



Four Pillars for Prosperity

Results of the 2018 Atlantic Chamber of Commerce Annual Policy Survey & Recommendations to Atlantic Canadian Governments

As a region, Atlantic Canada is one of the most desirable places to live in the country. Our geography, history and culture have a significant impact on our quality of life, the nature of our economies and provide a source of optimism for new opportunities to achieve prosperity.

But our track record of economic performance is less impressive. The business community in Atlantic Canada has forged along, collectively achieving below national average growth figures and adapting as needed to the issues of global competition, an aging population, migration of our youth and the need to diversify our products and expand our markets. Most recently, entrepreneurs are recognizing and publicly expressing concern about how the mounting costs imposed by government on business are reducing their ability to compete and grow.

The members of the Atlantic Chamber of Commerce, representing 93 chambers of commerce and boards of trade and more than 16,000 businesses have identified four key areas where business and government can work together to address challenges and opportunities to create a prosperous region. As problems and their solutions are rarely one dimensional, the four key issues contain a number of opportunities where business and government must clarify roles and improve outcomes.

Pillar I: Promote a Positive Environment for Investment and Job Creation

Governments determine what services are available and what costs will be assigned to companies choosing to invest in a province. Our collective performance could be vastly improved by instituting economy-wide investment incentives, such as reducing taxes on all businesses, and increasing investment tax credits thus allowing profits to fund additional jobs and personal income taxes. We need also to recognize we have huge underdeveloped natural resources that are stalled by political and bureaucratic processes. Our region needs to create a working balance between government's duties to protect and to promote development. When governments consider change to regulations there must be confidence that a comprehensive economic analysis has been completed. We should help all businesses choose Atlantic Canada, not only those that government decide warrant preferential treatment.

Pillar II: Improve Access to a Skilled Labour Force

It is counterintuitive that Atlantic businesses are unable to fill job vacancies while our region has some of the highest unemployment rates in Canada. The reality is less complicated – our workforce lacks many of the skills required in the current workplace. While the majority of the unfilled openings are in highly skilled vocations, there is also an elevated deficit in basic reading and math skills that limit training and career opportunities. There are two ways to combat this challenge, improve the objectives

and outcomes of public education and attract skilled workers through increased immigration, settlement services, and retention.

Pillar III: Adopt a Business Lens on Regulation

In pursuing its mandate to provide security and public services, governments and the processes associated with its operation have evolved to the point where its clients are burdened with repetitive and redundant demands for reporting, certifications and approvals. This burden of effort within provincial governments is further compounded by regulatory inefficiencies and barriers between provinces that have been estimated by the Atlantic Province Economic Council at a cost of \$8.5B to our collective economies. A dedicated and sustained effort at simplifying and eliminating complex and redundant regulatory obligations is necessary to improve business productivity and competitiveness. One pressing need is a comprehensive review of the tax system to reduce complexity and increase fairness. Additional consideration needs to be given to whether the private sector, instead of the government, is the appropriate entity for delivering specific services and retailing of controlled substances.

Pillar IV: Exercise Prudent Fiscal Management

There is a growing acceptance among our political leaders that it is okay to borrow to the money needed pay for government services. The pros and cons of doing so are that government spending, or overspending, adds to our GDP, but reality dictates that we cannot endlessly borrow to fuel our economies. The burdens of provincial public debts have grown to the point where an excessive portion of our tax dollars are required to simply pay the interest on the money we collectively owe. There are two occasions when our governments should consider acquiring additional debt - when the economy is in recession and requires stimulation or when the government needs to construct or acquire long-term assets that will produce positive economic benefits. In any other instances, as now during a multi-year growth phase, governments have an obligation to make substantial efforts to pay down the debt. Our leaders must acknowledge that debt-to-GDP ratios are poor indicators of fiscal health and will be irrelevant in the face of an inevitable increase in interest rates. As some of our provinces inch closer to fiscal insolvency, it is quite clear we cannot continue to spend on credit. We need a commitment from our leaders that they will reduce the portion of the provincial budget spent on debt service by expanding the tax base and reducing the size of government.

