



2019 Policy Pillars for Growth

Atlantic Chamber of Commerce's Annual Policy Recommendations to Government

Atlantic Canada is one of the most desirable places to live in the world. But while economic growth is positive, the region continues to lag well below the national average. Governments are aware of the challenges; however, the ability to create jobs is made increasingly difficult as mounting costs imposed by government reduces profitability.

Atlantic Chamber of Commerce's (ACC) members identified four priority areas of focus for 2019 where business and government can work together to create a prosperous future.

Pillar I: Reduce the Public Debt

Atlantic Canadians carry the highest levels of per capita government debt in Canada. Debt payments are consuming a growing proportion of government revenues and governments must start repaying these obligations before increases in interest rates threaten provincial solvency in Atlantic Canada.

Atlantic Chamber of Commerce recommends provincial governments reduce the portion of provincial budgets spent on debt service by expanding the economy and reducing the size of government.

Pillar II: Predictable & Reliable Government Services

An essential component of decision-making is the ability to predict costs and timelines while recognizing governments must provide rules to protect the public. Finding the balance between these two requirements for a prosperous economy is currently missing in Atlantic Canada.

To attract reinvestment and new businesses, Atlantic Chamber of Commerce urges governments to ensure large- and small-scale approvals, certifications and permits are provided reliably, efficiently and free from political interference.

Pillar III: Create a Positive Investment & Job Creation Environment

Consumers and businesses compare costs before they invest or spend money, and governments determine the appropriate assignment of services and costs to companies investing in a province. Atlantic businesses continue to experience a diverse range of increases to the cost of operating in Atlantic Canada (e.g., minimum wage rates, higher CPP premiums and carbon taxes).

Atlantic governments need to show their province is 'open for business' by controlling increases to the cost of operating a business, reviewing tax policy, and creating economic development plans to grow urban and rural economies.

Pillar IV: Improve Access to Workers

It's hard to understand why Atlantic businesses can't fill job vacancies when our region has some of the highest unemployment rates in Canada. But the reality is less complicated—our workforce lacks the skills required in the current workplace. While many of the unfilled openings involve highly skilled vocations, there is also a deficit in basic reading and math skills limiting training and career opportunities for low-skill occupations.

Governments must improve public education outcomes and improve access to workers through increased immigration, seasonal work programs, accessible settlement services, and retention strategies.



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Pillar I: Reduce the Public Debt

Atlantic Chamber of Commerce (ACC) Position

All governments must organize their finances to allow repayment of the accumulated provincial debt.

Why it is Important

Decades of borrowing have resulted in the highest per capita public debt which must be serviced at the expense of essential services such as health, education and maintaining public infrastructure.

Even as some provinces record surplus budgets, the public debt continues to climb. Emphasis on measures of borrowing capacity like debt to GDP ratio are not effective in reducing debt payments. As provinces acquire more debt, they run the risk of destroying their credit ratings, reducing their ability to provide services, and becoming less attractive to potential immigrants and investors.

What can be Done

Control Costs

The most effective way to increase revenues is to find less expensive ways to accomplish objectives. The Atlantic Provinces must accept the challenges associated with providing services to a dispersed population, set equitable service standards, and allocate resources in the most effective manner.

Eliminate Deficits

There are two occasions when our governments should consider acquiring additional debt—when the economy is in recession or when the government needs to acquire assets that produce positive long-term economic benefits. Under current conditions (the highest taxes and debt per capita in the country), we should only borrow to support projects that have a net financial benefit to a province.

Economic Growth to Provide New Revenue

As some of our provinces inch closer to fiscal insolvency, it is clear we need to reduce the portion of the provincial budget spent on debt service by expanding the tax base and reducing the size of government.

Private Sector Service Delivery

Consideration needs to be given as to whether the private sector, instead of the government, is the appropriate entity for delivering specific services, including regulation, inspections, and retail operations.

Recommendations

Atlantic Chamber of Commerce recommends provincial governments:

- acknowledge Atlantic Canada has reached its limit in the level of taxation and fees, and emphasize policies resulting in new business creation and economic growth;
- recognize higher taxes can result in lower overall tax revenue;
- not burden future generations with the cost of current government operations; and
- commit to paying down the provincial debt except in times of economic contraction.



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Pillar II: Predictable & Reliable Government Services

Atlantic Chamber of Commerce (ACC) Position

ACC supports efforts to improve the efficiency and reliability of interactions between business and government, in particular, regarding assessments, approvals and permits.

Why it is Important

For many years businesses have voiced concerns about the cost of governmental red tape. A lack of coordination between provinces has created numerous trade impediments and added an estimated cost of \$8.5B to our collective economies. Delays and uncertainty regarding government approvals, permits, and access to programs are reducing the operating profitably and ability to coordinate investment.

What can be Done

Establish Maximum Response Times for Government Services

Predictability is a key factor in developing business plans. Governments need to establish and enforce standard service and response times for applications, registrations and major project review.

