as a ratio to GDP soared in Canada and across the world during COVID-19 and is expected to remain elevated, posing a growing challenge for policymakers.

The latest federal budget forecasts persistent deficit spending and increasing public debt without a clear plan for fiscal balance. With projections showing a continued rise in debt and interest payments consuming a significant portion of the budget, concerns arise about the sustainability of this approach. Moreover, the reliance on taxation to address the debt issue poses potential consequences for economic growth and competitiveness, particularly through discouraging business investment.

At a time when affordability and the cost of living are top of mind for many families in Canada, it's important to look at which household expenses are costing Canadian families the most. According to a recent study, taxes are the largest single expenditure for the average family, even bigger than expenditures on basic necessities. According to almost every indicator including economic growth, business investment, entrepreneurship, and the employment and unemployment rates, Canada's private sector is struggling, creating less opportunity and negatively impacting the economic wellbeing all families.

Over the last 16 years, federal net debt has increased by $603.6 billion (in 2023 dollars), or 83.1%.[1] Increased debt accumulation combined with high interest rates means that government must raise taxes on Canadian families and businesses, has less money available to devote to the services Canadians need and is expending significant revenue just to cover the interest costs of Canada's debt.

Background

While running deficits in years of sluggish growth or recession or pandemic is considered a reasonable fiscal approach, successive deficits and the lack of a clear strategy for future fiscal balance is an imprudent fiscal tactic.

The Canadian government projects another five years of deficit spending and over a hundred billion dollars added to our already heavy debt burden. Furthermore, the government has not signaled an end to its borrowing or that there is a plan in place to repay that money.

The Parliamentary Budget Officer (PBO) projects the federal debt-to-GDP ratio to increase from its 2022-23 level of 41.7 per cent, reaching 42.4 per cent in 2023-24 and 42.5 per cent in 2024-25. Assuming no new measures and existing temporary measures sunset as scheduled, the federal debt ratio is projected to fall to 39.2 per cent in 202829 but remain well above its pre-pandemic level of 31.2 per cent of GDP in 2019-20.[2]

The 2024 federal budget projects that public debt charges — the interest we're paying on the debt — will climb from just over $54 billion today to more than $64 billion five years from now, a 20 per cent increase.[3]

Ten cents of every dollar of revenue the government brings in is now going straight to interest payments, according to TD Bank[4], and those interest payments are representing a bigger and bigger portion of the budget. In fact, interest payments on the debt are projected to exceed GST revenues by 2028.[5]

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[1] The Growing Debt Burden for Canadians, 2024 edition (fraserinstitute.org)
[2] https://www.pbo-dpb.ca/en/publications/RP-2324-027-S--economic-fiscal-outlook-march-2024--perspectives-economiques-financieres-mars-2024
[3] Budget 2024 prioritizes housing while taxing highest earners, deficit projected at $39.8B - BNN Bloomberg
[4] Budget 2024 Canada and the highlights in 4 charts | Financial Post
[5] For the first time in 12 years, government debt costs will surpass GST revenue - The Hub

Economists from the National Bank of Canada say, The feds expect to spend more servicing the public debt this fiscal year than will be transferred to the provinces via the crucially important Canada Health Transfer — the first time in over a dozen years interest trumps regular CHT cash.[6]

These are interest payments that might be better used to fund new housing, incentivizing innovation in the green economy, improving health care or education, or any number of programs or initiatives that would drive economic opportunity and benefit Canadians and Canadian businesses.

A Fraser Institute report on government debt published earlier this year warns: Rising government debt has severe consequences for Canadians as more and more resources are directed toward interest payments and away from programs that help families or improve Canada's economic competitiveness.[7]

At the same time, Canadians are struggling with affordability. In 2022, the average family (including unattached individuals) earned a cash income of $106,430 and paid total taxes equaling $48,199. This means the total tax bill of the average Canadian family in 2022 amounted to 45.3 per cent of its household income. This is larger than the combined 35.6 per cent of household income that families spent on food, clothing, and shelter.

Expenditures on housing, which are front and centre in the national affordability discussion, are less than half of what the average Canadian family paid in taxes. Indeed, the average Canadian family is estimated to spend roughly $22,380, or 21.0 per cent of their income, on rent or housing costs in 2022.

To service higher levels of debt and still introduce new spending measures, the federal government has introduced new tax measures including an increase in the amount of capital gains tax and the Digital Services Tax. These taxes however could have negative implications for the Canadian economy, increase prices for Canadians and create less job opportunity over the medium and longer term.

Canada already levies the highest tax on corporate profits among triple A-rated countries and G7 economies, and additional taxation is likely to discourage business investment - which is key to bringing Canada's productivity growth up to more sustainable levels.

Since the beginning of COVID (February 2020) to June 2023, government-sector job growth in Canada was 11.8 per cent compared to just 3.3 per cent for the private sector (including the self-employed). Put differently, the government sector is booming while the private sector is anemic.

The government cannot drive Canada's economy – we must pursue organic economic growth driven by the private sector to maintain the sustainability services and quality of life Canadians expect now and in the future. Driving growth in the private sector will increase government revenues without the need to increase taxes on Canadians or businesses as more investment flows to Canada and more businesses chose to set up shop here, employ Canadians, and by extension pay taxes.

A recently published study by the Fraser Institute entitled Measuring Government in the 21st Century, Lakehead University Professor Livio Di Matteo produced important findings that once government's size and scope exceeds a certain level, it curtails economic growth, becomes inefficient at delivering value for money and has limited impact on social outcomes. Professor Di Matteo's findings along with Canada's own experience tell us that an ambitious refocusing of the scope and size of government can lead to improved services for Canadians and better economic outcomes.

Recent polling data reveals that nearly half (44 per cent) of Canadians feel they receive poor or very poor value from the services they receive from governments such as health care, education, police, roads and national defence. Only 16 per cent believe they receive good or great value. In addition, the Bank of Canada's Business Outlook Survey for the Second Quarter of 2024[8] lists factors, such as economic growth, costs, interest rates and tax policies as key contributors to the uncertainty limiting businesses' plans to invest and hire.

Rather than increasing government spending, growing the economy and reducing the tax burden, through right sizing the scope and size of government, would allow government to ease the pressures facing Canadians and businesses.

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[6] Budget 2024 Canada and the highlights in 4 charts | Financial Post
[7] The Growing Debt Burden for Canadians, 2024 edition (fraserinstitute.org)
[8] Business Outlook Survey—Second Quarter of 2024 - Bank of Canada

Although it may be a while before Canada and the rest of the world return to the pre-pandemic levels of economic activity, modest levels of growth are still forecasted. This reality means that we must learn to deliver better value to drive the economic growth needed to fund sustainable government spending and quality of life for Canadians.

Recommendations

That the Government of Canada:

1. Work toward bringing down the level of debt to no more than 30% debt to the average GDP of the 5 preceding years if GDP is expected to grow over the forecasted period. In years of declining GDP, maintain a Debt/GDP ratio of no more than 40%.

2. Place a moratorium on all federal government new hires until such a time as the debt to GDP ratio can be maintained.

3. Implement an independent, external review of government expenditures such as a Royal Commission, to review government programs, spending, and identify cost savings while maintaining essential services.

4. Apply internal, mandated reviews across all ministries and departments that re-examine government services and programs seeking new or continued funding to ensure they meet expectations. The reviews should begin with mandatory questions such as: Is the government the best provider of this service?; How will we track that service or program to ensure it is achieving the desired outcome?; Are there other programs across government that are duplicative?

5. Implement a cash pooling arrangement within and between all departments and ministries whereby any annual budget surpluses (or unspent money) could be allocated by the Finance Minister to either pay down debt or re- allocated to other departmental/ministerial projects instead of borrowing to finance them. Departments/ministries would then be able to re-apply for that money in the following budget year.

7. Creating Business Reporting and Taxation Regulation Efficiencies

Description

The current regulatory landscape in British Columbia poses a significant challenge for companies due to the disparate disclosure requirements related to Transparency Registers, Speculation and Vacancy Tax, and Canada's enhanced mandatory disclosure rules. The lack of harmonization in reporting criteria, filing timelines, and data elements creates an administrative burden for businesses, leading to potential errors, non-compliance risks, and increased resource demands. Addressing this issue is crucial to streamline the disclosure process, reduce complexities, and foster better compliance with both provincial and federal regulations.

Background

Disclosure Requirements

As of May 1, 2020, all BC companies will be required to prepare and maintain at their records office an additional register called a Transparency Register.

Individuals must be shown on the Transparency Register if they meet one or more of the following criteria:

1. Own an interest in 25% or more of the shares as a registered owner;
2. Own shares as a registered owner that carry 25% or more of the voting rights;
3. Own an interest in 25% or more of shares as a beneficial owner;
4. Own shares as a beneficial owner that carry 25% or more of the voting rights;
5. They have indirect control in 25% or more of the votes or shares, such as, if they indirectly control an intermediate entity or a person that holds 25% or more of the shares or votes of a private company;
6. They hold 25% or more of the shares or votes for the benefit of another person; for example, the trustee of a trust;
7. They hold a combination of interests that amount to 25% of the votes or shares by way of being a registered owner, trustee, beneficiary or having indirect control;
8. They can cause a change in the majority of directors of the company by way of their shareholdings or special rights provided in the articles of the company or shareholders' agreement;
9. They have indirect control of the right to elect, appoint or remove a majority of the directors;
10. They have direct and significant influence over an individual with the right or ability to elect, appoint or remove a majority of the directors;
11. They have a combination of special rights, indirect control or direct and significant influence to elect, appoint or remove a majority of the directors;
12. They have interests or rights jointly with one or more additional individuals which together meet any of the above thresholds; in such case the company must list all joint holders;
13. They are a group of individuals who are acting in concert, hold interests, rights or abilities that meet the 25% threshold or have the direct or indirect right to elect, appoint or remove a majority of the directors of a private company. In this case, the company must list every member of the group; or
14. They are spouses and/or children regardless of where they live or they are other relatives of the individual or the individual's spouse who have the same home and together meet the 25% threshold or have the direct or indirect right to elect, appoint or remove a majority of the directors of a private company. In this case, the company must list every member of the group.

Each company's Transparency Register must include the following information for all significant individuals:

- Full name, date of birth and last known address;
- Whether they are a Canadian citizen or permanent resident of Canada;
- If they are not a Canadian citizen or permanent resident of Canada, every country or state of which they are a citizen;
- Whether they are resident in Canada for the purposes of the Income Tax Act (Canada);

- The date on which they became or ceased to be a significant individual in the company; and
- A description of how they are a significant individual.

If the company does not comply with the new record keeping requirement, it may be found guilty of an offence and subject to a fine of up to $100,000.00. If the directors or shareholders of the company knowingly record or authorize, permit or acquiesce in the recording of false or misleading information in the register, they could be subject to a fine of up to $50,000.00.

Disclosure is also required under the Provincial Speculation and Vacancy Tax.

At the federal level, Canada's enhanced mandatory disclosure rules are a set of reporting requirements which received royal assent on June 22, 2023. Currently, individuals, corporations, trusts, partnerships, advisors, promoters or certain non-arm's length parties are all impacted. To make a disclosure, a business would fill out and submit Form RC312, Reportable Transaction and Notifiable Transaction Information Return.

The Minister of National Revenue can designate transactions to be notifiable transactions in concurrence with the Minister of Finance. These transactions are listed on the CRA's Notifiable transactions designated by the Minister of National Revenue web page[1].

Impacted parties must submit Form RC312 to the CRA within the earlier of 90 days from the time you entered into the transaction, or; 90 days from the time the impacted party became contractually obligated to enter the transaction.

The Federal Underused Housing Tax is an annual federal 1% tax on the ownership of vacant or underused housing in Canada that took effect on January 1, 2022. The tax generally applies to foreign national owners of housing in Canada. However, in some situations, this tax also applies to some Canadian owners (such as certain partners, trustees, and corporations). When filing on behalf of a trustee or company, all shareholders must be disclosed. The information required to be disclosed is expansive. Then, each individual, in some instances, must also disclose their ownership. This can be an incredibly burdensome effort.

Filing Requirements in British Columbia

Incorporated companies must file an annual report each year within 2 months of the anniversary date of the company's incorporation, amalgamation, extra provincial registration or continuation into B.C. A filer requires an access code or company password to complete the filing.

Currently, businesses and self-employed individuals in British Columbia face a challenge because the deadlines for filing their tax returns and paying their taxes don't match up. For example, a company might have to estimate and pay its taxes three months before it actually files the tax return. This can be confusing and burdensome.

Aligning the deadlines for corporate tax return filing and payment, as well as unincorporated business tax return filing and payment, would ease the tax payment burden on businesses. Currently, the misalignment results in business owners having to estimate and pay taxes several months in advance to avoid arrear interest. For instance, adjusting the deadlines for corporate tax filing and payment from the current 6-month and 3-month intervals, respectively, to the same deadline would streamline the process. Similarly, for self-employed individuals, synchronizing the deadlines from the current 5.5-month and 4-month intervals would alleviate the challenges associated with estimating and paying taxes in advance. This adjustment can provide businesses with a more manageable and straightforward tax payment process.

[1] https://www.canada.ca/en/revenue-agency/programs/about-canada-revenue-agency-cra/compliance/mandatory-disclosure-rules-overview/notifiable-transactions-designated-by-minister-national-revenue.html

Recommendations

That the Government of Canada:

1. Work with provinces and territories to develop a single portal for all filing and disclosure requirements where information will be shared between governments.

2. Standardize the information for disclosure requirements and retain this information for future use.

3. Automate reminders and synchronize reporting dates for the underused housing tax as well as any similar provincial information filings.

4. Align the application of interest to coincide with the filing deadline for corporate tax returns and unincorporated businesses.

5. Align and reduce penalty structures.

FUTURE OF WORK

(HUMAN RESOURCES, SKILLS AND IMMIGRATION)

8. Strengthening Our Tourism & Hospitality Workforce

Description

During the COVID-19 pandemic, significant numbers of workers in the tourism and hospitality sector left to avoid the sector's job instability in the wake of repeated lockdowns and a drop in visitor numbers. Many of the students of hospitality and tourism management programs are international students but not entering the sector in favour of jobs that receive fast-track approval for their immigration status. The sector needs to ensure their future workforce by keeping these graduates in the sector.

Background

Canadian post-secondary institutions have done a tremendous job attracting international students helping to develop Canada's workforce for tomorrow. In the case of tourism and hospitality management programs, that workforce is disappearing before the sector can truly utilize their education. This problem is even further compounded by the fact that the sector is still recovering from workforce loss due to the pandemic and sector challenges. The sector still has not recovered to 2019 employment levels.[1] According to Statistics Canada data, employment in the information, culture, and recreation sector and accommodation and food services sector averaged approximately 2 million Canadians monthly (seasonally adjusted). In 2022, those same sectors averaged 1.85 million Canadians monthly (seasonally adjusted).[2]

International students are taking their degrees and diplomas and entering other sectors with NOCs that are designated within TEERs 0-3 that are eligible for the federal skilled worker (express entry) program. These students have come to Canada and obtained an education to work in a sector that needs their talent and education for the future of the sector's workforce. Once they gain their Canadian experience, these students have the potential to become supervisors, managers, and even higher positions. They might even take their skills and look towards opening their own businesses. By considering the relevant sector NOC's so that their employment will qualify for the express entry program will incentivize these students to join the sector and build its future workforce and leadership.

Recommendations

That the Government of Canada:

1. Expand Permanent Resident express entry program to TEER 4 & 5 National Occupation Codes within the Tourism and Hospitality Sector to encourage international students to remain in the sector upon their graduation.

2. Routinely consult tourism and hospitality industry associations to determine which occupation codes have significant vacancy rates to adjust to workforce challenges and address talent shortfalls.

3. Work with post-secondary institutions to enhance the transition from tourism and hospitality programs to workforce participation upon graduation.

[1] Tourism Employment Tracker (tourismhr.ca)
[2] https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410035501

9. Lifelong Learning

Description

Advanced technologies such as automation, digitization, artificial intelligence, the Internet of Things and the increasing globalization of the economy, combined with an aging population, are redefining the employment landscape. In this changing labour market, increasing emphasis is being placed on the quality and skills of the workforce. The key to ensuring everyone's participation in our economy is to develop and enhance their skills throughout their working lives, ensuring that they are in line with business needs.

In short, to sustain its prosperity, Canada will need greater skills than those currently available.

Background

Canada will need more skilled workers.

Surveys conducted among business leaders suggest that they are cautiously optimistic about the impact on their organizations' workforce. However, they recognize that this economic transformation of the labour market will lead to a significant increase in the need to develop workforce skills. Furthermore, the advent of new technologies has brought skills requirements to the spotlight, and accelerated their integration into certain trades.

However, the deployment of these skills remains incomplete and represents a major challenge for companies. As a result, everything points to a widening gap between the supply of skills and the expected demand from companies.

The CCC believes that the development of skills across all professions, through investment in training in line with business needs, is crucial to productivity growth and improved living standards over the long term.

Disappointing results for Canada in terms of basic skills

Significant work is being done at national and international level to measure some of these competencies. For example, Canada has joined the OECD's Program for the International Assessment of Adult Competencies (PIAAC). This large-scale survey focuses on the information processing skills of young people and adults aged 16 to 65.

The program provides internationally comparable measures of literacy, numeracy and problem solving in technological environments. The program broadly classifies test results according to five increasing levels of proficiency, with the middle level, Level 3, often considered the minimum threshold for dealing with the demands of the knowledge-based economy and society. The findings for Canada from the latest survey results indicate:

- In terms of literacy, Canada ranks at the OECD average. However, it has a higher proportion of people at the highest and lowest levels of literacy.
- In numeracy, Canada ranks below the OECD average. Moreover, the proportion of Canadians with the lowest levels of numeracy is higher than the OECD average.
- In problem solving, Canada ranks above the OECD average in PS-TRE. At the highest level, only Sweden has a higher proportion of its population in PS-TRE than Canada. Yet a significant proportion of respondents did not take part in the survey because of their low level of digital literacy. [Statistics Canada (2013): Skills in Canada: First Results from the Programme for the International Assessment of Adult Competencies (PIAAC)

A skills gap to fill

Following the lead of the Advisory Council on Economic Growth (Learning Nation: Equipping Canada's Workforce with Skills for the Future), there are three pillars of skills development in Canada: there are three pillars of skills development in Canada:

1. Basic skills education, governed by the provinces;

2. Reskilling training for the unemployed and job placement training for social assistants, over 80% of which is financed by unemployment insurance and federal funds; and

3. Multi-stakeholder upskilling, for which the Council estimates the additional annual investment required at $15 billion.

Individuals, employers and governments must share in this critical investment. Failure to make the necessary investments in the third pillar will mean that Canadians will not be able to take advantage of the new opportunities, with serious consequences for the well-being of their families and for the country's overall growth prospects. [ibid, p. 12] Canada is most vulnerable to the impacts of digital transformation when it comes to the skills of its existing workforce, and this vulnerability varies widely across Canada, as a study by the C.D. Howe Institute shows. [C.D. Howe Institute: Risk and Readiness: The Impact of Automation on Provincial Labour Markets | C.D. Howe Institute]

In Canada, many labour market segments and groups are not fully exploiting their human potential. To make the most of these labour pools, which include young people, immigrants, aboriginals and disadvantaged communities, it is imperative to remove barriers to employment. This can be achieved by improving or upgrading so-called basic skills.

The Lifelong Learning Plan (LLP) would allow the funds and grants accumulated in a RESP to be retained even if the individual does not pursue post-secondary education, so that he or she can upgrade later in his or her career or return to school.

- Participation in the LLP would be voluntary and supported by a tax incentive for both the participating individual and his or her employer.

- Funds accumulated in the LLP could be used to support the participant's income during training, as well as to cover training costs. The amount used as replacement income by the participant is taxable.

- The employer may voluntarily make a contribution to an employee's Plan. This contribution, capped at a maximum, is non-taxable for the employee, and a refundable deduction credit of a specified amount is available to the company.

- For employed workers, the employer's authorization for the leave would of course be required, as would be the case with any other leave of absence. In this way, training would be aligned with the employer's needs, since the employer would authorize the leave.

- The unemployed would be able to use the funds accumulated in their LLP in fields of study approved by the relevant authorities, which would match the anticipated demand on the labour market.

- Employees could see this as an additional source of job satisfaction.

- For employers, it would be a form of remuneration and a tool for retaining workers, particularly for the younger generations of workers who value apprenticeship opportunities, and in situations of general or sectoral economic downturn.

- Obviously, the involvement of the federal government and the provinces would significantly increase the effectiveness of such a scheme in boosting workforce participation in job-related training.

Recommendations

That the Government of Canada:

1. Implement a voluntary Lifelong Learning Plan (LLP) through the implementation of a tax-free lifelong RESP program or education savings account to increase the participation of the Canadian workforce in job-related training.

2. Ensure that employers are authorized to voluntarily contribute to employee LLPs.

10. Provide a Funding Model for the Rural Immigration Program

Description

Immigration is an integral part of Canada's continued economic growth. Our aging demographic, and lack of children being born, are set to leave Canadas economy desperately short of workers in the decades to come. Immigration will play a vital role in filling this labour gap, and we need to fund the programs that bring newcomers in. Immigration, Refugees and Citizenship Canada should provide sustainable funding and it needs to communicate clearly and provide stability so these programs can plan appropriately.

