



Four Policy Pillars for Prosperity

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

ACC Position

The ACC supports Governments focused on creating conditions that encourage new and established businesses to locate and grow their operations as the primary means of increasing economic activity, attracting new business, and increasing personal tax revenues.

Issue

Recognize the private sector as the primary provider of jobs and government revenues.

Why it is important

The Atlantic region is concurrently the highest taxed jurisdiction, mired in more than a decade of slow economic growth with little opportunity for expanding government revenues. Our future prosperity relies on finding ways to increase economic activity and reduce the burden government imposes on job-creating businesses.

Provinces are competing in global markets for foreign and domestic investment and job creation. Investment capital is highly mobile and will migrate to the locations where economic conditions support trade and growth. It is essential governments recognize their primary role in attracting business investment is to create competitive and stable economic conditions. The reality is there are two main things that determine whether a business decides to establish themselves in a specific location - access to markets and predictable costs of doing business.

Since only profitable companies create jobs, governments must focus on providing modern infrastructure and efficient regulations that encourage local businesses to reinvest profits and global businesses to locate in Atlantic Canada. Short-term incentives can attract short-term investment, but a jurisdiction with a predictable compliance burden, dependable approval processes, and a competitive and fair tax regime will hold greater appeal to companies operating in global markets.

The primary obligation of government is to collect sufficient revenues which can be invested in social programs and public infrastructure. By the very nature of taxes, we can collect more taxes from fewer people and businesses or collect less tax from more people and business. Unlike other Provinces, Atlantic governments are burdened with an aging and dispersed population and have consistently demanded more from fewer in the form of higher taxes, but we are reaching a tipping point. Our future prosperity, possibly solvency, requires an acceptance in policy and actions that only competitive companies can invest and create jobs.

The Atlantic Provinces' economic reality is further complicated by our history and geography. With an extensive coastline, rich natural resources and a location that even today is in the centre of global trade routes, our population established themselves across the region, close to fisheries and lumber

resources. The impact of these circumstances is that Atlantic Canada has a rural population that is twice the national average and contains many communities where the availability of work is highly seasonal.

These realities place a huge burden on governments to ensure everyone has reasonable access to government services, income support and transportation infrastructure.

It is undeniable that urban centres function and grow at a much higher rate than rural communities therefore government must focus on supporting efficiency and necessary services to these communities. The sustainability of smaller communities is dependent on the ability to operate local businesses and providing the appropriate level of quality education, health and social services in relation to population demand. To sustain and grow rural populations, it is essential communities and individuals have access to reliable high-speed internet connections as a minimum requirement to operate a modern business. Governments must also engage actively in promoting tourism and new tourist attractions in more remote areas as this is a mainstay of many rural economies.

A critical component of a progressive economic development plan is the need to resolve issues associated with development of our natural resources. Canada has always been a storehouse of basic resources, from furs to lumber to agriculture to minerals and more recently energy. But our ability to create jobs and new tax revenue has been virtually blocked while we discuss (but do not resolve) issues of accountability, sustainability, and property rights. Governments appear to stand back and allow responsible potential investors to be continually blocked by special interests instead of fulfilling their obligation to regulate on behalf of all citizens. It should be clear by now that economic and environmental concerns can be addressed together, and advancements in our ability to safeguard the environment has predominantly occurred through responsible and profitable development of our natural resources.

Recommendations

The Atlantic Chamber of Commerce recommends that provincial governments:

1. Alter their investment attraction focus from providing individual businesses incentives to minimizing the cost structure of operating all businesses.
2. Enhance infrastructure and the quality and cost of services to make the region nationally, if not globally competitive.
3. Focus on program development that emphasizes corporate profits as a means of fueling investment, job creation and higher tax receipts.
4. Develop strategies to support rural economies:
 - a. Expand the number of communities with access to high-speed broadband service
 - b. Build on successes in attracting tourists by improving air and port connections, and working with local operators and communities to enhance attractions and experiential tourism

Key Messages:

Invest for Growth

- Governments do not create jobs, their actions should focus on improving the attractiveness for investment and jobs creation so the private sector can create jobs
- Free Markets determine where capital flows, the goal is to be business-friendly
- Government has a poor track record for selecting sustainable businesses
- There are ways to invest for growth, many types of infrastructure are needed by business

Support continued growth of Tourism

- Tourism is a massive contributor to local economies and a provider of seasonal youth employment.
- There are significant geographic and cultural advantages to be enhanced.

Encourage sustainable and responsible development of natural resources

- Our region has untapped potential in energy and mineral development and traditional sectors of agriculture, fishery, and forestry.
- No development will happen unless we establish predictable and efficient regulatory/approval processes.

Invest in trade-enabling infrastructure (airports, ports, roads)

- Trade agreements are opening new opportunities around the world.
- A key competitive advantage of our regions is our location on global trade route and proximity to major market.
- Potential to coordinate development of Atlantic Gateway and trade corridor.

Develop a rural broadband strategy to support rural economies

- Small community's survival can be enhanced by access to business supports like broadband.
- Need collaboration between feds/prov/business owners to expand bandwidth.