Comprehensive Tax Review

A dedicated effort to simplify the complex tax system will improve productivity and competitiveness. Economic activity can be stimulated by aligning personal, corporate and property tax codes.

Remove Redundancy

Many businesses are burdened by the need to register and/or certify operations with more than one department or government. The ideal and most cost-effective situation would be for the four provinces to establish one Atlantic regulatory body where ever possible.

Business Impact Assessments

All provinces should require a business impact assessment to accompany proposed regulatory and legislative changes to avoid increases to the compliance burden currently impacting productivity.

Recommendations

Atlantic Chamber of Commerce recommends provincial governments:

- recognize inefficient government processes slow business operations and investment decisions;
- establish reliable and efficient service standards for government programs and approvals, including environmental impact assessments;
- recognize regulatory processes are inordinately onerous on small businesses;
- require any changes to regulations include a publicly-accessible business impact assessment;
- streamline reporting mechanisms by sharing basic identification data between provinces;
- establish electronic regional databases or agencies to create data interchange efficiencies; and
- wherever possible, opt for mutual recognition of provincial training and certifications.

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Pillar III: Create a Positive Investment & Job Creation Environment

Atlantic Chamber of Commerce (ACC) Position

ACC supports providing conditions that encourage new and established businesses to locate and grow their operations as the primary means of increasing economic activity and increasing tax revenues.

Why it is Important

The Atlantic region is the highest taxed jurisdiction, mired in more than a decade of slow economic growth with little opportunity for expanding government revenues. Since only profitable companies create jobs, governments must focus on providing a tax system, infrastructure and efficient regulations that encourage local businesses to reinvest profits and global businesses to locate in Atlantic Canada.

What can be Done

Provide Stability & Predictability

Short-term incentives can attract short-term investment, but a jurisdiction with dependable approval processes, and a competitive and fair tax regime will attract companies operating in global markets.

Provide Economic Development Plans for Rural & Urban Communities

The sustainability of communities depends on the availability of quality education, health and social services in relation to population demand. All communities require access to reliable high-speed internet connection and support for tourism as they are the backbone of many rural economies.

Remove Barriers to Interprovincial Trade

Governments need to act on establishing open trade practices between provinces. It is unacceptable for provinces to maintain regulations that impose different obligations on similar operations.

Balance Economic & Environmental Concerns

Governments must assert authority in regulating resource development in a timely manner. Advancements in the ability to safeguard the environment has predominantly occurred through responsible and profitable development of natural resources.

Get Government out of the Service Delivery & the Retail Sector

Provinces should strongly reconsider the need and value of being the sole marketer of alcohol and cannabis and restrict their involvement to regulation and wholesale operations.

Recommendations

Atlantic Chamber of Commerce recommends provincial governments:

- recognize the private sector as the primary provider of jobs and government revenues;
- attract investment by minimizing the economy-wide cost structure of operating all businesses;
- enhance quality and cost of services to make the region globally competitive;
- extend access to broadband service to all communities and support tourism province-wide; and
- evaluate the potential of private sector delivery of public services.

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Pillar IV: Improve Access to Workers

Atlantic Chamber of Commerce (ACC) Position

ACC supports efforts to reduce the gap between the unemployment rate and job vacancies by improving skills development, supporting immigration and ensuring access to labour.

Why it is important

Full employment is both an indicator and a driver of a vibrant economy. Under full employment conditions, employers compete for available resources, driving income gains and increased productivity. A widely dispersed, highly rural population, with several industries that provide only seasonal employment, and low levels of literacy and numeracy result in employment gaps at low- and high-skilled levels.

What can be Done

Retain our Youth

Economic sustainability requires the youngest of our workforce see opportunities to work and live in their home province. We need to get this message to our children at an early age and put the question of whether to stay or leave in a realistic context.

Attract and Retain Immigrants & Foreign Students

Our region needs to establish effective collaborations between government, business, and communities to allow foreign students to connect with local businesses, ensure potential immigrants are aware of the unique nature of Atlantic Canada's lifestyle, and to provide settlement resources enabling them to attach to rural and urban communities. A long-term solution is also required to ensure adequate human resources are available to staff low-skilled and seasonal employment opportunities.

Skills Development

Governments need to mine employment data more deeply to identify regional deficiencies for access to skilled labour. Opportunity and prosperity require that public schools guarantee students early competence in reading, math and computing skills so they progress to higher learning and can operate in a workplace which demands the ability to read and solve problems independently.

Recommendations

Atlantic Chamber of Commerce recommends provincial governments:

- work with communities to prepare youth for opportunities in Atlantic Canada;
- continue to expand and improve immigration programs like AIP, PNP and TFW;
- expand access to resources to encourage settlement in communities of all sizes;
- communicate, at an early age, examples of successful entrepreneurs in the local economy;
- ensure availability of practical entrepreneurship training at all levels of education;
- continue to focus on ensuring mastery of reading, math and technology at an early age; and
- improve connections between labour market information and workplace skills acquisition.