Background

The Federal Government has announced that a new permanent immigration program, the Rural Immigration Program (RIP), will be replacing the expired Rural and Northern Immigration Pilot, which was highly successful for the 11 communities that participated across Canada. There are also two pilot programs in the interim called the Rural Community Immigration Pilot and the Francophone Community Immigration Pilot[1]. RNIP has helped 4,595 newcomers receive permanent residence through the pilot as of the beginning of 2024, with another thousand or more expected by the time the program concludes this year[2]. These programs provide a guaranteed, stable population boost to cities in Canada that aren't typically a primary destination for newcomers. These cities include Brandon, Claresholm, Moose Jaw, North Bay, Sault Ste Marie, Sudbury, Timmins, Thunder Bay, Trail, Vernon, and West Kootenay[3]. These cities have all unanimously benefitted from the program, as evidenced by each of these cities supporting advocacy efforts to make RNIP a permanent program which led to the RIP being announced this year.

The benefits of these programs are certain but their funding models are not. Every city also runs their part of the program differently, as there is no uniform plan for who administers the program and how the funding model works. Cities run the programs in some cases, a chamber of commerce in other cases, and economic development officers in other situations. The funding comes from diverse sources including municipalities, federal economic development programs, and regional economic development programs.

The federal government must introduce sustainable, long-term funding to ensure these programs operate efficiently and continue to provide these crucial immigration services. We have heard from many communities that the current funding uncertainty has led to staffing challenges and the inability to maintain high service levels with the programs. These services require funding certainty and the ability to build on the great work that has been done by the pilot programs.

Funding for these initiatives shall come from a reallocation of expenditures from within Immigration, Refugees and Citizenship Canada.

Recommendations

That the Government of Canada:

1. Commit to having the IRCC fund staff positions for programs that bring newcomers to Canada including pilot programs like the Rural Community Immigration Pilot and the Francophone Community Immigration Pilot.

2. Announce a stable and multi-year funding package for staff positions through the IRCC for the upcoming, permanent Rural Immigration Program, which is succeeding the Rural and Northern Immigration Pilot.

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[1] https://www.canada.ca/en/immigration-refugees-citizenship/news/2024/03/canada-announces-new-immigration-pilots-to-support-rural-and-francophone-minority-communities-will-create-a-permanent-program.html
[2] https://www.canada.ca/en/immigration-refugees-citizenship/news/2024/03/canada-announces-new-immigration-pilots-to-support-rural-and-francophone-minority-communities-will-create-a-permanent-program.html
[3] https://www.canada.ca/en/immigration-refugees-citizenship/corporate/publications-manuals/operational-bulletins-manuals/permanent-residence/economic-classes/rural-northern-immigration/community-boundaries-applications-sept-2022.html

11. Protecting the Temporary Foreign Worker Program to Ensure the Viability of Domestic Agri-Food Industry

Description

The agri-food industry is an economic driver for Canada, contributing to the national GDP as well as ensuring that the supply chain is maintained, and our people are fed.

However, labour shortages have plagued the industry. These shortages could be partially solved using the existing Temporary Foreign Workers program, however the TFW program has come under attack in recent years, leading to unease on the part of industry.

Background

Agriculture is an industry of substantial importance to the national economy. The agri-food industry generated over $143.8 billion of national GDP in 2022, while employing 2.3 million people, equal to providing one in every nine Canadian jobs.[1]

While food production in Canada is well-positioned to continue to flourish because of surging demand from a growing global population, there are some limiting factors that could impede this potential.

Chief among these is a persistent labour shortage in the agri-food sector. Employers are unable to find the workers they need and are having difficulty attracting employees to the sector due to challenges such as rural location, type of work and wages.[2]

In 2023, 87,770 jobs went unfilled in Canada's agriculture sector, an increase of 432% in just five years.[3] The national job vacancy rate for the agri-food industry has consistently exceeded the aggregate figure for all industries.[4]

These labour shortages have historically been addressed, at least in part, by the Temporary Foreign Workers Program. The TFW program helps to alleviate the chronic labour shortages within Canadian agriculture. Over 60,000 foreign workers are brought in every year to work on Canadian farms.[5]

Many improvements to the TFW program have been made in recent years, including the introduction of the Recognized Employer Pilot; reduction of timelines and added transparency in the Labour Market Impact Assessment process; and the extension of the validity of housing inspection result from 8 to 12 months. These changes have been welcomed and have made a difference for industry.

However, the TFW program has also come under attack. In September 2023, the UN Special Rapporteur on contemporary forms of slavery called Canada's TFW program a breeding ground for contemporary forms of slavery.[6] A short time later, Senator Stan Kutcher said that the TFW program requires a critical rethink.[7]

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[1] Government of Canada. Overview of Canada's agriculture and agri-food sector (https://agriculture.canada.ca/en/sector/overview)
[2] Government of Canada. What We Heard Report - Agricultural Labour Strategy (https://agriculture.canada.ca/en/department/transparency/public-opinion-research-consultations/what-we-heard-report-agricultural-labour-strategy#s1
[3] Human Resources Director. Canada could have 100,000 vacant agriculture jobs by 2030 (https://www.hcamag.com/ca/specialization/recruitment/canada-could-have-100000-vacant-agriculture-jobs-by-2030/478528
[4] Government of Canada. The state of labour in agriculture and agri-food (https://agriculture.canada.ca/en/sector/data-reports/state-labour-agriculture-and-agri-food)
[5] Canadian Federation of Agriculture. Temporary Foreign Worker Program and Canadian Agriculture (https://www.cfa-fca.ca/issues/temporary-foreign-worker-program-and-canadian-agriculture/)
[6] United Nations. Canada: Anchor the fight against contemporary forms of slavery in human rights, a UN expert urges (https://www.ohchr.org/en/press-releases/2023/09/canada-anchor-fight-against-contemporary-forms-slavery-human-rights-un)
[7] CTV News. 'In need of a critical rethink': Senate committee studying Canada's temporary foreign worker program (https://www.ctvnews.ca/canada/in-need-of-a-critical-rethink-senate-committee-studying-canada-s-temporary-foreign-worker-program-1.6581658)

Ensuring that all businesses who use the TFW program abide by the rules and guidelines associated with this program, in order to prioritize and protect the rights of the workers, is of vital importance. At the same time, significant changes, or restrictions to the TFW program would be crippling for the agri-food industry. Access to this program represents a critical source of labour for agricultural producers which in turn helps underpin the viability of agriculture and the agri-food industries, and the communities that depend on these sectors across the country.

Recommendations

That the Government of Canada:

1. Commit to maintaining the viability of the Temporary Foreign Worker program in Canada without adding red tape.

2. Enshrine in policy that all Labour Market Impact Assessment applications for Temporary Foreign Worker positions in agriculture and agri-food related positions within 6-8 weeks, as well as committing to the timely provision of inspection audits.

3. Continue the transparent tracking process to confirm that these timelines are being met; including minimum quarterly reports that are easily accessible at no cost.

4. Keep the validity of housing inspection result at a minimum of 12 months.

5. Engage in meaningful consultations with community stakeholders, chambers of commerce, associations, employers, and TFWs themselves to determine going forward the steps necessary to ensure a balanced approach that allows employers to access the workforce they need while safeguarding TFWs' rights.

6. Make permanent the Recognized Employer Pilot and explore ways to further reduce red tape through this program.

7. Address undocumented temporary foreign workers by reducing application fees, simplifying reporting processes and increasing fines for operations not acting in good faith and in accordance with regulations.

8. When assessing temporary foreign worker compensation and a 'fair wage', include employer provided housing, transportation, meals and other costs such as legal and regulatory compliance, and costs associated with meeting local building permit requirements and zoning of residential housing units.

12. Experiential Learning as Educational and Cost of Living Supports for International Students

Description

Immigration Minister Marc Miller announced that international students will be able to work off-campus for up to 24 hours per week starting in September 2024. The Federal government temporarily waived the previous 20-hour cap on work hours for international students during the COVID-19 pandemic to ease labour shortages, that waiver expired Tuesday, May 24, 2024.

Quote: “Canada’s rules need to be aligned or we will find our programs attracting more and more applicants whose primary intent is to work and not studying.” – Minister Miller.[1]

Background

On January 22nd, Immigration Minister Marc Miller announced that Canada will reduce the number of new international student permits by 35 per cent this year as part of a temporary two-year cap on foreign enrolment[2]. In 2014 the number of international permits was at 330,000. By 2022, however, that number had risen to 805,000. This rapid increase has been cited as demonstrative of a situation where we may have started with the understanding that Canada could offer a high-quality education at a globally competitive price in a safe country that valued international students, but numerous examples exist in which necessary and expected supports, such as adequate housing, educational facilities, and applicable uses for degrees did not live up to this foundational belief.[3]

A 2023 survey of students reports that Most of the surveyed students had at least some concern about their ability to pay for housing and related costs. This was especially the case amongst international students, who were far more likely than their domestic counterparts to say they were extremely concerned 25% vs 8% about their ability to afford for housing, utilities, and other related costs.[4]

We know that for decades, Canadian universities have been advocating an assortment of beyond-the-classroom learning models – from research assistantships through service learning and cooperative education placements.[5] Experiential learning is an umbrella term used to describe an array of approaches to practice-based education, usually involving student placements in a workplace or organization in their field of study.[6]

The incorporation of experiential learning applied in addition to an international student’s 24 working hours can address the primary education needs, while simultaneously providing paid hours to sustain themselves and further career development.

We look to our institutions with long standing records of educational excellence to continue to develop experiential learning as independent study opportunities for both domestic and international students. By including faculty and staff, proper planning can assure alignment of necessary educational requirements including program evaluation, course presentation, industry of employment specific literature review, or self-reporting criteria.

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[1] Nojoud Al Malleses, “International students will be allowed to work 24 hours a week starting in September,” The Canadian Press, (April 29, 2024) https://www.cbc.ca/news/politics/international-students-work-hours-1.7188337
[2] Alexandra Mae Jones, “Canada to reduce the number of international study permits by 35 per cent: Miller,” CTV News, Jan. 31, 2024, https://www.ctvnews.ca/politics/canada-to-cap-the-number-of-international-students-in-canada-miller-1.6736298
[3] Moira Macdonald, “Time to rethink Canada’s international education strategy,” University Affairs, Jan. 10, 2024, https://www.universityaffairs.ca/features/feature-article/time-to-rethink-canadas-international-education-strategy/
[4] Joe Danis, Katie Herlick, and Rachel Janzen, “Priced out: How students felt about housing costs in 2023,” academic forum, (Jan. 11, 2024), https://forum.academica.ca/forum/priced-out-student-housing
[5] Ginny R. Ratsoy, “The Role of Faculty in Connecting Canadian Undergraduate Arts and Humanities Students to Scholarly Inquiries into Teaching: A Case for Purposeful Experiential Learning,” The Canadian Journal for the Scholarship of Teaching and Learning, Volume 7, Issue 1, (6-11-2016),
[6] Rebecca Tiessen, Kate Grantham and John Cameron, The Relationship Between Experiential Learning and Career Outcomes for Alumni of International Development Studies Programs in Canada,” Canadian Journal of Higher Education, Volume 48, No.3, (2018), 25.

Should the Federal government offer the regulatory opportunity, this form of educational work placement for international students would still require special permits on the part of provincial and territorial governments in addition to regular study permits.[7]

The business community benefits by training the workforce of the future, creating connections and identifying future talents, and introducing their employees to different perspectives and worldviews.

Recommendations

That the Government of Canada:

1. Create a waiver available to students pre- and post-entry in which up to 16 hours a week of paid employment for international students (off-campus during the school term) beyond the 24-hour restrictions can be considered for educational programing as an independent study credit: experiential learning.

2. Work in alignment with the Provinces and Territories to assure the necessary pre- and post-entry permits for international students to participate in this form of educational experiential learning paid employment.

3. Present this restriction waiver opportunity to universities and colleges (Educational Institutions) as preparation to develop and offer experiential learning up to 16 hours per week as part of an independent learning course credit or course project.

[7] Macdonald, “Time to rethink Canada’s”.

13. The Fair Cost of Employment Insurance for Temporary Foreign Workers and Seasonal Agricultural Workers

Description

Canada is fed by its farmers. With nearly 190,000 farms across the country, seasonal farm workers from other countries are a critical resource for produce and food production. While Employment Insurance premiums are collected on behalf of Temporary Foreign Workers on closed work permits, these workers are typically ineligible to collect benefits. This unfairly burdens employers and workers with premiums for insurance that is nearly uncollectable.

Background

Temporary Foreign Workers (TFWs) contribute to Canada's economic growth and development by filling labour gaps and bringing the skills needed in various sectors such as agriculture, hospitality and construction. Playing a critical role in the agriculture sector, TFWs contribute significantly to the local food supply chain, supporting essential seasonal jobs in domestic food production. In 2022, the agricultural sector alone employed 64,440 TFWs[1], nearly a quarter of all agricultural workers. Canadians greatly rely on the labour provided by TFWs, from the food they buy at the grocery store to taking part in sporting and tourism activities. In the agricultural sector, employers can hire needed workers through the Seasonal Agricultural Worker Program (SAWP) for 8 month permits, when the workers are recruited from specific countries.

Typically, TFWs are brought into the country on a closed work contract. Meaning that one employer has completed an onerous, costly Labour Market Impact Assessment (LMIA) for the position and the worker receives an employer-specific work permit. They are not eligible to work for another employer.

TFWs and their employers contribute to Employment Insurance (EI) on the workers' behalf, as they would for any employee. As of 2024, that premium is $1.66 per $100 of insurable earning for workers, and $2.32 for the employer's share. In Quebec, those rates are $1.32 and $1.85, respectively. However, unlike most workers in Canada, TFWs are restricted from accessing the EI benefits they have paid for.

In the case that a farm's operations are impacted by extreme weather, crop failure, or disease, they may unexpectedly need to lay off workers. While Canadian workers and those on open permits will typically qualify for regular EI benefits, TFWs who are on closed work permits are not longer eligible for work. Therefore, they do not satisfy the EI requirement to be ready, willing, and capable of working each day. In order to once again be considered eligible for employment in Canada, they need a new work permit from a different employer. In which case, they no longer require the benefits. It's a catch-22 that affects some of the most marginalized workers in our country.

In a case filed in the Ontario Superior Court of Justice December, 2023, (Palmer and Peters v. Attorney General of Canada) it was estimated that $472 million in premiums has been collected on behalf of these workers in the last 15 years[2]. This is money that could have been reinvested in farming operations, and stayed in the pockets of the TFWs who are often face other economic hardships. Indeed, the Canadian taxpayer is now paying to defend an expensive class action suit brought on by the fundamental inequality of EI premiums and coverage for TFWs.

We believe that it is profoundly unfair to impose premiums on employers and workers for insurance that is nearly impossible to collect. Proactive reforms must be made to either align premiums paid to reflect a TFW's reduced ability to collect benefits, or to allow for greater flexibility of the TFW program, opening more regional or sector-specific work permits, and shared LMIA applications, not tied to a single employer.

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[1] https://www.statcan.gc.ca/o1/en/plus/6075-look-those-work-agriculture
[2] https://goldblattpartners.com/wp-content/uploads/Palmer-v-AG-SOC.pd

Recommendations

That the Government of Canada:

1. Recognize the absence of regular Employment Insurance (EI) coverage for temporary foreign workers on closed work permits, especially in the agricultural sector, and eliminate or reduce the EI premium for workers and employers on closed work permits, or

2. Permit workers to be eligible for regular EI benefits if they lose their employment through circumstances beyond their control, and otherwise satisfy the requirements.

TRANSPORTATION AND INFRASTRUCTURE

14. High Frequency Rail (HFR) Project by VIA HFR-VIA TGF Inc.

Description

The Windsor-Quebec City corridor is experiencing rail congestion for both freight and passenger traffic.

To remedy the situation, the government has created a new Crown corporation, VIA HFR-VIA HFR Inc., to build a high-frequency rail network between Quebec City and Toronto.

The proposed network would include almost 1,000 km of dedicated electrified track.

Starting in 2024-2025, the government will invest $371.8 million over 6 years to advance the design and development of the project.

With more frequent, faster and more on-time passenger trains, this project will contribute to the economic recovery, regional development, tourism and the reduction of GHG emissions.

Background

The upturn in passenger rail transport is well and truly back on track since the end of the pandemic. More than four million passengers used VIA Rail trains in 2023, representing a 24.7% increase over 2022.

Between 2021 and 2022 alone, cumulative ridership increased by 116.2% in the Quebec-Windsor corridor. This enthusiasm for intercity travel on VIA Rail trains is, however, hampered by the fact that VIA Rail owns only 3% of the infrastructure on which its trains run.

With 60% of Canada's population residing along the corridor, the HFR project becomes a strategic issue for Canada in the following respects:

- Job creation: the VIA HFR Inc. project is expected to create thousands of jobs over the life of the project.

- Economic development: As part of the VIA HFR project, the state-owned company will expand its existing network by more than 1,000 km of track, and expects to see a marked increase in ridership in the Corridor, thanks to reduced travel times, increased punctuality and more departures in certain parts of the Corridor. By connecting more communities with more and more punctual departures, schedules better adapted to business needs and faster journeys, the HFR project will help weave commercial links by simplifying business travel and making it easier to work and rest on board trains. The HFR project will also enable employers in the corridor to expand their labour pool by combining transportation and work.

- Tourism: in 2022, tourism accounted for 2.02% of Canadian GDP and 1 in 10 jobs, according to Statistics Canada. Between 2024 and 2030, the Canadian economy is expected to grow by 4.1% annually, while the tourism sector will grow faster, by 5.8% on the same basis.

- Nevertheless, growth in the tourism sector is below the global average. Mobility between major urban centres will therefore play a key role in the coming years. The HFR project will make intermodal connections more fluid by increasing the number of transfers between different means of transport, with the aim of attracting more tourists to inland Canada. As such, in 2024, spending on business and leisure travel in Canada will exceed that of 2019.

- Optimizing infrastructure: As identified by several chambers of commerce, the creation of a separate passenger rail corridor between Quebec City and Toronto will benefit the freight sector, which will also be able to optimize its own infrastructure and generate more economic activity. Consider, for example, the benefits of further optimizing rail lines to transport coastal products from the Prairies even more efficiently, or consumer goods that travel the distance by rail between British Columbia and Quebec. The HFR project will also free up some of the road traffic on the corridor's highways, which represents a major congestion issue between cities.

- GHG reduction: Thanks to the higher number of frequencies, the punctuality of trains on dedicated tracks and the increased speed of journeys, the train is becoming an alternative to the car. In its 2017 report Stuck in Traffic for 10,000 Years, the Canadian Chamber of Commerce stated that an HFR would cut congestion by 2.4 million cars along the corridor, in addition to reducing highway maintenance costs. The HFR project includes track electrification, so that the newer engines will be ready to run on it. The introduction of an HFR will contribute to Canada's efforts to meet its new GHG reduction target.

- It is worth noting that a number of municipalities have publicly expressed their wish to see the VIA HFR project come to fruition, with the aim of starting up service as soon as possible, including open letters signed by the mayors of Toronto, Peterborough, Ottawa, Montreal, Trois-Rivieres and Quebec City. More than half of all trip segments are not between two major cities on the current route.

Recommendations

That the Government of Canada:

1. Urge VIA HFR to proceed with the entire HFR project as quickly as possible.

2. Give priority to the HFR project and other passenger rail services on dedicated tracks as essential ways to meet our climate objectives.

3. Develop a strategy to extend HFR service beyond the current Toronto-Quebec City project.

15. Transportation Demand Management Solutions for Canada's Industrial Areas & Business Parks

Description

Across Canada, and North America, urban planners are building our future, through goals, policies and land use designations which support complete communities. While offering many successful attributes, this approach inadequately addresses Transportation Demand Management planning for Industrial Areas and Business Parks. This resolution calls upon government to develop a comprehensive public transit service plan for Industrial Lands and Business Parks and identify opportunities to trial pilot Demand-Responsive Transit programs in Industrial Lands and Business Parks.

Background

Regional districts and their comprising jurisdictions across Canada are continuing the ongoing process of updating their regional growth strategies. The urban planning concepts of developing goals, land use designations, and policies which support "complete communities" (defined as "communities – or areas within a community – which provide a diversity of housing to meet identified community needs and accommodate people at all stages of life, and provide a wider range of employment opportunities amenities, and services within a 15-20 minute walk.") are used both in the creation of these regional growth strategies, and subsequently as the basis for transportation planning; here in Canada and across North America.

Within transportation planning processes, public transit is not planned to provide adequate levels of service to Industrial Areas or Business Parks, as these are considered lower-density areas and are – by design and zoning requirements – located further away from residential neighbourhoods; resulting in longer commutes with fewer stops and therefore lower use. This makes them less financially viable options for regular bus service. As a result, the workers and businesses that operate on Industrial lands do not have equitable access to reliable and timely public transit as workers and businesses operating in sectors within urban centres. Through these practices we see that the definition of a "complete community" is – in fact – incomplete. It excludes the Industrial-zoned businesses and workers whose economic contributions to a region are critical to its health and vitality.

As governments develop strategies to incentivize the use of public transit and active transportation over traditional single-occupant automotive commuting, skilled trades, technical workers, and businesses located within Industrial Areas and Business Parks, need similar opportunities available for them as those working and operating in commercial centres. Due to the lack of ridership density in Industrial Areas and Business Parks, traditional public transit service or infrastructure investment options may not be financially or logistically feasible, and as such are often excluded from transit-oriented planning .

Transportation Demand Management solutions, developed in partnership with all levels of government and industry can mitigate the service need of businesses and workers in Industrial Areas and Business Parks, while also supporting programs and activities to reduce greenhouse gas emissions and improve the efficiency of regional transportation systems in a fiscally responsible manner.

Industrial Areas and Business Parks are zoned to specifically accommodate the needs of manufacturing, processing, warehousing, distribution, repair, and goods-handling businesses of a variety of intensities. Due to the nature of their work, these business uses are zoned for areas away from residential zones, with 'buffering' zones of commercial businesses, lengths of highway, and/or Agricultural Lands located in the areas between these zones and a community's residential housing.

At the same time, regions and municipalities are planning growth with greater density of housing and services to surround "Urban Centres." These areas are encouraged to have neighbourhood-serving shops and services, enriched public realms, higher density office and commercial buildings, educational and public institutions like universities and museums, and all the other amenities which ideally allow for most trips to be taken by walking, cycling and transit."

These planning concepts are an excellent value for residents who live in and commute within or to other urban centres, where frequent transit services are planned, and transit infrastructure investments are made. However, businesses and workers in Industrial Areas and Business Parks – intentionally located further away from housing options - place workers at significant distances from their employers. Public transit options, such as regular bus services, are not provided with the same frequency or hours of service for these skilled trades and technical workers who are therefore required to use their own single occupant vehicle to travel to and from work.

Recognizing the importance of the industrial sector to Canada's economy, some regional districts, such as Metro Vancouver, are beginning to develop specific policies and strategies around protecting their Industrial Lands and designating more specific uses for Business Parks. While Metro Vancouver's Industrial Lands Strategy addresses the importance of protecting the land itself, and it does mention the need to "provide transit for industrial workers," it goes no further into what changes to services or investments by government will be made to ensure that these transportation options are available.

As well, both provincial and federal governments have significantly increased efforts and funding to encourage the "inclusion of under-represented groups, including women and members of racialized communities," who may face additional barriers to participate in top-demand skilled trades careers. As individuals in under-represented populations may face additional intersectional barriers to participation; including only being able to access apprenticeships and jobs via privately-owned vehicles with the Industrial-zoned businesses, this creates a conundrum to effective recruitment and retention as equity-deserving groups may be attracted to these fields and be able to access training institutes, but not potential employer locations.

One strategy to address these gaps is Transportation Demand Management (TDM). TDM is a methodology which includes the "development and implementation of a combination of programs, policies, and investments to redistribute travel demand to different, more sustainable modes of travel as well as different times of day to encourage a more sustainable use of limited transportation resources" and in ways which reduce road congestion. TDM practices include a variety of potential options, such as parking management strategies, investments in walking and cycling routes , car-pooling and car-sharing programs , public transit, and telecommuting/remote work.

For example, if two warehousing facilities within a business park are interested in adding a third shift to increase capacity within their facilities, they may contact their region's transportation provider or their municipality's TDM team for support in this via coordinating a shuttle bus, vanpool, or car share program to support their efforts to attract/retain their workforce .

However, as Active Transportation ("AT") or traditional public transit services may not be logistically or financially feasible in suburban or rural areas, "considering distances, highway conditions, and the lack of transit " available for the "First Mile and Last Mile" ("FLM") of commutes to these areas, communities outside of major urban centres — or those whose economies involve a higher proportion of Industrial Areas or Business Parks — will continue to see higher rates of single-occupant vehicle commuting, and reduced levels of AT modes of transit used, due to concerns from workers about the reasonableness of the length/time of commute, or safety when walking/cycling next to traffic or during inclement weather.

One key strategy to supplement traditional public transit services for those in under-served areas is that of Demand-Responsive Transit ("DRT"); which "helps residents travel to less densely populated areas and also connect them to rapid transit services" in the FLM of their commute. DRT is currently integrated into the TDM practices of various communities across North America and in Europe, and with recent BC pilot projects in Bowen Island (with TransLink), and Kelowna (with BC Transit). It often includes the use of mobile apps or websites through which riders may request transit to/from locations not served by existing transit routes. Riders book their travel via the app/website, in a comparable manner to car-share programs such as Uber or Lyft, and the service vehicles are "dynamically routed based on passenger location." Unlike with car-share programs, the number of riders and size of vehicle used may vary depending on demand and are typically/ideally shared. DRT services may be utilized as a supplement to — or replacement for — traditional bus/shuttle services and can either be operated by the regional transit provider or through public-private partnerships. As DRT services alleviate the typical pressures of FLM commuting, they can enhance ridership and provide a truly viable alternative to single-occupant vehicle travel by linking residents to jobs and thereby creating a truly "complete" community.

Understanding what opportunities are available for workers to safely and effectively commute to and from work requires the investment of time and money - as well as engagement with industry and residents - to assess the viability of TDM options in specific communities. These investments benefit not only the specific businesses and workers in those Industrial Lands and Business Parks; they benefit all those on the road, by reducing commuter traffic and increasing travel safety; and they benefit our collective effort to mitigate greenhouse gas emissions in a fiscally prudent manner. In 2021, the Federal government commenced the National Active Transportation Strategy (2021-2026) to “coordinate active transportation investments that reflect best practice planning, design, regulations, and standards across levels of government, Indigenous communities, not-for-profits and the private sector.” Including Industrial Lands and Business Parks into infrastructure planning processes at all levels of government, Canada will ensure that all workers have equitable access to participate in programs and activities that reduce greenhouse gas emissions.

Recommendations

That the Government of Canada:

Engage with the provinces, territories, municipalities, Indigenous communities, not- for-profit organizations, chambers of commerce and businesses to include plans for servicing Industrial Lands and Business Parks in the National Active Transportation Strategy and any future public transit infrastructure investments.

16. Adding to Canada’s Housing Supply by Strengthening Canada’s Military Through Housing on Military Bases

Description

The availability of secure and affordable housing for Canadian Armed Forces (CAF) members is crucial for their well-being, retention and recruitment [1]. A general lack of housing supply overall in many parts of Canada poses challenges for regional economies by making it harder for employers to attract and retain employees [2]. This affects individuals and families across all income levels.

By creating new housing on available Department of National Defence lands, CAF members will be less dependent on market housing in the communities that are home to Canada’s military bases [3]. This in turn will open up more market homes for residents who work outside the military.

Background

Housing supply is in critical short supply across Canada, with many cities and towns experiencing low inventory of homes available to rent or purchase [4]. This has driven up the cost of housing for homeowners and renters, resulting in individuals and families having to allocate more than 30% of their income to shelter. This threshold is generally accepted as the criteria for defining affordable housing [5]. Paying more for a home makes a region less attractive and therefore discourages employees from committing to build a career or raise a family. This phenomenon impacts all income levels and all industries. The CAF has been particularly hard hit by a lack of affordable housing near major military bases such as CFB Esquimalt, CFB Halifax, CFB Comox and others. Having a robust presence of military members in a community benefits a region’s economy by providing a population of consumers with stable wages.

At the same time, Canada’s military is a significant land holder with space to create on-base housing [6]. By enabling development on this available land, the federal government can help the CAF retain personnel while freeing up homes in adjacent communities for residents who work in other sectors.

The CFHA operates and maintains 11,665 military family housing units across Canada, which is a short about 10,000 needed to help the CAF address their shortfall of members [7].

This policy resolution is grounded in the recognition that secure and affordable housing for Canadian Armed Forces members is essential not only for military readiness and recruitment [8] but also for regional economic prosperity and social well-being. By advocating for government support for strengthening military housing infrastructure, the Canadian Chamber of Commerce aims to contribute to a more resilient and vibrant economy for all Canadians.

Recommendations

That the Government of Canada:

[1] Canadian Armed Forces Retention Strategy details how unaffordable housing limits the ability to attract new personnel.
[2] Wasted Space: Ottawa wants affordable housing on ‘every possible piece’ of federal land. So how much is out there? A Globe analysis found enough to house 750,000 people
[3] Our North, Strong and Free: A Renewed Vision for Canada’s Defence speaks to the need for non-market housing.
[4] Canada Mortgage and Housing Corporation provides an Update on Canada's housing supply shortages.
[5] Statistics Canada: Canada's Quality of Life Hub uses 30% of income as measure of affordable housing.
[6] Canadian Armed Forces Departmental Results Report 2022-2023 provides information on land holdings.
[7] Military personnel shortage will get worse before it gets better, top soldier says | CBC News
[8] No Vacancy: The Critical State of Military Housing Options in Canada provides evidence about the role housing plays in recruitment, which in turn impacts Canada’s military readiness.

1. Increase housing inventory on or adjacent to military bases, detachments and facilities across Canada, where developable land exists, to meet the residential housing needs of the Canadian Forces Housing Agency, with a focus on constructing new housing units and renovating existing ones on military bases across Canada, and allocating funds from the existing Canada's Housing Plan budget announced in 2024.

2. Develop diverse housing options to accommodate the varied needs of military personnel at different stages of their careers, and explore innovative financing mechanisms, partnerships with private developers, and regulatory incentives to facilitate the construction of affordable housing units on or near military bases, ensuring that military families have access to quality housing without undue financial burden.

3. Create a position within the Canadian Forces Housing Agency that will be responsible for working with relevant government departments and industry stakeholders to streamline the planning, development and management of military housing projects, ensuring efficient use of resources and timely delivery of housing solutions. This CFHA position will also be responsible for building partnerships with provincial and municipal governments, housing agencies, and community organizations to leverage expertise, resources, and best practices in housing development and urban planning, with a focus on meeting the unique needs of military personnel and their families. Creating a position would be cost effective in that it would create accountability with an individual tasked with stewarding this specific request for housing.

17. Commercial Border Crossing Access

Description

The country relies heavily on accessible transportation corridors and border services to facilitate the ever-growing economy, particularly in expanding natural resource investments, development of supply chain manufacturing and applicable service sectors. Although Alberta continues to have a very prosperous trading relationship with its neighbors in the U.S. it still has only one Designated Commercial Office (DCO) with a disparity to the trading relationship and access to adequate border facilities to facilitate efficient trade between Canada and the U.S.

Background

Canada and the U.S. enjoy one of the most prosperous relationships in the world, with nearly $3.6 billion worth of goods and services crossing the border each day in 2023[1] as well as close to 400,000 people crossing our shared borders every day. In particular, Montana and Canada continue a profitable trading relationship with bilateral trade flows totaling $6.8 billion USD in 2022[2] . Moreover, Canada continues to be Montana's most important customer with total Montana exports to Canada at $1 billion USD in 2022 while total Montana imports from Canada totaled $6.8 billion USD. Exports consist of primarily agriculture, chemicals, energy, minerals and metals. While 74 % of Alberta's exports to the U.S. were energy related. With the fewest number of highway/land border crossings within Canada, Alberta is also currently the only province bordering the U.S. to have one Designated Commercial Office (DCO), situated in Coutts, Alberta.[3]

	DCO[4]	Population (2024)[5]
British Columbia	3	5,609,870
Alberta	1	4,800,768
Saskatchewan	1	1,225,493
Manitoba	1	1,474,439
Ontario	10	15,911,285
Quebec	5	8,984,918
New Brunswick	2	846,190

It is critical that we encourage the government to remove any barriers or encumbrances on imports and exports of our key sectors between Canada and the U.S. and work to improve international trade by removing pressure and congestion on Designated Commercial Offices. To achieve these goals, it is important for the Canadian and U.S. Governments to work together to mirror expansion efforts on both sides of the border.

Additionally, inadequate border facilities and a lack of technology is an impediment to the efficient movement of goods. By ensuring that facility standards mirror adjacent port facilities in the United States and that port facilities have Electronic Data Interchange (EDI) systems to facilitate electronic transmission and interchange of cargo would ensure a more efficient process in the movement of goods.

[1] Government of Canada: Canada-United States relations https://www.international.gc.ca/country-pays/us-eu/relations.aspx?lang=eng
[2] Consulate General Connect2Canada: https://connect2canada.com/wp-content/fact-sheets/mt.pdf
[3] https://open.alberta.ca/dataset/9269de23-6d7a-448e-867e-293b4b0568e1/resource/0476dbee-695c-41ac-8ef7-b76d52b6f65a/download/montana-ab.pdf
[4] Canada Border Services Agency - Destinated Commercial Office: https://www.cbsa-asfc.gc.ca/do-rb/services/dco-bcd-eng.html
[5] Statistics Canada: Population Estimates: https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1710000901

Transportation access is fuel for economic development. Regions with flexible, efficient transportation networks can access product markets, suppliers, vendors, workers and customers more efficiently and more cost effectively than those that do not. We need to encourage the further development of north/south trade and remove delays, restrictions and limitations on crossing times and access. Investment leads to trade, as companies' activities increasingly become part of the global value chain, necessitating not only clear and open investment rules, but also ensuring that goods and services produced have easy access to markets in both countries and internationally.

Increased border access would enhance economic development, investment and security as well as address growing safety concerns. It would also assist truck traffic by providing an alternate route, easing lineups and delays and it would improve tourism travel by allowing increased travel service between Canada and the United States.

It is in the best interest of Canada to expand trade linkages with the United States through transportation crossings and corridors that link Canada to the United States to facilitate a growing trading market. A continued effort is needed to eliminate the obstacles that continue to prevent the expansion of Designated Commercial offices and promote our north-south trade corridors.

Recommendations

That the Government of Canada:

1. Accelerate dialogue with U.S. counterparts to ensure that the hours and services of Canadian border crossings consistently match the U.S. border hours in both traveler and commercial services and that facility standards are equivalent on both sides of the border.

2. Work to accommodate shared port of entry facilities where the opportunity exists.

3. Ensure that regions with high volumes of bilateral trade and corridor traffic have equitable access to sufficient Designated Commercial Offices equipped with electronic data interchange for the electronic transmission and interchange of cargo, release and accounting data.

4. Improve the structures, facilities and technology in port facilities to better serve present and future needs.

18. Enhancing Rail Fluidity for Supply Chain Efficiency

Description

The efficiency of Canada's supply chain is crucial for maintaining the competitiveness of its exports. Rail transport plays a pivotal role in the supply chain as around 70% of all intercity surface freight and half of Canada's exports are moved by rail.[1] However, there are challenges with railway transportation as the availability of rail transportation does not always meet shipper demand. Addressing these constraints requires strategic planning and investments to ensure that rail capacity meets future demand.

Background

The improvement and expansion of Canada's rail infrastructure are essential for maintaining and enhancing the country's economic competitiveness. A robust rail network supports efficient supply chains, reduces transportation costs, and mitigates congestion on roads. Moreover, investing in sustainable rail infrastructure aligns with Canada's commitment to reducing greenhouse gas emissions and promoting green transportation solutions.

Although strategically important to Canada's prosperity and success, making improvements to rail capacity is not a simple matter, as railways base capacity investments on anticipated returns. High costs in challenging terrains, particularly in British Columbia, can render expansions economically unfeasible without sufficient traffic revenue to justify the investment. Further, expansions can face social and regulatory opposition, especially near urban areas. Smaller infrastructure improvements to railways, such as new sidings, terminal infrastructure, and fleet expansions, which can improve overall system fluidity, are more realistic improvement options but still often face delays due to regulatory reviews, capital availability, and land acquisition processes.

This issue of enhanced rail transportation fluidity has gained prominence in recent years, paralleling the national conversation on supply chain stability. Given the significant role of rail transportation in the supply chain, the Government of Canada should expedite regulatory reviews for rail infrastructure projects to reduce delays in implementing critical expansions. This can best be achieved by working closely with the rail industry stakeholders, as they are uniquely positioned to understand the complex logistical challenges posed by new projects.

Rail transportation can also face challenges with "first mile/last mile" gaps. Being able to ship goods from the main rail yards to final shipping destinations is an important part of a robust supply chain and requires the right infrastructure and plans in place to meet and fill gaps.[2] Shortline railways, defined as those earning under $250 million in annual revenues, play a vital role in Canada's transportation network by providing critical first-mile and last-mile services that connect rural communities and businesses to Class 1 railways and global markets, improving the fluidity of the transportation system. In the United States, shortline railroads enjoy multiple federal and state-level funding programs that include grants, tax credits, and low-interest loans. Enhanced shortline infrastructure would drive more traffic to the rail network, improve safety, lower emissions, and reduce the strain on public infrastructure.

Recommendations

That the Government of Canada:

1. Prioritize expediting regulatory reviews for rail infrastructure projects.
2. Support shortline rail infrastructure investments to improve first mile/last mile needs.

19. Connecting Canada: Improving Air Connectivity for Mid-Sized Airports

Description

Canada's aviation industry is pivotal in connecting communities, facilitating trade, and driving economic growth. However, challenges persist, particularly for small and mid-sized airports. However, a confluence of factors has combined to create new obstacles for the aviation sector that demand attention from government. Small and medium sized airports face significant financial impediments to keeping pace with funding necessary safety, security and environmental investments. Furthermore, the air carrier landscape has changed drastically with pilot shortages, aircraft changes, and fleet retirements. This ultimately has significantly reduced air service options and affordability at small and medium airports across the country.

Background

Small and mid-sized airports are the lifeblood of regional connectivity, serving as critical connection points for both domestic and international travel. However, despite their significance, these airports face unique challenges in competing with larger counterparts and attracting diverse service offerings. As the world's second-largest country by area, aviation has been at the heart of Canada's transportation network since the early days of air mail. Today, some 150 million passengers a year pass through Canada's airports scheduled commercial passenger service that connects Canada from coast to coast.[1] Mid-sized and small regional airports have always been critical economic engines for their adjacent regions, by facilitating passenger connectivity with larger gateway airports and business markets.[2]

In Canada, airport authorities are required to pay rent to the federal government under long-term lease agreements. These agreements mandate that airport authorities invest in infrastructure and pay ground rent, as a portion of their gross revenues. Unlike many other countries that have privatized their airports, Canada opted for a governance model where airports are managed by largely unregulated, independent authorities operating as not-for-profit entities. These authorities do not have shareholders and do not own the airport land or infrastructure assets; instead, these must be returned to the government at the end of the lease term debt free and in perfect condition. A fundamental issue with this arrangement is that while the federal government collects significant rents from these airports, it does not reinvest these funds back into the airport system. This highlights a dichotomy: recognizing air transportation as a catalyst for economic growth versus treating airports as a source of general revenue. Since divestment of Canada's National Airport System (NAS) airports from the federal government, they have invested over $30 billion in infrastructure while providing the federal government over $7 billion in airport rent.

The financial constraints imposed by rent payments and the lack of reinvestment in airport infrastructure disproportionately impact small and mid-sized airports. These airports face significant financial burdens and often struggle to generate sufficient revenue to invest in essential infrastructure upgrades and expansion projects. Airports across the country are investing in digital transportation, green projects, smart infrastructure and innovative technologies. Direct investment in airport infrastructure facilitates lower costs for travelers. The rent payments required by the federal government exacerbate these financial strains, diverting funds away from critical investments in airport facilities and services. This further hampers their ability to compete and grow, limiting their potential to serve as effective catalysts for regional economic development.

An additional impediment to small and mid-sized airports' ability to compete revolves around the foreign ownership restrictions for airlines. Currently, to obtain a domestic license, an airline must be Canadian-owned and controlled, with at least 51 percent of voting interests owned by Canadians. Although these restrictions were loosened in 2018 to allow for 49 percent international ownership from the former 25 percent, further reductions in this requirement would allow for increased competition as new entrants come into the market.[3]

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[1] Canadian Airports Council. (2016). Canada's Regional Airports: Getting the Funding Balance Right. Retrieved from: http://cyqm.ca/wp-content/uploads/2016/10/CAC-Canadas_Regional_Airports_FINAL_EN.pdf
[2] Airport World. (2021). Punching Beyond their Reach. Retrieved from: https://airport-world.com/punching-beyond-their-reach/
[3] Ibid

By addressing these regulatory barriers and promoting a competitive environment, Canada can strengthen its aviation sector, support small and mid-sized airports as vital regional hubs, and enhance travel options and service quality for all Canadians. The ongoing evolution of policy and regulatory frameworks will be crucial in ensuring that Canada's aviation industry remains robust, resilient, and able to meet the demands of a growing economy and diverse passenger base.

Loosening foreign ownership restrictions could mitigate these tendencies by increasing the number of competitors in the market. Additionally, reviewing the slot model for airlines, which governs the allocation of takeoff and landing times at congested airports, could also address monopolistic tendencies. Ensuring a fair and competitive slot allocation can prevent dominant airlines from monopolizing key routes and times, fostering a more competitive environment.

The current limited number of Canadian airlines raises monopolistic concerns, leading to less competitive pricing and reduced service quality for consumers. It should be noted that the recently announced study on airline competition in Canada conducted by the Competition Bureau of Canada will look to examine the state of competition in the airline industry and how governments across Canada can improve competition for the benefit of domestic air passengers as well as the workers and entrepreneurs who enable these services.[4] This is welcome news for mid-sized airports and customers across Canada.

Fostering a competitive and dynamic aviation market in Canada is crucial for the growth and sustainability of mid-sized airports, which are vital hubs for regional connectivity. Loosening foreign ownership restrictions for airlines will enhance competition, improve financial resilience, and ensure a broader range of airline offerings for passengers. Additionally, addressing the financial burdens imposed by rent payments on airport authorities is essential to enable necessary investments in infrastructure and expansion. By embracing these reforms and supporting a balanced regulatory environment, Canada can strengthen its aviation sector, promote economic development in regions served by mid-sized airports, and enhance travel options and service quality for all Canadians.

Recommendations

That the Government of Canada:

1. Redirect rent payments collected from Canada's airports annually, to be reinvested in airport infrastructure and ensure that all Canada's airports are modern, efficient, clean and sustainable.

2. Develop policies and programs to ensure that small and mid-sized airports have competitive, frequent and affordable air service to maintain essential air links for travel, trade, tourism, and supply chains.

[4] Dachis, B. (2014). Full throttle: Reforming Canada's aviation policy. SSRN Electronic Journal. https://doi.org/10.2139/ssrn.2384704

20. Implementing the Canada Trade Infrastructure Plan (CTIP)

Description

Persistent challenges to delivering products into markets originating from inadequate domestic trade infrastructure is an escalating concern for business in all sectors across Canada.

Background

Trade is critical to national prosperity. According to 2022 World Bank data, this activity generates 67 percent of Canadian GDP. The trade sector supports more than three million jobs and provides revenues that fund our social programs and related national priorities.

National economic expansion and growth is dependent is dependent upon our capacity to deliver products to global markets. Canada has dropped from the top 10 in 2008 to 32nd in the 2019 World Economic Forum's global ranking of quality of transportation infrastructure. Among our competitors, only Canada lacks coherent, long-term trade infrastructure planning.

For more than a decade, confidence in the reliability and competitiveness of Canada's trade infrastructure has been in decline at home and abroad. This trend has occurred despite significant investments by the private sector and current levels of trade infrastructure spending by governments.

A Pre-Budget submission to Deputy Prime Minister and Minister of Finance Chrystia Freeland on February 8, 2024, from the Canadian Chamber of Commerce recommended long-term investment though a proposed Canada Trade Infrastructure Plan (CTIP). It is noted that infrastructure must be constructed that dependently and efficiently transports products to and from markets. Domestic and international trade corridors should solidify supply chains for establishing Canada as a reliable business partner.

On July 12, 2023, six premiers and a coalition of business organizations including the Canadian Chamber of Commerce called for sustained investment and increased planning through a Canada Trade Infrastructure Plan. It was noted that investments in rail, highways, air, ports and marine assets are required to ensure Canada remains competitive in global trade markets. We urgently require upgrades across our supply -chain and capacity to increase trade and generate revenues for public services.

Canadian Chamber of Commerce President and CEO Perrin Beatty has indicated that a proposed CTIP will grow the economy across Canada in all jurisdictions, ensuring that all trade corridors to domestic, continental and global destinations have the capacity to move Canadian goods and service as markets expand.

Recommendations

That the Government of Canada:

Implement, in cooperation with the national business sector and Provinces-Territories, a Canada Trade Infrastructure Plan to guide future planning and construction activities.

21. A Pathway to Fixing the Affordable Housing Crisis in Canada

Description

Housing is an integral part of economic growth. The connections between affordable housing investment and economic growth have been well recognized in literature.[1] [2] [3]

And yet investment in affordable housing has been insufficient to meet demands. To ensure long-term community sustainability, local and regional economic development and growth plans must consider the role of affordable housing in the growing economy.

Background

Housing affordability and the housing supply challenge has been top of mind coast to coast. Housing is considered affordable when a household spends no more than 30% of its gross income on shelter.[4]

The housing and homelessness crisis in Canada are serious and widespread, covering each province and territory, hitting everyone from the middle class to our most vulnerable residents. In Alberta, as of 2021 there were approximately 57,000 households in government-subsidized housing, and more than 24,000 households are waiting for suitable subsidized accommodation. In order to meet growing demand, Alberta will need to use a variety of tools to support another 25,000 households.[5]

It is widely accepted that housing exists on a spectrum, generally referred to as The Housing Continuum, with homelessness and emergency shelters on one end and market rental and market home ownership on the opposite.

Market rental rates are not affordable for a large number of Canadian households, with stories regularly coming out of people being forced to choose between housing, utilities or food. Housing market changes do not align with shifts in household income or demographics, with housing prices and rental rates often lagging behind shifts in the economy and unique local conditions.[6]

Areas with job growth often experience population growth: adults stay in the area, migrants come to the area, and workers form families and have children. Workers need places to live, so demand for housing increases, either stimulating production or increasing market rates for housing.

Canada's population continues to grow. In the 12 months from Q1 2023 through Q1 2024, the country's population expanded by approximately 1,271,872 people, or 3.2%.[7] In the same time period, Canada had approximately 293,126 new housing starts. By comparison, for the 12 months preceding, Canada saw 308,700 housing starts,[8] with a population increase of only 930,442.[9]

The new stock of available homes has not kept pace with the increase in population and have priced many working people out of market home rental or ownership.

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[1] Skaburskis, A. "Decomposing Canada's Growing Housing Affordability Problem: Do City Differences Matter?" Journal of Urban Studies. Vol 41. Issue 1. 2004.
[2] Mao, F. "The Innovation Economy and the Housing Crisis." Master of Arts in Planning. 2017.
[3] Pinki, D. "Housing Affordability in Toronto: Low-Income Earners and Recent Immigrants." Master of Arts in Political Science. University of Windsor. 2017.
[4] Final Report of the Alberta Affordable Housing Review Panel – Government of Alberta (https://open.alberta.ca/dataset/26b06d34-4b03-488d-bed8-da5316b8b95c/resource/0fd7ae4e-568b-43d5-8480-c8d765b1e514/download/sh-final-report-of-alberta-affordable-housing-review-panel-2020-10-05.pdf
[5] Stronger Foundations Alberta's 10-year strategy to improve and expand affordable housing – Government of Alberta (https://open.alberta.ca/dataset/d17f3af6-fa5a-4cb0-b36e-248823cddff1/resource/d11b4795-763a-4221-b6f9-2f5769df50a5/download/sh-stronger-foundations-albertas-10-year-strategy-affordable-housing-2021.pdf
[6] Ibid
[7] Statistics Canada. Table 17-10-0009-01 Population estimates, quarterly
[8] Ibid
[9] Ibid

Developing one residential unit is estimated to generate between two and two-and-a-half new jobs.[10] In other words, each $1 million invested in residential housing development generates between 10 and 12 jobs. These jobs are overwhelmingly local, with most in the area where the unit is built.
In addition to the direct effects of housing investment on job creation, access to an affordable home means that Albertans will be healthier, more productive, and able to spend money in their local economies. There is strong evidence that quality affordable housing also generates improved social and economic outcomes for low-and-moderate income households.[11] It stands to reason that good quality affordable housing yields positive health and education outcomes by lowering household stress, enabling the purchase of nutritious food and supporting family stability.

Steve Douglas, Chief Executive of the Housing Corporation stated: Housing is often viewed as a barometer for the state of the economy . . . The type and quality of the housing offer can have a significant impact on the health and wealth of places. Their ability to attract and retain people and provide support for those who need it relies on good housing and attractive and inclusive neighbourhoods.[12]

A healthy and educated workforce can attract employers and job-related investment in communities.

Investments are no longer being evaluated strictly based on potential financial returns. Increasingly, investors are seeking to work with companies and jurisdictions that demonstrate a genuine and actionable commitment to responsible ESG policies. Investors considering Alberta for business opportunities are looking for evidence that managing ESG risk and identifying solutions is integrated into the province's overall strategy and operations.[13]

Major national and foreign business investors want to invest in jurisdictions where their employees can afford to live and raise a family.

While companies seldom base their site-selection decisions solely on quality-of-life issues - housing, schools, healthcare, amenities, crime - these factors do play an increasingly important role in this decision-making process, especially for those dependent on the talents of highly educated workers.[14]

For children living in inadequate or unaffordable housing, a secure home improves their likelihood of academic achievement and the completion of post-secondary education. Post-secondary graduates earn nearly $5000 more annually than those with a high school education – a number likely to increase as workers advance their careers. The result of this increased earning potential is greater contributions to economic growth.

A final connection between housing affordability, investment and job creation is the economic effect that results from increased renter income. When renter households move from unaffordable to affordable housing, the percentage of their income that they spend on housing decreases. This results in more spending on goods and services and because low-income households and because low-income households tend to spend their discretionary income primarily within their community, they can help stimulate the local economy and spur job creation.

Reducing barriers to accessing borrowing for buyers — particularly first-time buyers — and assisting in developer financing could help as a way to reduce the housing affordability gap. This could be accomplished by improving access to finance for low-income households by reducing the cost of mortgage funding and the risk of lending, as well as leveraging collective saving. Governments could help by cutting costs for developers by making affordable housing projects less risky and guaranteeing buyers or tenants for finished units. In addition, adjustments to the "mortgage stress test", particularly for first time home buyers, would make home ownership a reality for more Canadians, and remove them as competition within a bloated rental market.

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[10] Zon, N, Molson, M and Oschinski, M. Building Blocks: The Case for Federal Investment in Social and Affordable Housing in Ontario. Mowat Centre. Ontario's Voice on Public Policy. 2014.
[11] Mueller, E and Tighe, R. "Making the Case for Affordable Housing: Connecting Housing with Health and Education Outcomes. Journal of Planning and Literature. Vol: 24. Issue 4. 2007.
[12] Housing and economic development: Moving forward together – Centre for Cities (https://www.centreforcities.org/wp-content/uploads/2014/09/08-11-06-Housing-and-economic-development.pdf)
[13] Invest Alberta 2022-2023 Annual Report (https://investalberta.ca/2022-annual-report/dist/files/investalberta2022-23-annualreport.pdf)
[14] Area Development. Quality of Life Factors into Business Location Decision (https://www.areadevelopment.com/siteselection/dec08/quality-of-life-business-location017.shtml)

When it comes to housing, there is little alignment between the three levels of government. The municipal, provincial, and federal governments need to get better at listening to each other and finding ways to collaborate.

It is very evident how each level of government has a perspective on this issue and is doing what they believe is best to address the challenges. There doesn't seem to be a desire for intergovernmental conversation and action to address this challenge with piecemeal band-aid solutions being implemented on a project-by-project basis with little consideration and overall strategy that sees alignment from all levels of government.

The Federal Government is Canada's largest landowner. Budget 2024 calls for investments to use currently owned public land owned by the Government of Canada to develop housing.[15] In addition to the lands currently being considered, such as decommissioned post office and RCMP detachment buildings in situations where those lands and buildings are wholly owned by the federal government.

The Lethbridge Chamber is a proponent of innovative solutions to address the housing supply and affordability crisis. Promising practices from jurisdictions within Canada and abroad should be balanced, identified, and considered. Any housing policy options identified through this exercise must balance the needs of communities, while ensuring public safety.

The sentiment not in my backyard often contributes to local opposition to new development which can lead to delays in approval timelines and slow down the construction of new builds. There is a role for the federal government to play to support provincial and municipal governments in gaining public acceptance for new affordable housing developments. Public education can change this culture and support new developments.

Recommendations

That the Government of Canada:

1. Convene with provincial governments and municipalities to develop a cohesive strategy to address housing affordability, clearly defining roles and responsibilities, and how each will work in tandem with the others.

2. Reduce costs for developers through grants and/or tax incentives to make affordable housing projects more economically sound.

3. Grow the Canada Public Land Bank by evaluating additional federal real property holdings for affordable housing projects and develop a strategy for attracting the development of these projects.

4. Reduce barriers to home buyers on housing that will be their primary residence.

5. Reassess the criteria for the mortgage stress test.

6. Support increased productivity, including modular and factory-built construction.

[15] Government of Canada. More Affordable Homes (https://budget.canada.ca/2024/report-rapport/chap1-en.html)

22. Enhancing Port Safety and Efficiency

Description

Organized criminal (OC) groups exploit marine ports for both profit-driven crimes like drug trafficking, counterfeiting, and cargo theft, and tactical support activities. While legislation aims to curb port criminality, evolving tactics demand additional measures. The Government of Canada can support port and supply chains security by enabling greater information sharing and funding to police of jurisdiction to enhance capacity and training.

Background

Ports are important hubs for trade and transportation, and they can be susceptible to various types of crimes, including smuggling, drug trafficking, human trafficking, theft, and more. To address these concerns, Canadian authorities, including law enforcement agencies, border security, and customs officials, work to monitor and safeguard the country's ports. They have various security measures and protocols in place to prevent and respond to criminal activities.

There are several federal acts and regulations in Canada that have jurisdiction over criminal activity in Canadian ports. These laws and regulations provide the legal framework for managing and addressing criminal activities in and around the country's ports. Some of the key federal acts and regulations include:

1. The Criminal Code of Canada: The Criminal Code is a federal law that includes definitions of most of the criminal offences that the Parliament of Canada has enacted.

2. Canada Shipping Act, 2001: This act governs various aspects of shipping and marine transportation in Canada. It includes provisions related to safety and environmental protection in Canadian waters and ports.

3. Customs Act: The Customs Act provides the legal framework for the Canada Border Services Agency (CBSA) to enforce customs and immigration laws at ports of entry, including seaports. It grants CBSA officers the authority to inspect goods, vessels, and individuals and to seize prohibited or illegal items.

4. Controlled Drugs and Substances Act: This act deals with the regulation of controlled substances, including illegal drugs. It has jurisdiction over drug-related criminal activities that may occur in or around Canadian ports.

5. Canada Marine Act: This act provides the legal framework for the governance and regulation of Canada's ports and port authorities. It addresses various aspects of port operations, and management, however, excludes reference to security.

6. Marine Transportation Security Regulations: The Marine Transportation Security Regulations (MTSR) came into force on July 1, 2004 and provide a framework to detect security threats and take measures to prevent security incidents that could affect marine vessels and their facilities[1].

Starting in 2005, organized criminal (OC) activity in major commercial marine ports has seen an increase in the transport of chemicals for making synthetic drugs within the country, the export of synthetic drugs produced domestically to foreign ports, and a significant rise in the import of counterfeit consumer goods, especially cigarettes[2].

[1] https://tc.canada.ca/en/marine-transportation/marine-security/marine-transportation-security-regulations
[2] https://www.publicsafety.gc.ca/cnt/rsrcs/pblctns/rgnzd-crm-brf-25/index-en.aspx

OC groups use various methods to operate, which include smuggling methods and concealment techniques, such as use of shipping containers, concealing contraband among legitimate imported goods by using fraudulent shipping documents, use of transit countries, and cooperation among different criminal groups; corruption and internal conspiracies using corrupted labourers, often in influential positions critical to unloading, moving, and storage of marine containers, as well as those who prepare the necessary documents for off-loading and inter-modal shipping in marine port terminals; intimidation of dock workers and law enforcement personnel for unfettered movement of contraband-filled containers [3].

Recommendations

That the Government of Canada:

1. Enable greater coordination and information-sharing between existing law enforcement agencies, municipal police of jurisdiction and port authorities.

2. Provide dedicated additional funding to police of jurisdiction to enhance capacity and training in support of port and supply chain security.

[3] https://www.publicsafety.gc.ca/cnt/rsrcs/pblctns/rgnzd-crm-brf-25/index-en.aspx

23. Maintaining Operations in Canada's Strategic Infrastructures and the Resilience of Our International Supply Chains

Description

Canada's strategic infrastructure is vital to our supply chain, acting as gateways to bring products to market: it is therefore key to the Canadian economy and to the competitiveness of Canadian businesses. This infrastructure is essential to support international partnerships by ensuring the arrival and movement of goods destined for global trade, whose export value alone represents more than 768.2 billion Canadian dollars (Statistics Canada, International Merchandise Trade in Canada, May 2024).

Background

The disruptions brought about by a rail blockade and labour disputes at the Port of Montréal (2020 and 2021) have demonstrated, as have the strikes at the Port of Vancouver (2019 and 2023), that Canada must maintain the flow of goods and merchandise entering, leaving or circulating within its territory. Goods and merchandise transiting through strategic infrastructure are essential not only to the country's economic prosperity, but also to the health and safety of Canadians, who cannot suffer from shortages, particularly of pharmaceutical or bio-food products. As a number of industry associations have pointed out, from forestry to agricultural production, automotive manufacturing to retail trade, activities involving container handling cannot come to a complete halt without serious consequences for the manufacturers, food producers and health services found in every province.

The competitiveness of Canadian businesses, and of Canada as a whole, on international markets depends on the availability of a transportation infrastructure that enables the required goods to be transported or procured at a reasonable cost and within a competitive timeframe. The induced effects of a work stoppage are highly damaging to the economy and threaten high-quality jobs in strategic Canadian sectors. Additionally, every moment of uncertainty regarding the reliability of service of a Canadian strategic infrastructure ultimately favours a U.S. competitor to receive traffic initially destined for Canada's various infrastructure whose service is uncertain or compromised. Such a dynamic weakens Canada's competitiveness.

The right to negotiate a collective agreement does not mean that a labour dispute can legitimately generate disproportionate consequences or economic disasters, such as the $600 million negative impact caused by a first strike targeting containers at the Port of Montréal, or that it can provoke the equivalent of closing part of our borders. This situation was acknowledged by the Parliament of Canada with the adoption of a law allowing the resumption and maintenance of activities at the Port of Montréal, after economic players across the country had denounced a situation forcing them to assume costs and deadlines contrary to the collective interest of Canadians. As for the Port of Vancouver, Transport Canada stated that the 2023 strike reduced Canada's gross domestic product by $720,980 million, and also affected shipments of goods worth $10 billion (Report of the Standing Committee on International Trade, The strike in 2023 at British Columbia Ports: Selected economic impacts and federal action, 2024, p. 5) For rail freight, labour disputes would have a devastating impact, according to the Canadian Business Council.

The dynamics of international trade, a large part of which is carried out exclusively by container, and the nature of logistics activities make it difficult to maintain only the transportation of critical goods, such as biomedical and pharmaceutical products, which are protected by provincial laws giving them essential status.

Recommendations

That the Government of Canada:

1. Works with its partners, employer associations and unions to amend the Canada Labour Code so that it can avoid economic disasters by taking into account the essential nature of supply chains and establishes an essential level of operations to ensure that no significant work stoppage will jeopardize Canada's health, safety and competitiveness.

2. Identifies and adopts labour dispute resolution mechanisms tailored to Canadian strategic infrastructure operations.

DIGITAL ECONOMY

24. Harmonizing Data Protection and Cybersecurity Regulations in North America

Description

The Canadian Chamber of Commerce has already voiced its opinion on the issue of cybersecurity on a number of occasions. Initially in 2019, with the adoption of a resolution calling on Canadian government bodies to step up their efforts to tackle cybercrime, and to better inform the public about the dangers of cybercrime. And then, in 2021, by adopting a resolution in favour of harmonizing data protection and cybersecurity rules across North America. Since that time, this issue has taken on ever-greater importance, and must remain a priority.

Background

Multiple hacking incidents have been widely reported in the media and have made many entrepreneurs realize that this is a significant and immediate threat. Business owners have been shocked by the assortment of targets that have been hit: government departments and agencies in many states, including the federal and provincial governments, large multinational corporations and financial institutions, as well as small manufacturing and retail businesses in different parts of the country. The resulting message to business owners can be daunting: no one is safe, not even the wealthiest or most discreet of organizations and businesses. The possibility that such attacks are perpetrated by people with direct access to the company's computer networks, be they consultants or employees, adds another disturbing factor to the equation.

In this context, in addition to efforts to fight cybercrime, various governments are seeking to reassure citizens who fear for the security of their personal data. The federal government introduced Bill C-11 in 2020, followed by Bill C-27 in 2022, but neither has become law to date. Meanwhile, in Quebec, Bill 64, An Act to modernize legislative provisions as regards the protection of personal information, was passed in 2021 and came into force in 2022, while other provinces may be tempted to act to address their citizens' concerns, given the lack of progress in federal legislation

Although the changes proposed by C-27 and its provincial equivalents (adopted or to come), like those of the California Consumer Privacy Act, which came into force 2020, are inspired in part by the General Data Protection Regulation (GDPR) adopted by the European Union (EU), these bills raise a competitiveness issue for our businesses. No equivalent legislation is in force at the U.S. federal level. Draft legislation has been introduced in previous sessions of Congress, but failed to pass, and other proposals are circulating, including the proposed American Privacy Rights Act (APRA).

In light of the volume and value of cross-border data flows between Canada and the U.S., which have only continued to grow since the start of the Canada-U.S.-Mexico Agreement (CUSMA) in 2020, it would be desirable for the North American states to combine their efforts to coordinate expectations and obligations in terms of cybersecurity and the protection of personal information as much as possible. Given that each party involved in the CUSMA, including the federated states, can legislate on the protection of personal data, some problems may arise, particularly in the event of conflicts of interpretation involving several countries, states or provinces. It is important for Canada not to become isolated from its main trading partner, so as not to undermine its own economic development.

An imbalance in personal information regulatory systems could pose a significant threat to many of Canada's burgeoning economic sectors, including artificial intelligence and life sciences. The analysis, transfer and use of data are central to the operations of these companies, which are developing new technologies that improve the lives of Canadians. Governments that claim to support the development of these industries should not undermine their own efforts by adopting laws and regulations that would hinder their competitiveness on a North American scale.

Canada would be well advised to adopt a leading position and engage in discussions with its American counterparts to promote the development of an equivalent data protection regime for all of our companies' North American operations. Following the failure of the U.S. Privacy Shield program, invalidated by the European Court of Justice on July 16, 2020, there is reason to believe that our largest economic partner is looking for a new way to align its policy with the European GDPR.

This is also true for cybersecurity, as the two issues are intimately linked: even with the strictest privacy laws in the world imposed on businesses, that information remains vulnerable to cyberattacks. The two issues must be seen as interdependent.

A common North American cybersecurity policy that clearly states the importance of cybersecurity as a priority, increases the severity of penalties for cybercriminals, and ensures information sharing among law enforcement and regulatory authorities in this area could be integrated into a North American data protection regime.

By working towards a secure and flexible North American digital economic space, we can promote the economic development of Canadian businesses while adequately protecting the data of Canadians.

Recommendations

That the Government of Canada:

1. Propose to U.S. federal authorities the development of a common data protection and cybersecurity framework that will promote the economic development of North American businesses while adequately protecting citizens' and businesses' data against inappropriate use and cyberattacks.

2. Ensure that the provisions of Bill C-27 and a possible "American Privacy Rights Act" (APRA) are aligned.

3. Avoid the hasty imposition of barriers to the use and transfer of data that would disadvantage companies doing business in Canada vis-à-vis their U.S. competitors until a North American framework has been put in place.

25. Training and Alignment of Supports for Local Police Departments for the Investigation of Cybercrimes

Description

Police departments face a broad range of duties in serving their local communities. The innovation of perpetrators, including forms of fraud against the public and especially businesses have increased demands on local police departments. Large, medium size and smaller police departments have identified a number of specialty teams required within their organizations. [1]

Cybercrime is a real and rapidly growing form of crime affecting our communities in which governments, businesses and individual citizens are targeted across Canada.

Municipal and rural police departments are increasingly strained to meet this rising form of crime and threat to the public and business community, both in terms of crime prevention and investigation.

Background

Cyber Crime is a rapidly growing and serious form of crime perpetrated at an alarming rate in communities across our country. Its victims are the people of our communities, local businesses, organizations and governments, and all "often face devasting impacts". The offenders can range from international to extremely local, and "it often has links to Organized Crime or other criminality". There are, however, identified actionable items at all levels of policing including increasing calls for "a collaborative approach" and a standardized form of "coordination" which has proven effective. Positive strides protecting our communities from cybercrime and fraud is possible "When police have the knowledge and skills necessary".[2]

Police departments are faced with allocating time and resources of their already stretched staffing to best address this growing threat to the community. Once actionable items are identified, police departments experience difficulties "hiring, training, and retaining employees who are capable of handling cybercrime investigations". Even when a department, of any size, identifies the need for such an allocation or specialization, "training programs and qualified trainers must be found."[3]

The current coordinating body is the Canadian Anti-Fraud Centre, a "central repository for fraud information and intelligence in Canada and is jointly operated by the Royal Canadian Mounted Police (RCMP), the Ontario Provincial Police (OPP) and the Competition of Bureau Canada".[4] Through its Call Centre and online reporting system, the CAFC amassed nearly 91,000 conventional and cyber fraud reports in 2022, "totaling losses of $530.4 million." This figure represents a steady yet rapid rise from the total of $383 million in 2021.[5]An increasing method of choice of both domestic and international cybercriminals is the targeting of businesses, governmental and public organizations through a tactic known as spear phishing. [6]Spear phishing "attacks continue to produce larger losses, with fraudsters targeting businesses and organizations with nuanced email pitches and impersonating scams." [7]

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[1] Public Safety Canada, "Research Summary, Contemporary Policing Responsibilities," (2017), (accessed June 3, 2024) https://www.publicsafety.gc.ca/cnt/rsrcs/pblctns/2017-s006/2017-s006-en.pdf

[2] Canadian Association of Chiefs of Police, Executive Global Studies Program, CACP Global 2015, "An Action Guide on Cyber Crime for Canadian Policing", (accessed June 3, 2024), https://www.cacpglobal.ca/images/pdf/CACPGlobal2015CyberActionGuideENFinal.pdf

[3] Police Executive Research Forum, "Critical Issues in Policing Series, The Role of Local Law Enforcement Agencies in Preventing and Investigating Cybercrime," (2014) (accessed, June 3, 2024), https://www.policeforum.org/assets/docs/Critical_Issues_Series_2/the%20role%20of%20local%20law%20enforcement%20agencies%20in%20preventing%20and%20investigating%20cybercrime%202014.pdf , 27.

[4] Canadian Anti-Fraud Centre "Annual Report 2022", (2023) (accessed June 3, 2024), https://publications.gc.ca/collections/collection_2024/grc-rcmp/PS61-46-2022-eng.pdf 5

[5] "Annual Report 2022", 3

[6] "Annual Report 2022", 31.

[7] "Annual Report 2022", 14.

Adding to the difficulty of investigations in this area, “Fraud investigations are often spread across multiple jurisdictions and borders, and individual fraud operations can target Canadians in every province and territory.” Currently, the CAFC “provides operational support to assist investigative efforts in collaboration with local police services and other partners in 811 instances.” The CAFC also manages the National Financial Crime Intelligence Sharing Group (FCISG), which “supports information sharing among police services and acts as a central point of contact in coordinating police investigations.” In 2022, the CAFC disseminated 370 articles of intelligence to FCISG members. In 2022 alone, the CAFC assisted in 40 instances of freezing and recovering funds, leading to the recovery of $2.9 million for victims of fraud. [8]

Recommendations

That the Government of Canada:

1. Provide resources to expand the expertise, local experience and data sharing practices of national/regional cybercrime structures.

2. Facilitate professional development opportunities, including specialized/advanced in-service training through the National Cybercrime Coordination Centre (NC3) for businesses and enforcement organizations.

3. Clarify roles and responsibilities of local, provincial and federal police agencies in addressing cross-jurisdictional cybercrime.

[8] “Annual Report 2022”, 13.

26. Enhance Cellular Development in Rural, Remote, and Last-Mile Areas

Description

Expanding cellular infrastructure in rural and remote regions of Canada, particularly within First Nations communities, faces significant challenges such as harsh weather, rugged terrain, and rising material costs. These obstacles limit coverage and require substantial capital investments, impacting supply chain operations and emergency responsiveness. By investing in cellular networks, Canada can stimulate economic progress in rural and First Nations regions, enhance the resiliency of the national supply chain, and spur industry growth.

Background

Wireless communication in Canada has evolved significantly since the early 1900s when a signal sent from a station in Cornwall, England was received at Signal Hill in St. Johns, Newfoundland. Today, 93.9% of Canadian households own at least one mobile device.[1] The telecom industry is a key economic driver, contributing an estimated $80.8 billion to Canada's GDP and supporting 782,000 jobs across all sectors in 2023.[2] Despite these significant investments, the sector faces challenges ranging from growing consumer demands for more data at lower costs and escalating expenses, impacting the progress for underserved rural, remote, and First Nations communities as companies now need to evaluate planned capital investments and labour needs versus expenditures.

Cell towers are integral to Canada's communication infrastructure, connecting cell phones and mobile technology with wireless services through radio signals. The CRTC projects LTE network coverage to reach 100% of the population by 2026, while 5G and 5G+ deployment continues, requiring significant investments to cover rural, remote, and last-mile areas.[3]

Reliable cellular coverage is critical for supply chain continuity, enabling real-time communication and data exchange across production, distribution, and retail stages. Dead zones on major transportation highways pose significant impacts to operations, leading to potential delays and safety risks. Addressing these dead zones is crucial for maintaining a seamless supply chain, ensuring the resilience and competitiveness of Canadian businesses in the global market.

Leveraging 5G for IoT upgrades benefits various sectors, including agriculture, healthcare, technology, mining, and consumer services, bridging the digital gap between rural and urban regions. Modern telecommunications play a vital role in Canada's economic development, competitiveness, social progress, and democratic engagement. Since 2016, the CRTC reports that the average annual download/upload traffic per mobile data subscriber per month has increased by 4.6 GB, largely supported by the availability of lower-priced and high to unlimited data plans and will continue to rise as dependence of IoT technology and data-intense applications grow.

The telecom industry has invested over $147 billion in infrastructure from 2010 to 2022, despite ongoing challenges such as aging infrastructure, rising costs, lack of skilled talent, and high spectrum costs. These investments are essential to meet service demands and will continue to increase as the digital economy continues to grow. For Canada to remain a leader in telecommunications, it is imperative to support the telecom industry by alleviating capital costs by incentivizing infrastructure investment and developing workforce initiatives that build a skilled talent pipeline.
Investing in Canada's national cellular network and telecom industry is essential for growing the country's economic competitiveness, maintaining public safety, and closing the digital divide.

[1] https://www.statcan.gc.ca/en/subjects-start/digital_economy_and_society/telecommunications
[2] https://canadatelecoms.ca/wp-content/uploads/2024/06/Driving-Canadas-Productivity.pdf
[3] https://crtc.gc.ca/eng/publications/reports/PolicyMonitoring/mob.htm

Recommendations

That the Government of Canada:

1. Reinvest a portion of revenue from spectrum auctions into subsidies and incentives supporting innovative and robust networks, such as satellite-to-cellular networks. This reinvestment should focus on rural and remote areas, critical transportation routes and workforce programs that address shortages in skilled talent within the sector.

2. Encourage collaboration between government, industry and communities for project success, efficient resource allocation, addressing unique regional challenges and increasing program accessibility. Regularly assess economic and community impacts of expanded cellular coverage to support future telecommunications activities.

3. Promote economic reconciliation and consult Indigenous leaders and First Nations communities as partners in policy and development. Incorporate traditional knowledge with modern technology, fostering trust and creating sustainable innovative solutions for a more economically inclusive and prosperous future.

27. Improvements to the Artificial Intelligence and Data Act

Description

The newly introduced Artificial Intelligence and Data Act (AIDA) under Bill C-27 aims to bolster the AI sector through funding and regulation.[1] However, as presently formulated, significant deficiencies exist both in its specifics and in its execution. Despite the commendable $2.4 billion allocation for AI[2], the broad-reaching regulations risk hampering Canada's global competitiveness. Moreover, the lack of substantial public engagement during the act's drafting phase leaves numerous concerns unattended. While regulating this burgeoning industry is imperative, it must be done judiciously to ensure that Canadian enterprises retain their competitive edge.

Background

AI has become an emerging technology that has developed at a pace more rapid than any other in the last decade.[3] While it is imperative that Canada creates regulations in order to ensure that this technology stays safe and effective, we must also ensure that these regulations allow the Canadian technology sector to be competitive with the international tech industry. The current regulations proposed by AIDA pose risks to this competitiveness and have the potential to hold back Canadian innovation. AIDA's definition of "general-purpose systems" is much broader than other comparable AI acts and extends beyond the reach of what needs to be regulated by this act. It would mean that this regulation would include search engines and social media or other technologies where certain biases could lead to more concerning outcomes. This has the potential to cause Canada to miss out on emerging technologies if they cannot be reasonably adapted to our regulations.[4] Another major issue set out in this act is the way in which the regulations will be created and managed. The proposed AI and Data Commissioner, who would oversee these regulations, would not be meaningfully independent from Innovation, Science and Economic Development Canada[5] meaning that the power set out by this act would be held almost entirely by the Minister of Innovation. This differs from the Federal Privacy Commissioner who is an independent officer of Parliament. In order to responsibly oversee this act, the AI and Data Commissioner must also be an independent officer of Parliament. Finally, the creation of this act and the regulations within it have no guiding principles such as the ones seen in similar acts developed by our international partners[6]. Without guiding principles on how these regulations should be developed, the interpretations for what can and cannot be regulated become too broad and leave too much power in the hands of the Minister with little to no oversight from Parliament.

Recommendations

That the Government of Canada:

1. Evaluate the need for more public consultation when the legislation is being rolled out.

2. Ensure that the regulations imposed on the industry allow it to remain competitive with other countries, including our major trading partners.

3. Separate AIDA from Bill C-27 to ensure that it receives due attention and is not held back by other controversial legislation.

4. Clarify what makes an AI system "high impact" to better enforce the regulations.

5. Ensure that the position of AI and Data Commissioner is separate from the Minister of Innovation and is an independent officer of Parliament, similar to the Federal Privacy Commissioner.

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[1] https://ised-isde.canada.ca/site/innovation-better-canada/en/artificial-intelligence-and-data-act-aida-companion-document
[2] https://www.harrisonpensa.com/flawed-aida-may-hamper-ai-funding-plan/
[3] https://www.statista.com/outlook/tmo/artificial-intelligence/canada
[4] https://www.itworldcanada.com/article/search-engines-social-media-platforms-to-come-under-canadas-ai-law-says-government/548437
[5] https://barrysookman.com/2023/12/20/analyzing-aida-2-0-the-problems-with-the-proposed-amendments-to-aida/
[6] https://www.itworldcanada.com/article/proposed-canadian-ai-law-fundamentally-flawed-parliament-told/554225

MANUFACTURING AND VALUE CHAINS

28. The Revitalization of Manufacturing in Canada

Description

The federal government has a critical role in addressing key competitiveness issues that have a real impact on Canada's manufacturing sector. This includes retaining skilled workers, introducing competitive incentives to invest in technology and helping Canadian-based manufacturers become more competitive and lower their business costs.

Background

The manufacturing sector is a cornerstone of Canada's economy, playing a crucial role in creating jobs, fostering innovation, and driving economic growth. The nation's 90,000 manufacturers directly generate 9.5 per cent of Canada's real gross domestic product (GDP), make up one-quarter of its business research and development spending, and account for 60 per cent of the country's outbound goods. Taken together, the sector's direct, indirect and induced impacts amount to 27 per cent of Canada's total economic activity. In addition, by employing 1.79 million Canadians and supporting 3.58 million more jobs through supply chain activity and employee spending, the manufacturing industry undoubtedly makes substantial contributions to communities across Canada.[1]

However, Canada's productivity has been declining for more than two years and productivity has declined in 10 out of the last 11 quarters. This is due to several factors such as limited innovation adoption, skills gaps, inefficient regulatory processes, and weak business investment in machinery, equipment, and technology.

As stated by the C.D. Howe Institute, new capital per worker in Canada was less than $15,000 in 2022, compared to $20,000 in other OECD countries and almost $28,000 in the United States.

Canada's productivity has not only just fallen back to pre-pandemic levels but has fallen to a point that is now lower than at any time since 2017. Meanwhile, U.S. productivity surged 4.7 % in the third quarter of 2023.[2]

According to the Canadian Chamber of Commerce's Business Data Lab we are lagging as compared to other developed countries from low rates of business research and development spending (BERD).

Data from the Organization for Economic Cooperation and Development (OECD) consistently shows that Canada underperforms well below average against global peers in terms of research and development (R&D) investment intensity (i.e., R&D investment as a share of GDP).

In comparison to our international peers, Germany plans to increase research investment to 3.5 percent of GDP by 2025 and Finland to 4 per cent of GDP by 2030, while Canada currently only sits at about 1.6 per cent.[3]

In support of encouraging innovation, investment, and technology within the industry and the commercialization of products in manufacturing, the federal government should implement a complementary patent box regime that grants preferential tax treatment for income derived from patented inventions. Moreoverr, the implementation of a Patent Box system would encourage commercialization of products and new technology adoption in Canada. This has been successfully adopted in other international jurisdictions and Canadian provinces. Such a system would support initial production scale-up by reducing corporate taxes paid on earnings from new products.

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[1] https://cme-mec.ca/initiatives/manufacturing-canadas-future/#:~:text=Manufacturing%20is%20a%20cornerstone%20of%20Canada's%20economy&text=The%20nation's%2090%2C000%20manufacturers%20directly,of%20the%20country's%20outbound%20goods.

[2] https://www.cdhowe.org/expert-op-eds/feeble-business-investment-shows-morneau-right-about-economic-stagnation-financial

[3] https://bdl-lde.ca/terminal/

Additionally, attaining skilled labour continues to be a challenge for manufacturers. To that end, the government should continue to promote skilled trades and apprenticeship programs through an on-the-job training investment tax credit. There are many supportive measures for technology purchases and apprenticeship programs, but what often stops employers from fully leveraging these supports is limited resources to upskill employees through work-focused training programs. This can be training to use new machinery or completing the implementation of a new digital platform.

By providing training in relation to technology improvement in a work environment, we can provide workers the tools to succeed, not in a classroom environment, but in the real world, where the knowledge can immediately grow their skills and their income. Making businesses more productive. Several North American jurisdictions have similar training in place, for example Georgia, Kentucky and Quebec.

There is clearly a movement among many large Original Equipment Manufacturers (OEMs -automotive market) to on-shore or bring back manufacturing to North America (US, Canada and Mexico) to shorten supply chains and reduce risk of related disruptions.

Geopolitical tensions and domestic trade considerations in the US have further encouraged and supported the onshoring activities particularly related to China. Also, the recent UAW and UNIFOR labour agreements have fueled a push within North America to focus new investments in addition to production relocation from US and Canada to Mexico.

Canada needs a clear strategy aimed at taking advantage of the move to onshoring as well as presenting Canada as a better alternative within the above to Mexico or the US.

This strategy needs to address the changing realities of globalization. For the past 30+ years, Canada, the US and all western economies have de-industrialized under increasing globalization of supply chains. Manufacturing industries in part or in whole transferred to lower cost offshore locals, and in particular to China. The rise of China and the geopolitical implications are now a top security concern for the US and its western partners, including Canada. Industrial capacity and technological know-how are increasingly understood to be an integral part of national security. This has led to a reversal of globalization policies, particularly following the Covid pandemic, whose impact acted as an accelerant. The US, Canada and most advanced economies are now embarking on an era of re-industrialization and the changes to our economies will be profound. North America presents a unique opportunity towards this goal. It is essentially an island, well protected geographically, rich in mineral and agricultural resources and possessing a stronger demographic profile than most other advanced economies.

The US is steadily implementing this strategy. Mexico has already benefited from this with its low-cost base and available work force. Canada risks being left behind. Canada needs to throw its weight behind this initiative towards being a full partner. This strategy goes well beyond the USMCA and leverages an all of society approach that permeates all levels of policy and regulations to achieve its aims.

Simply put,we need to focus on taking some very deliberate actions, immediately to support and encourage business investment and confidence in Canada.

Recommendations

That the Government of Canada:

1. Establish a comprehensive Industrial and Manufacturing Strategy that includes:

    a. Solidifying the continental supply chain strategy

    b. Continuing to develop a skilled workforce through targeted immigration policies and skills development programs

    c. Supporting investment in technology through tax credits for investments in machinery and employee training

    d. Regulatory reform, encouraging greater investment and accelerating access to market

29. Increasing Capacity Across Canadian Manufacturing

Description

Strategic and effective government support is required to increase investment and innovation across the Canadian manufacturing sector.

Background

The 2024 Federal Pre-Budget submission from the Canadian Manufacturers & Exporters (CME) notes that although the domestic sector is large, output and exports are escalating at a much slower pace than competing jurisdictions. Several factors have restricted investment into the industry including skills shortages, a relatively high tax burden, a restrictive regulatory environment, and the absence of a national advanced manufacturing strategy.

The erosion of industrial competitiveness has created economic vulnerabilities which were particularly evident throughout the COVID-19 pandemic when governments were forced to quickly secure masks, ventilators and vaccines. The pandemic was, according to the CME, a wake-up call for Canada and the vital requirement to rebuild domestic industrial capacity. A broad-based industrial policy is urgently required in our current environment of weak business investment and slow productivity growth. If current trends are not reversed, Canada's GDP per capita will continue to stagnate and threaten our standard of living and future prosperity.

The CME recommended that the federal government introduce a ten per cent refundable manufacturing investment tax credit for new buildings, machinery, equipment and software. This measure could be accomplished by extending the Atlantic Investment Tax Credit across Canada. A nationwide manufacturing tax credit would be an important mechanism for elevated investment and technology adoption.

The Food, Health and Consumer Products of Canada (FHCP) noted in their 2024 Federal Pre-Budget submission that chronic labour shortages require manufacturers to consider less labour-intensive options across their operations. Continuing investments into automation elevate domestic productivity.
The federal government must act expeditiously to maintain and attract investment. American industrial policy is effective for the construction of new facilities assisted by generous incentives including the Inflation Reduction Act. American private manufacturing construction has more than doubled over the past year while Canadian activity is less impressive at 37 per cent compared to one year ago.
The FHCP supported the CME recommendation to introduce a national 10 per cent investment tax credit for new buildings, machinery and equipment that is matched by all provinces. An expeditious rollout is urgently required before more investment is lost to the United States.

Recommendations

That the Government of Canada:

Implement a ten per cent refundable manufacturing investment tax credit for all operations across Canada.

30. A Balanced Approach to Regulation for Economic Prosperity

Description

In 2006, the World Bank's Ease of Doing Business report ranked Canada an impressive 4th in the world. In just 14 years, our country had fallen to 23rd, largely attributed to a challenging regulatory environment. Since the COVID-19 pandemic, reports proliferate showing lagging national productivity. Canada has become a unfriendly place to invest in infrastructure due to lengthy and unpredictable regulatory processes. It is crucial for the prosperity of Canadians that Canada's regulatory frameworks are reformed to strike a more effective balance between strict regulation and economic competitiveness.

Background

A strong regulatory regime will protect the public interest, balancing health and wellbeing, environmental sustainability, a fair, honest approach, and the needs of the economy. Common sense reforms to our complex regulatory regime are needed to incentivize investment and lead to productivity growth.

In 2023, the Toronto Stock Exchange (TSX) recorded the largest foreign capital outflow on record, a staggering net sell-off of $48.7 billion of Canadian equities.[1] This raises a red flag for economists: investors have lost confidence in Canadian growth. The flight of investment from Canada's equity markets is just a piece of a larger trend. At the end of 2023, while Canadian investment abroad had grown to $2171.3 Billion, foreign direct investment in Canada has not kept pace, lagging at $1360.3 Billion, leaving net direct investment position of $811 billion[2], nearly an order of magnitude greater than just 10 years prior.

As investment in Canada dwindles, so too does our GDP per capita. Real GDP grew 1.1% in 2023 –the lowest rate since 2016, related to the oil price plunge. While we saw gains in household spending and exports, lower business investment and declines in residential construction tempered that growth. An April 2024 report from Statistics Canada entitled Canada's gross domestic product per capita: Perspectives in the return to trend notes while the pace of economic activity has slowed, Canadas population continued to expand rapidly. During 2023, Canada's population grew 3.2%, an increase of over 1,271,000 people, roughly equivalent to the size of Calgary. With population growth outpacing output growth, GDP per capita has trended lower and is now 2.5% below pre-pandemic levels.[3] Per individual in Canada, this is equated to a decline of about $4,200 per person below the trend line.

Unfortunately, acknowledging the problem will not provide solutions and we cannot wish our way to productivity improvements. Boosting productivity hinges on sustained private sector capital spending. Over the past 30 years, fixed capital investment per worker has been the main driver of labor productivity growth. After a strong period from the 1990s to 2006, investment per worker declined, exacerbated by the 2014-2015 commodity price collapse. By 2021, investment per worker in business sectors was about 15% lower than in 2006. Weaker firm competition and decreasing entry rates since the mid-2000s further constrained investment, accounting for 30% of the decline. It is clear that Canada has work to do to create an investment-friendly, productivity enabling environment.

[1] https://nesbittburns.bmo.com/delegate/services/file/555324/content
[2] https://www150.statcan.gc.ca/n1/daily-quotidien/240429/cg-a001-eng.htm
[3] https://www150.statcan.gc.ca/n1/pub/36-28-0001/2024004/article/00001-eng.htm

With that understood, there is still great opportunity within Canada for major projects, emerging industries, and sustained investment. Looking at the Clean Energy sector as an example, according to the Canadian Climate Institute, achieving net zero in Canada will require meeting electricity demand that is 1.6 to 2.1 times greater [4]than it is now. As they note, this will require significant growth in generation facilities, transmission infrastructure, and distribution networks. This new electricity infrastructure must successfully pass through complex siting and approvals processes, the success of which depends largely on the extent to which local communities and the broader public support their development. Indeed, they estimate that for every year from now to 2050, Canada will need to build over 10 gigawatts (10,000 megawatts) of new zero emission electricity generation facilities. The federal government's own estimates are that Canada's climate investment gap is currently as high as $115 billion annually.[5]

Unfortunately, Canada does not have a strong reputation for enabling this necessary investment, while other jurisdictions seem to be successfully attracting it. For example, in 2023, the Calgary-based Parkland Corporation ended its plans to build a $600 million stand-alone renewable diesel complex in Burnaby, British Columbia. While the plan would have resulted in 1,000 jobs and approximately 6,500 barrels of renewable diesel per day (with one-eighth the carbon intensity of conventional fuels), the company cited rising project costs, a lack of market certainty around emerging renewable fuels and the U.S. Inflation Reduction Act of 2022, which advantages U.S. producers as their rationale for their decision not to proceed.

Looking to the resources sector, we know that critical minerals are essential to the green energy transition. While traditional timelines could historically stretch to 15 years, partly due to the often overlapping and onerous review and permitting process, the 2022 Critical Mineral Strategy commitment to one project, one assessment [6] is a heartening one, that the government might consider implementing across all major projects.

The Western Transportation Advisory Council's 2024 Compass Report collected the thoughts, plans and expectations of Canada's transportation executives. Over half (52%) of respondents perceive a deterioration in the business investment climate over the past 12 months. They attribute this largely to regulatory hurdles, high costs and government policies. A majority of these leaders (57%) rated the regulatory environment as poor, with concerns centred on restrictive regulations and long approval processes. One survey respondent, representing a railway operator said, it is tough to invest in a geography that has unpredictable rules. At any minute, things could change, and it never seems like they change to help business.[7]

Other nations have provided powerful examples of governments using novel regulatory tools to mobilize the private sector in financing massive construction of clean energy facilities. In particular, Germany provided an example of how feed-in tariffs can help accelerate the build-out of wind and solar facilities to contribute to major energy systems.[8]

Canada's current regulatory environment presents significant challenges to economic prosperity and our global reputation for investment. However, by adopting a more balanced approach to regulation across all sectors—one that protects public interests while promoting economic competitiveness—Canada can reverse its declining productivity and investment trends.

Recommendations

That the Government of Canada:

1. Expand the Policy on Cost-Benefit Analysis to implement an economic competitiveness mandate for all federal regulators;

2. Leverage technology for regulatory design and review, with a focus on efficient implementation, and identifying areas of regulatory overlap and duplication; and

[4] https://climateinstitute.ca/wp-content/uploads/2022/05/Electric-Federalism-May-4-2022.pdf
[5] https://www.canada.ca/en/department-finance/programs/financial-sector-policy/sustainable-finance/sustainable-finance-action-council/taxonomy-roadmap-report.html
[6] https://www.canada.ca/en/campaign/critical-minerals-in-canada/canadas-critical-minerals-strategy.html
[7] https://www.westac.com/application/files/8817/0727/1688/Compass_Report_2024.pdf
[8] https://www.futurepolicy.org/climate-stability/renewable-energies/the-german-feed-in-tariff/

3. Commit to a predictable regulatory framework that instills certainty in approach from first application to operation of major projects.

31. Interprovincial Trade Barriers Need to Fall More Quickly to Realize $200 Billion in GDP Growth for Canada This Decade

Description

Canada is in a productivity crisis. Interprovincial trade in Canada continues to be hampered by a number of policies restricting competition for a few well-connected sectors of our provincial economies. A rise in each province's and territory's GDP would increase overall GDP, improve efficiencies, labour practices, productivity, and make us less reliant on international trade and our lagging innovation economy. In 2024, Statistics Canada computed that these barriers add between 7.8% and 14.5% to goods and services in Canada.[1]

Background

Studies estimate an equivalent tariff of 6.9% is imposed on internal borders through current interprovincial trade barriers.[2] [3] Removing that equivalent tariff would put immediate funding back into Canadians' pockets.

There are four categories of interprovincial trade barriers:

Natural

Geographic characteristics, such as distance and configuration of borders.

Prohibitive

Provincial/territorial laws that unintentionally prohibit (or sometimes, intentionally) internal trade, such as restrictions on the sale of alcohol.

Technical

Sector-specific regulations that differ across provinces & territories, such as vehicle weight standards.

Regulatory & Administrative

Provincial and territorial permits, licensing, other paperwork requirements imposed on businesses which operate in multiple jurisdictions such as business registry regulations.

Federal MPs have supported multiple bills in the Commons with little change in legislation[4] [5] [6]. In the first 60 days of 2024, Alberta, despite being the most open to trade between provinces and territories[7], declared a minor trade war on B.C. over direct shipments of wine to consumers in Alberta.

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[1] https://ppforum.ca/publications/atlantic-canada-trade-barriers-economy/
[2] Deloitte. "The Case for Liberalizing Interprovincial Trade in Canada". November 2021. https://www2.deloitte.com/content/dam/Deloitte/ca/Documents/finance/ca-en-the-case-for-liberalizing-interprovincial-trade-in-canada-aoda.pdf.
[3] CBC, June 14, 2016, MPs debate Conservative motion to refer interprovincial trade to Supreme Court, https://www.cbc.ca/news/politics/conservative-albas-motion-beer-trade-1.3634759
[4] Bill C-260 https://parl.ca/DocumentViewer/en/43-2/bill/C-260/first-reading
[5] "No-brainer that Canadians should be able to by alcohol online from producers" Globe & Mail January 23, 2021
[6] Montreal Economic Institute, https://www.iedm.org/internal-trade-provincial-leadership-index-2023-edition/
[7] MEI, op. cit.

Studies suggest Canada's GDP (gross domestic product) would increase by $110B to $200B if interprovincial trade barriers were abolished[8]. So, is the issue mechanical or political[9]? Both. Despite years of negotiation and implementation of barrier-removing legislation: TILMA[10], NWPTA[11] and Supreme Court decisions, the wrangling continues, and the barriers come down too slowly if at all. Yet, academic research has shown interprovincial trade is 15 times greater in dollar value than international trade in Canada.[12]

What's the status looking across the country?

B.C.

The New West Partnership Trade Agreement (NWPTA) is an accord between the Governments of British Columbia, Alberta, Saskatchewan and Manitoba that creates Canada's largest, barrier-free, interprovincial market. It builds on TILMA (Trade, Investment & Labour Mobility Agreement between B.C. and Alberta). It has certainly helped – plus CFTA, the Canadian Free Trade Agreement [13] entered into in 2017.

Alberta

Alberta rates highest, as noted, in fostering trade within Canada, and has only six exceptions to the deal (CFTA noted above) down from 25 pre-CFTA. Alberta was found to lag on labour mobility, with the highest number of professional exceptions to mobility rules within CFTA[14]. Only Nunavut has no restrictions preventing trained professionals, e.g., nurses, dentists, from practicing after relocation from elsewhere in Canada.

Saskatchewan

Saskatchewan participates in the NWPTA, and with barrier removal, could see a GDP increase similar to that of Newfoundland and Labrador of about 5%.

Manitoba

Manitoba has removed 56% of its listed exceptions to the CFTA, and in January of 2023, took further action to reduce barriers: reducing restrictions for land-surveying corporations; changing location requirements for law firms; and licensing for wild rice harvesting. These recent changes give Manitoba the lowest remaining CFTA exceptions in the country.

Ontario

Ontario would see a smaller gain than some other provinces (2.9%), given their relative larger share of the economy; nevertheless, they would benefit significantly, with a projected GDP increase of $23M.

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[8] "Suppliers from other provinces that offer direct-to-consumer shipping are in contravention of provincial legislation, are bypassing Alberta's private liquor retailers and liquor agencies, and are impacting the dollars that go to the General Revenue Fund that supports projects and services Albertans rely on," Alberta Gaming, Liquor and Cannabis said January 30, 2024. Calgary Herald, https://calgaryherald.com/news/local-news/alberta-slams-door-on-b-c-wine-imports-over-direct-to-consumer-sales
[9] Trade, Industry and Labour Mobility Agreement: ground-breaking accord between the Governments of Alberta and British Columbia that creates Canada's second largest economy. http://tilma.ca
[10] New West Partnership Trade Agreement: created Canada's largest interprovincial free trade zone. It is a ground-breaking economic partnership between the Governments of British Columbia, Alberta, and Saskatchewan. http://tilma.ca
[11] https://doi.org/10.2307/136393 Canadian Provinces in World Trade: Engagement and Detachment; Michael A. Anderson and Stephen L.S. Smith, The Canadian Journal of Economics
[12] https://www.cfta-alec.ca/
[13] Internal Trade Provincial Leadership Index – 2023 Edition. https://www.iedm.org/internal-trade-provincial-leadership-index-2023-edition/
[14] MEI, 2023, op. cit.

Quebec

At the restrictive end of the spectrum, Quebec's barriers continue to harm the province's economy[15]. Currently, 35 exceptions to the CFTA is the most of any province; this number hasn't decreased since 2017. Key restrictions are within the forest industry, and complicated regulations around importing wine from say, B.C. (by air, okay; but no direct delivery). They have a mid-range provincial ranking regarding labour mobility, which continues to feed their labour shortage.

Atlantic Canada

In January 2024, Open Atlantic [16] noted that changes in the trucking industry particularly (not having to amend weight/length of incoming loads, an issue in other provinces as well) would make business sense.

Percentage increase impact and GDP increase in millions of removing non-geographic trade barriers by province[17]:

Province	Percentage	Value
British Columbia	2.8 %	$7,610
Alberta	3.2%	$11,107
Saskatchewan	5.1%	$4,417
Manitoba	7.1%	$4,832
Ontario	2.9%	$23,148
Quebec	4.6%	$18,749
New Brunswick	6.0%	$2,014
Newfoundland and Labrador	12.8%	$4,362
Nova Scotia	4.8%	$1,190
Prince Edward Island	16.2%	$1,076
Northwest Territories	7.5%	$576
Yukon	6.9%	$190

Increasing each province's or territory's GDP might also assist in defusing the often politicized Equalization Program of the Government of Canada; the transfer program for addressing fiscal disparities among provinces. Equalization is financed by the Government of Canada from general revenues, largely raised through federal taxes. Tax revenue also would rise: Alberta estimated: $1.2B; Quebec $4.1B. Canadian wages would climb 5.5%; corporate profits up by 2%; federal government revenue up 6.1%; provinces and territories up by 4%.

It is also noted that reducing interprovincial trade barriers would mean flexibility and supply chain efficiencies. The Ontario Trucking Association has published data and recommendations to its report to the Privy Council of Canada (October 2023) highlighting how some barriers could be dismantled.

B.C.'s Ministry of Public Safety and Solicitor General, in a statement January 31, 2024, said it was "actively engaging with the government of Alberta to address the issue and navigate shared concerns related to interprovincial direct-to-consumer wine sales for the benefit of the industry and consumers."

Alberta's recent move may be subject to judicial review. According to Albert J. Hudec, Farris LLP Vancouver, speaking on behalf on B.C. winemakers, Alberta is trying to impose its regulations on another province, yet "Provinces only have jurisdiction over people in the province and activities in the province. Any enforcement action has always been brought against individual consumers, not the wineries."

This fracas is only the most recent salvo fired across interprovincial borders in Canada.

[15] How Breaking Down Trade Barriers Could Supercharge Atlantic Canada's Economy https://ppforum.ca/publications/atlantic-canada-trade-barriers-economy/
[16] Deloitte. "The Case for Liberalizing Interprovincial Trade in Canada". November 2021. https://www2.deloitte.com/content/dam/Deloitte/ca/Documents/finance/ca-en-the-case-for-liberalizing-interprovincial-trade-in-canada-aoda.pdf
[17] CFIB, Your Voice – September 2022 survey, September 8-26, 2022.

And why, if liquor control boards also have cannabis under their control, aren't there interprovincial trade barriers on that product? In 2022 the Canadian Federation of Independent Business surveyed small business owners who overwhelmingly supported the removal of internal trade barriers, with 88% of respondents indicating that Canada's governments should prioritize the removal of as many barriers as possible to the flow of goods, services, and workers between provinces and territories[18].

Progress was announced April 15, 2024, at the Canadian Chamber of Commerce's Hill Day, with the opening of the Canadian Internal Trade Data and Information Hub[19]. Open and accessible pan-Canadian Hub data will provide insights and help assess opportunities to strengthen internal trade. Not only will it help provincial governments to work together with the federal government, but it will also enable Canadian businesses and workers to make timely choices about where to invest and where to work.

This is a key commitment from the Federal Action Plan to strengthen Internal Trade. The Plan includes these actions:

Action 1: Review of CFTA exceptions within CFTA with participation of all federal ministers responsible

Action 2: Open the Data Hub

Action 3: Stakeholder engagement

Action 4: Barrier identification

Action 5: Enhancement of the Internal Trade Secretariat & the Regulatory Reconciliation & Cooperation Table

These are all wins on current policy brought forward by this Chamber, the B.C. Chamber of Commerce and the Canadian Chamber of Commerce over the past six years. For a potential $200 billion increase.

The Hub builds on progress from recent Council of the Federation meetings (July, 2022 and November, 2023), where Canada's premiers repeated their commitment to removing labour mobility and internal trade barriers and pushing the federal government to remove constraints related to procurement, directing the federal Regulatory Reconciliation and Cooperation Table to accelerate work underway on developing a potential model for mutual recognition of regulations with a negative option list.

It's time for change.

Recommendations

That the Government of Canada:

Accelerate work underway with the provinces and territories to remove barriers with a goal of zero exceptions in the CFTA by 2028.

[18] Intergovernmental Affairs, https://www.canada.ca/en/intergovernmental-affairs/news/2024/04/government-of-canada-announces-the-new-canadian-internal-trade-data-hub.html
[19] The Council of the Federation. News release: Canada's Premiers Discuss Affordability and Global Challenges, July 12, 2022. https://www.canadaspremiers.ca/summer-meeting-july-11-12-2022-victoria-british-columbia/

NATURAL RESOURCES, ENERGY AND ENVIRONMENT

32. Fulfilling Canada's Commitment to Triple Nuclear Energy by 2050

Description

Canada's decision to become a signatory to the Declaration to Triple Nuclear Energy (2023) at COP28 was a promising step toward realizing its goal of reaching net zero energy production by 2050. By greatly expanding its nuclear generation capabilities, Canada stands to gain many benefits, including enhanced energy security and securing its presence as a world leader in the nuclear industry. Ensuring that the objectives of this agreement are met will require long-term strategic planning on the part of the federal government to complement efforts which have already been made on the provincial level.

Background

Nuclear energy has gained considerable interest in Canada and around the world as countries make the transition to net-zero energy production. It is more reliable than any other form of production, including fossil fuels, and is able to produce more electricity with a smaller land footprint than any other green energy source [1] [2]. However, it is also among the most highly regulated industries in the world, and as a result is subject to extended timelines due to the need for regulatory oversight at every stage of construction [3]. It is therefore necessary for countries wishing to develop their nuclear generation capacity to begin planning for implementation as soon as possible to ensure that these timelines and associated construction costs do not exceed estimated thresholds and place an undue burden on taxpayers and stakeholders.

Current nuclear capacity in Canada stands at 19 power reactors spread across four plants in two provinces, altogether accounting for a total of 15% of Canada's energy production. Three of these plants are located in Ontario at the Bruce, Pickering, and Darlington Nuclear Generating Stations, with just one residing in New Brunswick at Point Lepreau. All of these reactors are of the CANDU (CANada Deuterium Uranium) variety, and utilize natural uranium fuel rather than enriched. While there are currently no new reactors under construction in the country, four provinces - Alberta, Saskatchewan, Ontario, and New Brunswick - have signed onto a shared memorandum of understanding indicating their intent to collaborate to build Small Modular Reactors or SMRs.

At the 2023 United Nations Climate Change Conference, more commonly referred to as COP28, Canada was among 22 countries to pledge a tripling of its nuclear energy production by 2050 in order to reach net-zero emissions by the same year. This pledge, while encouraging, contains no obligation for the Canadian government to follow through, nor a detailed description of what actions it plans to take. Canada has been party to many similar international agreements concerning energy and the green transition. However, it has too often failed to introduce policies which allow it to meet the targets set out by these agreements, leaving Canadians uncertain as to the policy direction of their federal government. This creates an environment which is difficult for businesses to navigate, particularly those in the energy sector.

Greater accountability is needed for decisions and commitments made at the international level. Canada is well positioned to be a world leader in nuclear energy and must take advantage of the resources available to seize this opportunity. The United States has already taken steps toward meeting its pledge, including the creation of a national Nuclear Power Project Management and Delivery working group, building a deployment plan for nuclear reactors at military sites, and releasing a capital cost reduction tool for developers and stakeholders. Similarly concrete actions would benefit Canada through the promotion of nuclear energy investment.

[1] "Nuclear Power Is the Most Reliable Energy Source and It's Not Even Close," Energy.gov, March 24, 2021, https://www.energy.gov/ne/articles/nuclear-power-most-reliable-energy-source-and-its-not-even-close.
[2] Emma Derr, "Nuclear Needs Small Amounts of Land to Deliver Big Amounts of Electricity," Nuclear Energy Institute, April 29, 2022, https://www.nei.org/news/2022/nuclear-brings-more-electricity-with-less-land.
[3] Canadian Nuclear Association, "Jobs and the Economy - Canadian Nuclear Association," December 11, 2023, https://cna.ca/advantages/jobs-and-the-economy/.

Recommendations

That the Government of Canada:

1. Work with industry leaders, stakeholders and provincial/territorial governments to release a strategic plan outlining:

    a. how Canada intends to fulfill its COP28 pledge to triple nuclear energy by 2050;

    b. cost estimates for necessary initiatives at the federal level; and

    c. a timeline of anticipated milestones to achieving this goal.

2. Continue to promote the development of nuclear energy on a national and international level through collaborative agreements.

33. Streamlining the Regulatory Process on Major Projects for Clean Growth

Description

The current Impact Assessment (IA) process is inflexible and should be streamlined to meet the Canadian government's own stated decarbonization timelines. The IA process remains lengthy and untested, despite noted marginal improvements. To date, published Tailored Impact Statement Guidelines (TISG) for an IA are lengthy and the content lacks the predictability of previous legislation.

Background

There is an opportunity to tailor the current IA process to aid the Government of Canada in meeting its own stated targets for decarbonization. Canada's IA process is critical to protecting people, the environment, and the rights of Indigenous communities. At the same time, the approvals process needs to be timely and efficient to enable Canada to meet its objectives of clean growth and energy security.

In particular, grouping all greenfield and brownfield projects under one process ignores differences with existing sites, such as nuclear, which are already well understood, regulated, and reviewed by multiple agencies on an ongoing basis. These sites possess multiple environmental assessments and undergo extensive sampling to verify protection of the local environment. As presently defined, very few of these studies would be considered during the IA process. If the federal government is going to have any chance in meeting its decarbonization targets, then previous work at brownfield sites should be recognized under the current IA process, reducing costs to both government and industry.

Time is of the essence to streamline the overall IA process to ensure that the recently announced tax credits for various types of energy generation remain available for design and construction of new assets. Many of these credits are currently set to expire in 2034.

The application of the Impact Assessment Act, as defined in Section 2, is limited to effects within federal jurisdiction. In contrast, energy policy is within provincial jurisdiction. Therefore, provincial policy should not be a consideration and the Need for the Project and Alternatives to the Project should not be included in the scope of an IA for an energy project.

To streamline the process, a key function would be to allow previous environmental assessment work at brownfield sites to be considered and factored into current processes. This presents potential cost saving opportunities for both government and private stakeholders. At present, many international jurisdictions (such as France and the UK) are introducing new legislation to accelerate the process for brownfield sites.

Therefore, we propose that the Government of Canada direct the Impact Assessment Agency of Canada to work with project proponents to focus the scope of the Tailored Impact Statement Guidelines (TISG) to only the most uncertain and meaningful project interactions, with a particular focus on Indigenous peoples' interests in the project, and impacts that are not assessed via other federal or provincial processes.

Studies and assessments that were previously reviewed and accepted by regulatory agencies should be acknowledged in the TISG to eliminate duplication. This principle should also apply to projects at existing sites where previous assessments and studies have been completed, including nuclear.

Recommendations

That the Government of Canada:

1. Direct the Impact Assessment Agency of Canada to work with project proponents to focus the scope of the Tailored Impact Statement Guidelines (TISG) to only the most uncertain and meaningful project interactions, with a particular focus on Indigenous peoples' interests in the project, and impacts that are not assessed via other federal, provincial or municipal processes.

2. Exempt nuclear expansion projects on existing licensed sites from the Impact Assessment Act.

3. Allow proponents to leverage previously accepted assessments and reports, including bounding plant performance envelopes for nuclear reactor designs.

4. Create a priority clean energy projects list to fast-track energy infrastructure projects critical to addressing energy demand growth and decarbonization objectives.

5. Streamline various aspects of the process, such as the Planning Phase, guideline development and agency timelines.

34. Comprehensive Re-evaluation of Predator Species Management to Revitalize Canada's Fisheries

Description

Current strategies for managing fish, shellfish, and seafood stocks are having an impact on Canada's socio-economic landscape, significantly affecting the stability of various sectors of activity directly or indirectly linked to fishing. They have led to a significant reduction in the workforce, even resulting in the closure of some processing plants, a crucial link in the supply chain for other fisheries, right up to the food service industry. The Government of Canada must review the management of predatory species by the Department of Fisheries and Oceans (DFO) to ensure the economic sustainability of Canada's fisheries.

Background

Canada's fishing industry, vital to the national economy and local coastal communities, is facing major challenges due to increasing populations of predatory species such as striped bass and grey seals. These predators have had a considerable impact on fish stocks such as mackerel, herring and shrimp, which are essential to commercial fishing operations and the ecological health of marine environments. The Department of Fisheries and Oceans Canada (DFO) reported a significant decline in fish stocks, with mackerel populations decreasing by over 30% in the last decade (DFO, 2023). A study by DFO and the Canadian Science Advisory Secretariat revealed that natural predators like gannets, small sharks, bluefin tuna, and seals consume more mackerel annually than commercial fisheries, with natural predation accounting for 21,000 to 29,000 tonnes per year from 2012 to 2021, compared to around 11,000 tonnes harvested by fishermen (Robert, Dominique, et al., 2023)[1].

Although seals eat less than 4% of mackerel, their population of nearly 300,000 results in significant consumption, between 7,000 and 13,000 tonnes in recent years (Van Beveren, E., Smith, B., Smith, L., and Pelletier, D., 2024)[2]. This data suggests a need to reassess fishing policies, especially with moratoria on commercial fishing due to declining stocks. Herring fisheries have been under moratorium since 2022. A study by the Institut des sciences de la mer of the Université du Québec Rimouski highlighted that predation by marine mammals, seabirds, and large pelagic fish is a major source of adult herring mortality (Robert, Dominique, et al., 2023)[3].

This predation, combined with fishing, hinders the recovery of herring stocks, complicating sustainable management. Shrimp stocks have faced precautionary measures since 2012 due to increased predation by redfish, a key factor in their decline in the Gulf of St. Lawrence (Fournier, 2023)[4]. The complex interactions between redfish, shrimp, and fisheries are not fully understood, indicating a need for better management tools. In response, DFO launched the first commercial redfish fishery in 30 years (ICI Radio-Canada, 2024)[5].

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[1] Robert, Dominique, et al. "Principaux déterminants de la dynamique des stocks de hareng du Canada atlantique ." Université du Québec à Rimouski, Institut des sciences de la mer, www.ourcommons.ca/Content/Committee/431/FOPO/Brief/BR10831455/br-external/InstitutDesSciencesDeLaMerDeRimouski-f.pdf. Accessed 6 May 2024.
[2] Van Beveren, E., Smith, B., Smith, L., and Pelletier, D. 2024. Consumption of Northern Contingent Atlantic Mackerel (Scomber scombrus) by Various Predators. DFO Can. Sci. Advis. Sec. Res. Doc. 2024/018. v + 41 p. https://www.dfo-mpo.gc.ca/csas-sccs/Publications/ResDocs-DocRech/2024/2024_018-fra.pdf. Accessed 6 May 2024.
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[4] Fournier, Johanne. "De sombres perspectives pour la crevette à court et à moyen termes." Pêche Impact, 18 Dec. 2023, www.pecheimpact.com/de-sombres-perspectives-pour-la-crevette-a-court-et-a-moyen-termes/. Accessed 6 May 2024.
[5] Morin, M. (2024, January 26). La pêche commerciale au sébaste s'ouvre dans le golfe du Saint-Laurent. ICI Radio-Canada. https://ici.radio-canada.ca/nouvelle/2044743/sebaste-crevette-peche-annonce-diane-lebouthillier-fonds-des-peches

Canada's total retail sales of fish and seafood grew in value at a compound annual growth rate (CAGR) of 5.5% from 2018 to 2022, reaching $5.4 billion in 2022. Fresh types, consisting of fish, crustaceans, molluscs, and cephalopods, accounted for 62.7% of the value sales, while processed seafood categories (shelf stable, frozen, chilled) made up the remaining 37.3%[6]. According to 2022 data, the fishing industry as a whole employed 69,173 people in Canada. (Government of Canada, 2024)[7]. This number does not include jobs indirectly linked to the fishing industry in sectors such as tourism, processing and catering. Declining fish stocks threaten both these jobs and the economic stability of entire coastal communities, for whom fishing is often the primary anchor and main economic vector. International trade is also affected. An additional $8.79 billion from exports (Fisheries and Oceans Canada, 2022)[8]. Declining fish stocks due to poor management and overpopulation by predators could weaken Canada's position in the global seafood market, resulting in economic losses and reduced competitiveness.

Major processing plants have recently closed or ceased processing operations for a particular species. Les Fruits de mer de l'Est in Matane, Quebec (Gauvin-Sasseville, 2024)[9], the Raymond O'Neill & Son Fisheries lobster processing plant in Escuminac, New Brunswick (Raiche-Nogue, 2024)[10], the Riverside Lobster plant in Meteghan, Nova Scotia (Mulligan, 2024)[11] and the Cooprative des pcheurs de l'le Lamque, New Brunswick (Landry, 2024)[12], are just a few examples of plants that were actively involved in supplying the food service and wholesale industries in Canada and even the United States.[13]

According to the report Monitoring Marine Catches - Fisheries and Oceans Canada by the Commissioner of the Environment and Sustainable Development to the Parliament of Canada, fisheries information management systems demonstrate persistent shortcomings in the Department of Fisheries and Oceans' (DFO) ability to collect reliable data for sustainable fisheries management (DeMarco, 2023)[14]. Despite significant investment in the modernization of information management systems, DFO struggles to obtain an accurate overview of fish catches and biological characteristics, which is crucial for informed decision-making. This situation underlines the urgent need to modernize these systems to incorporate accurate data on predation by predatory species, an aspect currently underestimated, but vital for correctly assessing impacts on fish stocks.

From a public finance point of view, by realigning DFO funding towards strategic review of these processes, and the adoption of electronic logbooks for commercial fisheries, replacing paper versions, could represent significant savings, particularly in terms of human resources and materials, and ease the transition to the new initiatives recommended. Modernizing these systems would not only improve the accuracy and efficiency of data collection, but also reduce the costs associated with managing, storing and analyzing paper data. In addition, revising internal procedures could optimize resources and help finance these innovations without increasing public spending, by redistributing the savings made.

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[6] Pêches et Océans Canada (2024, January 26). En mode solution : le gouvernement du Canada lance son plan de transition pour l'avenir des pêches au Québec et dans le Canada atlantique. www.canada.ca. https://www.canada.ca/fr/peches-oceans/nouvelles/2024/01/en-mode-solution--le-gouvernement-du-canada-lance-son-plan-de-transition-pour-lavenir-des-peches-au-quebec-et-dans-le-canada-atlantique.html. Accessed 7 May 2024.
[7] Canada, Agriculture and Agri-Food. "Sector Trend Analysis – Fish and Seafood Trends in Canada." Agriculture.canada.ca, 10 May 2023, agriculture.canada.ca/en/international-trade/market-intelligence/reports/sector-trend-analysis-fish-and-seafood-trends-canada#c. Accessed 6 June 2024.
[8] Gouvernement du Canada, P. et O. C. (2016, October 6). L'emploi | Pêches et Océans Canada. www.dfo-mpo.gc.ca. https://www.dfo-mpo.gc.ca/stats/cfs-spc/tab/cfs-spc-tab2-fra.htm. Accessed on 7 May 2024.
[9] Gauvin-Sasseville, A. (2024, March 22). Crevette de Matane : un "monument de l'histoire" tombe. ICI Radio-Canada. https://ici.radio-canada.ca/nouvelle/2059354/usine-transformation-fermeture-travailleurs-etrangers-crise-peches
[10] Raiche-Nogue, P. (2024, January 18). Fermeture temporaire d'une importante usine de transformation de homard à Escuminac. ICI Radio-Canada. https://ici.radio-canada.ca/nouvelle/2042717/homard-usine-transformation-fruits-mer#:~:text=L. Accessed 8 May 2024.
[11] Mulligan, P. (2024, February 14). Champlain Seafood blames lack of lobsters for permanent closure of Meteghan, N.S., processing plant. CBC News. https://www.cbc.ca/news/canada/nova-scotia/meteghan-lobster-processing-plant-shutting-down-1.7115323
[12] Landry, R. (2024, March 19). Le téléjournal Acadie [Television]. ICI Radio-Canada. https://ici.radio-canada.ca/tele/le-telejournal-acadie/site/segments/reportage/486168/crevette-usine-transformation-lameque-fermeture
[13] Landry, R. (2024, March 16). L'UPM lance un programme de rachat de permis destiné aux pêcheurs de hareng. ICI Radio-Canada. https://ici.radio-canada.ca/nouvelle/2057591/rachat-permis-peche-hareng-peninsule-acadienne
[14] DeMarco, J. (2023). Monitoring Marine Fisheries Catch—Fisheries and Oceans Canada [Review of Monitoring Marine Fisheries Catch—Fisheries and Oceans Canada]. Office of the Auditor General of Canada. https://www.oag-bvg.gc.ca/internet/docs/parl_cesd_202311_09_e.pdf

Recommendations

That the Government of Canada:

1. Undertake a comprehensive review and revision of predator species management policies, incorporating the latest scientific research and stakeholder feedback to ensure that policies are ecologically and economically sustainable.

2. Collaborate with technology companies to develop advanced data collection and analysis tools, including innovations in satellite tracking of predator species and fish stocks, enabling fishing companies to better plan and direct their activities.

3. Leverage existing academic and research networks to conduct studies on predator species and fish stocks, utilizing available resources and expertise. Integrate regular consultations with fisherpersons and various stakeholders into these research efforts to incorporate regional perspectives and local knowledge, ensuring that management strategies are both scientifically sound and regionally relevant.

35. Furthering Carbon Sequestration Efforts in Canada

Description

With the Canadian government stating a goal to achieve Net Zero carbon emissions by 2050 while global demand for energy rises, it is more important than ever to encourage and support carbon sequestration efforts in the Alberta energy sector.

This policy resolution supports the journey to net zero to ensure that Canada's energy sector remains the world's most responsible producer as global demand increases.

Background

World demand for oil, gas, and other energy products is increasing.[1] Meanwhile, citizens and governments worldwide demand cleaner energy, emitting less carbon.

To this end, the Canadian[2] government has set a net zero carbon emissions target by 2050. Canada's energy sector is already producing the world's most ESG-responsible barrel of oil constantly becoming environmentally cleaner[3], and it will have a role to play for decades.[4] Despite this, it must still adapt to meet world energy demand while lowering emissions to ensure Canada meets the 2050 net zero target.

One large lever the Canadian Government and energy industry can pull is to amplify its efforts around carbon sequestration. Carbon sequestration captures and stores atmospheric carbon dioxide to reduce the effects of climate change. Its use has been increasing in Canada for over 8 years and has been an effective way for energy producers to reduce their carbon footprint.[5]

To meet rising demand for energy products and remain on track for Net Zero in 2050, the energy industry will need support from and collaboration with the government in leveraging carbon sequestration efforts to reduce emissions.

Funding for these initiatives is currently being provided via the Carbon Capture, Utilization, and Storage (CCUS) Investment Tax Credit (ITC) provided by Natural Resources Canada, which is in effect until 2030 with a budget of approximately $5.7 billion between 2023 and 2030. To ensure Canada meets its net zero goals, this funding will need to continue past 2030 to help Canada's emissions producers contribute to net zero while meeting energy demand.

As well further initiatives to create tax exemptions for carbon sequestration and co-invest in projects will help Canada be socially and environmentally responsible in its energy production efforts. While currently only Natural Resources Canada is funding any such efforts, this provides an opportunity for Environment Canada to also contribute to our net zero goals through carbon sequestration.

[1] Reuters. "World oil demand next year to rise faster than expected, IEA says", accessed January 13, 2024, https://www.reuters.com/business/energy/iea-raises-2024-oil-demand-growth-forecast-despite-economic-gloom-2023-12-14/
[2] Government of Canada. "Net-zero emissions by 2050", accessed January 13, 2024, https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/net-zero-emissions-2050.html
[3] Canadian Energy Centre. "Canadian Oil is Getting Cleaner" accessed February 23, 2022, https://www.canadianenergycentre.ca/canadian-oil-is-getting-cleaner/
[4] Canadian Association of Petroleum Producers. "Crude Oil Forecast" accessed February 23, 2022, https://www.capp.ca/resources/crude-oil-forecast/
[5] Government of Alberta. "Carbon capture, utilization and storage – Environmental safety", accessed January 13, 2024, https://www.alberta.ca/carbon-capture-utilization-and-storage-environmental-safety#:~:text=all%20of%20us.-,A%20history%20of%20success,of%20CO2%20since%20starting%20operations.

Recommendations

That the Government of Canada:

1. Create tax exemptions available for carbon sequestration projects in Canada, such as Carbon Capture and Storage with funding programs from Natural Resources Canada and Environment Canada;

2. Extend the current Carbon Capture, Utilization, and Storage Investment Tax Credit past its current end date of 2030, extending the existing funding from Natural Resources Canada;

3. Strategically co-invest in carbon sequestration projects that require funding assistance with funding from Natural Resources Canada and Environment Canada;

4. Collaborate with the energy industry to determine effective and efficient carbon sequestration methods that will make a meaningful difference to achieving Net Zero;

5. Continuously ensure efficient and effective carbon sequestration regulatory processes, red tape minimization, and funding and incentive programs; and,

6. Grant permits as required to move carbon sequestration projects and ideas forward in a timely and effective manner.

HEALTH INNOVATION

36. Improving the Regulatory Environment for Natural Health Products

Description

There are concerns with the changes being imposed by Health Canada on the Self-care Framework related to the imposition of additional new fees, labelling requirements, new regulatory burdens on natural health product businesses; and inequitable authority over the natural health product community. The new regulatory burdens and costs on natural health product businesses will make it difficult for small producers to comply and will force them to scale back the variety of their offerings or cease production altogether.

Background

In Canada, oversight of Natural Health Products (NHPs) falls under the Natural Health Products Regulations (NHPR) of the Food and Drugs Act[1]. These regulations came into effect on January 1, 2004, after consultation with stakeholders and the public to determine an appropriate regulatory framework for NHPs. At that time, it was agreed that it was not proper to regulate natural products under the same regulations as chemical drugs or impose the same standards of evidence onto natural health products.

In 2017, Health Canada launched a consultation on the regulation of self-care products.[2] In 2021, Health Canada conducted consultations regarding proposed regulations to amend the Natural Health Products Regulations with the purpose of gathering feedback on proposed improvements to natural health product labelling.[3] In addition, it was cited that the proposed amendments were anticipated to decrease the regulatory burden and costs to businesses, as well as introduce greater efficiencies for businesses.

Since then, new proposed regulations were introduced creating concerns around the future of Natural Health Products (NHP) in the Canadian Market, from new fees and charges imposed, to the increased regulatory burden and the inequitable treatment of natural health care products. Most recently, in 2023, Health Canada provided information related to the fee proposal with the intention to start charging new fees on April 1, 2025, in addition to increasing the regulations.

There is value in making sure products claiming health benefits are safe, but these standards do not take into account the wide variety of NHPs. While some offer alternatives to pharmaceuticals, many are considered supplemental to pharmaceuticals like vitamins, probiotics, and amino acids. Many of these products are not normally healthcare-associated, like natural deodorants, sunscreens, toothpaste, and skin care products.

According to the Canadian Health Food Association's Save Our Supplements campaign,[4] 76% of brands say there is a high/very high chance they will need to pull product from the market as a result of these regulations. One in five companies say they are seriously considering leaving the Canadian market. Additionally, 66% of companies said it would have a negative impact on employment.

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[1] Natural Health Products Regulation: https://laws-lois.justice.gc.ca/eng/regulations/sor-2003-196/
[2] Canadian Health Food Association's Save Our Supplements campaign: https://www.saveoursupplements.ca/changing-regulations
[3] Consultation on the regulation of self-care products: https://www.canada.ca/en/health-canada/programs/consultation-regulation-self-care-products.html
[4] Forward Regulatory Plan 2023-2025: Regulations Amending the Natural Health Products and the Food and Drug Regulations (Self-Care Framework https://www.canada.ca/en/health-canada/corporate/about-health-canada/legislation-guidelines/acts-regulations/forward-regulatory-plan/plan/self-care-framework.html

Dating back to 1998, with the report of the Standing Committee on Health, Natural Health Products: A New Vision,[5] it has been recognized that there is a legislative and regulatory regime required to govern traditional medicines (including, but not limited to, traditional herbal remedies, traditional Chinese, Ayurvedic and Native North American medicines), homeopathic preparations and vitamin and mineral supplements, taking into account the needs of associations, consumers, manufacturers, distributors, growers, importers, exporters, retailers and practitioners. The guiding principle since that time has been to establish a regulatory framework for NHPs that (1) protects the health of consumers (2) respects consumers' access to products and (3) guarantees product safety and quality.

With limited implementation timelines, exorbitant fee increases and additional regulatory burdens, the new standards will cause significant issues within the industry and government. The fees, regulations and compliance costs are viewed as unnecessary changes to a system that was deemed to be working after the Natural Health Products Regulation in 2004.

Canada already had some of the strictest regulations for NHPs prior to the new regulations. Once fully implemented, it will have the most stringent regulations on NHPs in the world. Many of our trading partners, including the US, Australia, EU, Japan, and China have different classifications based on the product's composition, claim, and intended use. These factors will determine whether it is a supplement or medicine.

As of 2022, Health Canada had licensed over 120,000 NHPs.[6] With the increased demand for Natural Health Products and Practices and the increasing regulatory environment, there has been increased awareness regarding the need for legislation that will ensure a better regulatory environment for Natural Health Products and Practices, including calls for a proposed Charter of Health Freedom Act.[7] The health and wellness industry recognizes the need for a more balanced regulatory environment and structure, built in consultation with industry, while still achieving the guiding principles of protecting the health of consumers, respecting consumers' access to products and guaranteeing product safety and quality.

Businesses in the health and wellness sector understand the regulations imposed in 2004, citing that they have been the best regulatory regime of NHPs in the world with the expertise and time invested in that process. However, the most recent cost recovery model and amendments to the Food and Drugs Act, as of December 22, 2023,[8] will not achieve the desired outcomes without the same due diligence and consultation as previously conducted with industry.

Recommendations

That the Government of Canada:

1. Replace the definition of therapeutic product in section 2 of the Food and Drugs Act with the following: therapeutic product means a drug or device or any combination of drugs and devices, but does not include a natural health product within the meaning of the Natural Health Products Regulations.

2. Repeal Section 21.321 of the Food and Drug Act and Subsection 21.8(2) of the Food and Drug Act to reverse the changes imposed by Bill C-47 section 500-504.

3. Eliminate additional fees, until fee levels are re-examined in consultation with industry.

4. Consult with the Natural Health Product industry to come up with a globally competitive strategy to address safety concerns and the differentiation between medicinal NHPs, supplements and other consumer products while taking into consideration costs and the regulatory impacts for businesses of all sizes.

[5] Natural Health Productions: A New Vision - Report of the Standing Committee on Health - Recommendations: https://www.ourcommons.ca/documentviewer/en/36-1/HEAL/report-2/page-126 More Information: https://www.canada.ca/en/health-canada/topics/self-care-products.html
[6] Proposed fees for natural health products: Overview https://www.canada.ca/en/health-canada/programs/consultation-proposed-fees-natural-health-products/overview.html
[7] Charter of Health Freedom: https://www.charterofhealthfreedom.org/the-charter/
[8] Food and Drugs Act, current to 2024-04-16 and last amended on 2023-12-22 https://laws-lois.justice.gc.ca/eng/acts/f-27/

5. Implement the Standing Committee on Health's recommendations from the report: Natural Health Products: A New Vision.

6. Only implement new regulatory changes once backlogs are cleared, operations run efficiently and policies and procedures are in place to ensure stable operations continue for Natural Health Products.

AGRICULTURE

37. Supporting Farms of the Future

Description

To feed the world, we have to grow 10,000 years' worth of food in the next thirty years, which means agriculture producers worldwide must increase food production by 60 to 70 percent[1]. This demand is met with finite resources in agriculture including land, people, and investment coupled with the high costs of technological adoption and implementation, environmental and regulatory burdens and a lag in specialized education and skill development. The convergence of skills development, new technologies, regulatory and cost controls must all be coordinated to deliver an effective agriculture and agrifood strategy in order to develop the farms of the future.

Background

In March 2016, the Federal Government's Advisory Council on Economic Growth (ACEG) was tasked by the Minister of Finance to provide policy directions for conditions needed for strong and sustained long-term economic growth. ACEG identified the agriculture and agri-food sector as one of the strategic sectors [2] with a strong endowment and untapped and significant growth potential.[3] However, to be a key economic player in our growth, we must tap into our financial, social, human, natural and built capital resources to build and implement sustainable practices and increase public trust and awareness to achieve food security for the future.

Environmental Considerations

Science and innovation have been key to the progress and growth in Canadian agriculture and agri-food. Innovations such as crop varieties, livestock breeds and farm management practices have delivered health, environmental and economic benefits with significant improvements to agricultural practices. Crop production to zero-till techniques and equipment have improved soil health and enhanced carbon sequestration globally. Improvements in animal genetics and feeding efficiency have reduced GHG intensity in animal protein production. In addition, many scientists are confident that farming can be adapted to build carbon into soils[4]. Soil carbon building practices, loosely gathered under the term "regenerative agriculture," have been practiced for decades, or centuries in some places. However, there are barriers that keep more farmers from adopting these strategies, including higher costs for specialized equipment, and reduced return as these practices don't necessarily provide higher yields or demand premium prices in a global market where producers are price-takers.

Science continues to unveil the complex relationships between soil-human-animal health and offer opportunities for lower risk, higher return, and quality food systems.[5] At the same time the Government of Canada continues to see value in agriculture and agri-food investments and finding solutions through initiatives such as the Agricultural Climate Solutions Program[6]. Finding solutions to complex challenges by consulting with industry experts and researchers, while directing funding towards the highest and best outcomes can provide solutions for the future.

[1]Rob Saik (2019), Food 5.0: https://www.robertsaik.com/presentations.html
[2] Advisory Council on Economic Growth: Unleashing the growth potential of key sectors: https://www.budget.canada.ca/aceg-ccce/pdf/key-sectors-secteurs-cles-eng.pdf
[3]The Canadian Agri-Food Policy Institute (2018), Barton Forward: optimizing Growth in the Canadian Agri-Food Sector: https://capi-icpa.ca/wp-content/uploads/2018/06/CAPI_Barton_WhatWeHeardReport_Eng.pdf
[4] Washington Post 'Planting Crops and Carbon, too': https://www.washingtonpost.com/graphics/2021/climate-solutions/climate-regenerative-agriculture/
[5] The Canadian Agri-Food Policy Institute (2018), Barton Forward: optimizing Growth in the Canadian Agri-Food Sector: https://capi-icpa.ca/wp-content/uploads/2018/06/CAPI_Barton_WhatWeHeardReport_Eng.pdf
[6] Government of Canada: Accelerating the adoption of climate-smart best practices in agriculture: https://www.canada.ca/en/agriculture-agri-food/news/2021/03/accelerating-the-adoption-of-climate-smart-best-practices-in-agriculture.html

Human Capital: Education and Skills Development

Through the Canadian Agricultural Human Resource Council Employer Survey in 2023, 44% of employers were unable to find needed workers[7]. Further, according to an RBC report, 600 fewer young people are pursuing agricultural careers each year, and the number of unfilled agricultural jobs is expected to increase from 63,000 in 2017 to 123,000 by 2029[8]. Most of those empty jobs are in manual, unskilled labour, and are often filled by temporary foreign workers. Barriers to working and investing in the industry need to be addressed by focusing on skill development and redevelopment for career transitions as well as early career development and awareness of the opportunities in agriculture, agri-food and agri-tech.

Additionally, there is an untapped opportunity to create agriculture programs, similar to trades, apprenticeship and health-related programs. Such programs can provide theory, safety and science-based training and education through course curriculum, while integrating applied program training and specialization through immersive work experience programs. By modelling programs and creating incentives to target this specialized sector, industry and education can work together to create a suite of employable skills that enable students to gain insight and experience to gainfully contribute to the agricultural industry and our economy into the future.

Technology and Innovation Cost Controls and Incentives

Science and digitization are turning Canada's farms into high-tech businesses supported by some of the world's most advanced technology companies and equipment manufacturers[9]. Around the world, modern farming is beginning to utilize technologies such as advanced sensors, imaging, remote monitoring, automation, robotics, artificial intelligence and blockchain.[10] Alberta Innovates describes self-driving tractors, automated cultivators and robotic harvesters as current technology under development. Agricultural producers could substantially increase yields while minimizing environmental impact by utilizing intelligent, automated systems.

However, Canada's agri-food sector has low rates of technology adoption compared to other countries.[11] Canada will need to increase its competitive advantage and bridge the gap between emerging technology and traditional farming methods, to increase its share of global funding in key technologies.[12] According to an RBC Report, if Canada works to close the agriculture labour gap and accelerate investment in technology, it could gain $11 billion in annual GDP by 2030.

More than 80% of producers under the age of 40 report using technology; with that percentage decreasing to 57% for those over 60.[13] This is likely because it is largely felt that the current cost of technology adoption does not lead to the financial returns that would justify investment. Agriculture continues to be a capital-intensive business, making it tough to compete in a new economy where investments in technology are needed for future growth. Farmers' access to credit is also surprisingly low, as Canadian agriculture has a 1.9% share of national commercial lending. The global average is 2.9%; in New Zealand, it's 14.1%. Capital intensity is one of the reasons so many operations stay family-owned and operated and stands as a barrier to those seeking careers in agriculture.

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[7] Canadian Agricultural Human Resource Council Labour Market Dashboard: https://app.powerbi.com/view?r=eyJrIjoiNDg1NDhmNWMtOThmNy00ZDJlLTlmNTMtODdjZTFiNTFiZTY1IiwidCI6ImM2OTdmYTEzLTY4OGQtNDEzNS1hMzgxLWFkNDEyMDY2ZWQ3YSIsImMiOjZ9
[8] RBC Thought Leadership (2019), Farmer 4.0: How the coming skills revolution can transform agriculture: https://thoughtleadership.rbc.com/farmer-4-0-how-the-coming-skills-revolution-can-transform-agriculture/
[9] Globe & Mail: Precision agriculture is a game-changer for Canada's farmers: https://www.theglobeandmail.com/business/adv/article-precision-agriculture-is-a-game-changer-for-canadas-farmers/
[10] Alberta Innovates, The Future of Farming: https://albertainnovates.ca/impact/newsroom/the-future-of-farming/
[11] Canada's Economic Strategy Tables, Agri-Food – The sector today and opportunities for tomorrow: https://ised-isde.canada.ca/site/economic-strategy-tables/en/interim-reports-1
[12] RBC Thought Leadership (2022), The Transformative Seven: Technologies that can drive Canada's next green revolution: https://thoughtleadership.rbc.com/the-transformative-seven-technologies-that-can-drive-canadas-next-green-revolution/
[13] RBC Thought Leadership (2019), Farmer 4.0: How the coming skills revolution can transform agriculture: https://thoughtleadership.rbc.com/farmer-4-0-how-the-coming-skills-revolution-can-transform-agriculture/

Regulatory Obstacles

Internal regulatory barriers hinder innovation and competitiveness[14], and Agri-food products have a long and multi-stage journey to market and agri-food issues naturally span across different departments within the government, which results in regulatory obstacles. Cross-departmental communication and collaboration are essential to triage and resolve these regulatory obstacles.[15] Alignment between all levels of government can contribute to efficiency by eliminating or reducing the duplication of regulations.

In addition, many regulations for the agri-food sector are out of date, impeding investment, trade, innovation and competitiveness. Modernization of regulations should focus on an appropriate balance of science and risk without unnecessarily impeding innovation. Our regulatory process must demonstrate that Canada's food is the safest, most sustainable and most nutritious in the world.

Recommendations

That the Government of Canada:

1. Ensure that the Sustainable Agriculture Strategy is cohesive and does not include prescriptive targets that are unachievable or compromise producers' economic viability. The strategy must be science based by evaluating emissions intensity alongside carbon sequestration and soil health and increasing opportunities for carbon offsets, as well as facilitating the adoption of on-farm climate change adaptation measures to help farmers increase their resilience to climate change.

2. Through Employment and Social Development Canada's Sectoral Initiatives Program, invest in employment placement programs, training and programs that encourage interest in agriculture careers at an early age to ensure the agri-food sector is supplied with the next generation of talent.

3. Direct additional funding through the Sustainable Agricultural Partnership to the AgriInovate Program to stimulate innovation, commercialization and investment in agri-tech developments and their adoption and implementation by producers.

4. Consult with the agriculture industry and industry associations to modernize and synchronize regulations and frameworks to speed up approval times and to be nimble and responsive to dynamic local and global demands.

[14] Government of Canada: Report of Canada's Economic Strategy Tables: Agri-food: https://ised-isde.canada.ca/site/economic-strategy-tables/en/report-2018/report-canadas-economic-strategy-tables-agri-food

[15] The Canadian Agri-Food Policy Institute, Canada As An Agri-Food Powerhouse Strengthening our Competitiveness and Leveraging our Potential: Roundtable Synthesis Report: https://capi-icpa.ca/wp-content/uploads/2017/04/Canada-as-an-Agri-Food-Powerhouse-Strengthening-our-Competitiveness-and-Leveraging-our-Potential-2017.pdf

INTERNATIONAL AFFAIRS

38. Streamline Trade Regulations for Increased Business Between Canada and the United States

Description

The trading relationship Canada has with United States is incredibly important to the country's economic development. While bilateral trade agreements like the United States-Mexico-Canada Agreement (USMCA) help set guidelines for trade between the two countries, more work can be done to better support Canadian companies doing business with the U.S. such as: harmonize Canadian and U.S. regulatory standards and adopting common standards where feasible; while also streamlining customs procedures to reduce delays at the border by digitizing screening for better efficiency and strengthen Canada's advocacy efforts to ensure Canadian exporter interests are represented.

Background

Many Canadian companies export to the United States, with over 70% of Canada's total exports directed to the U.S. market. This extensive trade relationship significantly contributes to Canada's economy, generating approximately 20% of the country's GDP. Canada exports $1.2 billion dollars' worth of goods to the United States every day for a total of $438 billion annually. The close economic ties between the two nations are bolstered by the United States-Mexico-Canada Agreement (USMCA), which facilitates smoother trade operations. These exports include a wide range of goods and services, from natural resources and manufactured products to technology and financial services, reflecting the diverse nature of Canada's economic output and its critical dependence on U.S. trade partnerships for sustained economic growth.

When it comes to trade regulations, the bureaucratic process costs approximately $36 billion annually to Canadian export businesses and is a barrier for businesses looking to do trade with the U.S. As Canadian companies look to grow, reducing red-tape and regulatory burden will lead to increased productivity and competitiveness. Not all cross-border business is simple, and the movement of goods, products and services can be challenging with the constant changes in regulations and compliance. Delays at the border are often due to documentation and product classifications that are very complex and time consuming, particularly the process itself of verifying documents by border agents. This is also compounded by the amount of paperwork required to list all items in containers crossing the border.

Inconsistent regulations at the cross-border can create delays leading to loss time and money for Canadian exporters. The introduction of new regulations in Canada that are not in alignment with U.S. standards also create barriers for Canadian companies and inhibits trade overall. Better communication between countries on new regulations would create better alignment and standardization.

The U.S. market presents a great opportunity for small and medium-sized enterprises (SMEs) to expand and grow their businesses. At the same time, they need support from the Federal Government to navigate the trade environment with the U.S. in the form of advising and support to understand the regulatory environment and requirements to trade.

Currently, the Treasury Board of Canada has resurrected the Regulatory Cooperation Council to meet with stakeholders to understand the regulatory barriers to trade with the U.S. In order for this Council to be effective, regular meetings need to be established to understand what regulatory policies are being passed by Canada and what policies are inhibiting business with the U.S., as well as establishing a mechanism to track progress regarding regulatory changes through the Regulatory Cooperation Council.

Trade barriers represent and create lost opportunity for Canadian businesses to grow and become more competitive in a fast-growing global economy.

Recommendations

That the Government of Canada:

1. Strengthen advocacy efforts with the U.S. to reduce the bureaucratic red tape between Canada and the U.S.

2. Work with U.S. counterparts to introduce streamlined customs procedures to reduce delays at the border by moving to digital processing and automation.

3. Work towards harmonizing standards and regulations to be better aligned with the U.S.

4. Support small and medium-sized enterprises (SMEs) to be able to better access the U.S. market via education, information and financial services.

5. Strengthen the Regulatory Cooperation Council to process policies, particularly regulations that inhibit trade, while acting as a feedback mechanism with Canadian businesses on regulatory issues.

SPECIAL ISSUES

39. Competing on Sustainable Supply Chains

Description

Increasingly, organizations must measure, monitor, manage and report on their Scope 3 GHG emissions. Decarbonizing value chains while balancing profit targets with increasing costs and decreasing resources is one tough mission for the private sector. It is a tougher mission for Small and Medium Enterprises (SMEs) that lack the resources of capital, time and trusted sources from which to make sense of the complex and confusing requirements to measure and report Scope 3 emissions. Providing SMEs access to affordable capital to implement Scope 3 reporting is not only key in addressing the market demands for action on climate but also in maintaining globally competitive supply chains.

Background

Stakeholder expectations are increasing, consumers and employees are increasingly making decisions informed by corporations declared Environmental Sustainable Governance (ESG) impacts and priorities. The rapidly evolving regulatory environment is one of the most pressing drivers for change. Canadian leaders need to be aware of a growing number of requirements and standards across geographic, industrial and financial jurisdictions. In October 2022, the International Sustainability Standards Board (ISSB) announced its landmark decision to make Scope 3 reporting mandatory. North American regulators, including the Canadian Securities Administrators (CSA) and the Securities Exchange Commission (SEC), have also tabled proposed mandatory climate-related disclosure rules that consider Scope 3 emissions reporting.

Climate change has become a mainstream issue, and companies today can no longer ignore concerns coming from different stakeholders, including investors, customers and employees. Investors want to inform their investment decisions and are increasingly questioning how companies are managing the financial impacts of climate-related risks and opportunities. Stakeholders such as customers and employees want to be associated with responsible companies who are doing the right thing and creating additional value through more innovative and carbon-efficient products and services.[1]

Scope 1, 2 and 3 GHG emissions can be measured and defined using The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (GHG Protocol).1 The standard classifies a company's direct and indirect GHG emissions into three scopes, defined as Scope 1 emissions (i.e., direct emissions from owned or controlled sources), Scope 2 emissions (i.e., indirect emissions from the generation of purchased energy consumed by the reporting company) and Scope 3 emissions (i.e., all other indirect emissions that occur in a company's value chain). The GHG Protocol is not the only standard available to measure GHG emissions; however, it is the most widely used accounting standard referenced in many regulations, standards and frameworks.

Scope 3 emissions, the greenhouse gases generated outside of a company's own operations but within its value chain, make up a staggering 88% of total business emissions. Therefore, they are a critical area of focus for total emissions reduction. However, measuring and reporting these emissions pose significant challenges due to their sources lying beyond a company's operational reach.[2] Getting clear insights can be challenging. With limited visibility into supply networks beyond direct suppliers, it's not easy to know where risks may exist.

[1] Climate Impacts Of Value Chains: Tackling Scope 3 Ghg Emissions By Sarah Keyes, Chartered Professional Accountants of Canada, 2023.

[2] Challenges and solutions in measuring and reporting Scope 3 emissions Research for the Dutch Ministry of Infrastructure and Water Management, Laver, Bartel, Hofman, Deloitte

Major public companies in the United States lost almost half a trillion dollars' worth of value between 2015 and 2019 due to ESG violations in the supply chain. An effective and sustainable supply chain can increase organizational resilience, facilitate risk mitigation, and boost efficiency through circularity and diversified sourcing. It can also help protect against supply shortages due to scarce resources and against brand damage linked to an environmental or ethical incident.3 Seizing these opportunities can give companies another way of differentiating themselves and maintaining a competitive edge in the market. The first step is to establish an understanding of their end-to-end supply chain, and identify the relevant geographic, products, practice, and entity risks. Companies can the tailor their supplier management system and demonstrate that they are scaling resources appropriately and responsibly.

Once companies have determined what risks and business opportunities to target within their supply chain, they have to identify data needs like labour and production practices, traceability systems and greenhouse gas emissions at each stage of the value chain. For most organizations, it will be challenging to collect data from the range of suppliers and doing so in a way that allows for consistency, comparability, and utility. However, each supplier will have their own systems, format and standards for reporting. This makes aggregating and comparing results difficult, and raises questions around completeness, accuracy and reliability and increases the need for investment in systems to accommodate multiple procurement demands.

Organizations can look to emerging technology solutions to collect and standardize this data. Tools are being developed that adapt existing traceability solutions to help pinpoint where the goods are sourced, produced and consumed within a company's supply chain. This will help leaders create a more complete risk profile for their value chain, including information that might have previously been difficult to collect through more inefficient means such as surveying. Ultimately, supply chain technology solutions aim to streamline the collection, management and use of data. Organizations of all sizes need to oversee their performance, keeping abreast of both regulatory and industry expectations. Even companies that aren't directly or formally rolled into these requirements need to be aware of them – because their downstream purchasers likely are.[3]

To achieve and optimize Scope 3 sustainable supply chain opportunities while mitigating the associated risks requires a business-wide commitment and integrated strategy. Many resources are available to assist SMEs with strategy design, deployment, and trusted reporting. There are organizations that can help framework and serve as standards for reference. However, customizing such resources to the unique attributes and priorities of an individual SME requires capital, time and human resources to deploy, and a clear demonstration of ROI. While private capital markets are already implementing systems there is a need for leadership by the Federal Government to support SME supply chain growth, competitiveness, and survival through existing capital channels which they can influence.

Recommendations

That the Government of Canada:

1. Ensure scope three reporting is voluntary to help mitigate associated risks and costs required for a business-wide commitment and integrated strategy.

2. Work with the Business Development Bank of Canada, the Community Futures Program, the Canada Small Business Financing Loan (CSBFL), Innovation Science and Economic Development Canada (ISED), Regional Development Agencies, and the Farm Credit Corporation to establish financial facilities at rates below bank prime (Bank Prime = Bank of Canada Prime Rate + 2%) for qualified Small and Medium sized businesses implementing and reporting on Scope 3 emissions.

3. Work with the Export Development Corporation to support the competitiveness of Canadian and Indigenous businesses entering global markets with export trade facilities at a reduced cost of capital, as well as reduced facility and program costs when aligning Scope 3 reporting to market entry strategies.

4. Support the agricultural sector by ensuring that Scope 3 reporting implementation is supported under the Sustainable Canadian Agricultural Partnership (Sustainable CAP).

[3] How companies can ensure more sustainable and ethical supply chains, KPMG

40. Cost-Effective Pharmacare for Canadians

Description

Improving access to medication for Canadians in a fiscally sustainable manner requires an approach that fills gaps in existing private coverage and enables innovation in service delivery.

Background

Medications administered in hospitals are generally covered by provincial health care plans, but those taken outside of hospitals are funded through a combination of public drug plans, private group and individual insurance plans, and direct out-of-pocket payments. The majority of Canadians currently have some form of drug coverage or are eligible for it. Therefore, a strategic and effective pharmacare approach would focus on 'filling the gaps' for Canadians who lack sufficient coverage, rather than replacing existing private or public plans. Additionally, the plan should include provisions for drugs that treat rare diseases or are prohibitively expensive, ensuring they are covered under a federal program.

Improving access to prescription drugs has the potential to enhance health outcomes and reduce spending in other parts of the healthcare system. When patients have access to the medications they need and adhere to prescribed treatments, it can prevent costly interventions, such as surgeries or hospital admissions, and mitigate the impact of an anticipated shortage in healthcare human resources. Integrating prescription drug funding into the broader healthcare system also offers an opportunity to optimize overall spending by considering the ripple effects of drug coverage on other treatments and outcomes.

However, stakeholders such as pharmaceutical companies, benefits providers, healthcare practitioners, and patient advocacy groups agree that the primary objective of any national pharmacare plan should be to improve access to medications, which in turn improves health outcomes for Canadians. Ensuring access to a comprehensive drug formulary and innovative medicines is crucial for maintaining the health and productivity of Canadians. A narrow focus on cost-saving could undermine patient access to essential drugs and negatively impact businesses across various sectors, not just within healthcare.

Surveys indicate that Canadians prioritize healthcare needs such as mental health services, elder care, and reducing wait times over pharmacare. These priorities have likely shifted further in light of the COVID-19 pandemic, which has underscored the importance of areas like elder care, public health coordination, and vaccine access. Canadians generally support the idea of universal drug coverage but are reluctant to lose their existing benefit plans.

Recommendations

That the Government of Canada:

1. Focus on the Uninsured: Implement an affordable national pharmacare solution targeting Canadians who currently lack drug coverage, thereby filling gaps without displacing existing private or public plans.

2. Promote Public-Private Collaboration: Facilitate cooperation between public and private sectors to guarantee that no Canadian is deprived of access to innovative medicines and any pharmacare plan works effectively across Canada's diverse healthcare systems. Protect the existing workplace benefits for over 27 million Canadians, ensuring continued access to rare disease drugs, dental care and mental health supports.

3. Leverage Existing Coverage Systems: Utilize the strengths of the existing public-private framework to maximize patient choice and efficiency, and to ensure that the new system builds upon what is already working well and encourages continued pharmaceutical research and development.