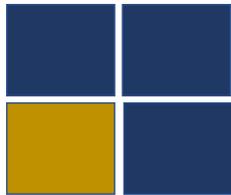




# 2020

ATLANTIC CHAMBER OF COMMERCE



## POLICY PILLARS FOR GROWTH

Atlantic Chamber of Commerce's Annual Policy Recommendations for Economic Growth



## 2020 Policy Pillars for Growth

### Atlantic Chamber of Commerce's Annual Policy Recommendations for Economic Growth

Economic growth is a minimum requirement for ensuring our collective well-being. The Atlantic Provinces continue to endure high taxes and growth at roughly half the national average. In recent years Atlantic governments have made positive strides in improving fiscal circumstances by addressing public finances and our low-growth and aging populations. However, several basic issues require government attention.

Since the private sector creates the bulk of employment providing personal income, government revenues, and capital investment, it is highly relevant to know the concerns of business owners across the region. As a result of an annual survey, the members of the ACC have identified four priority areas of focus for 2020 where business and government can work together to create an environment for economic growth. The issues identified demonstrate recognition that economic success is inextricable from many social programs.

#### Pillar I: Improve Access to Qualified Workers

The large number of unfilled job vacancies continues to limit growth of local businesses. The issue involves positions with low to high skill requirements. The solutions lie in providing appropriate skills training, connecting students to the workplace for students and attracting appropriately trained immigrants to jobs and communities.

***Government must continue to focus on programs to increase experiential learning, accelerate immigration, and simplify seasonal worker programs, enhance settlement services, and retention strategies.***

#### Pillar II: Comprehensive Review of Taxes

There can be no disputing that taxation in Atlantic Canada has evolved to a point where the burden of compliance represents a huge drain on the resources of individuals and businesses. The tax system in Canada has not been reviewed the 1960's which implies a significant opportunity to streamline the system, reduce complexity, and improve fairness

***Governments must commit to a formal, review of all forms of taxation, to simplify compliance, promote equity, and set globally competitive tax rates.***

#### Pillar III: Reduce the Cost of Government

Regulation and service provision are essential roles required of government. Equally important in executing these roles is a responsibility to be accountable for the cost and responsiveness of services provided by the health and education systems and processes govern business operations and investment.

***Governments must control the costs in the health and education systems while maintaining universal and equitable access to quality services. We must reduce government imposed uncertainty that reduces our attractiveness as a place to do business.***

#### Pillar IV: Increase Local Economic Development

As the bedrock of local and regional growth, businesses and communities need to work with governments to identify opportunities for trade and job creation. However our demographic realities impose a need to address economy-wide issues and the unique needs of both urban centres and rural regions.

***Businesses operate in a variety of communities with unique assets and workforce characteristics. Governments must respond to the need in regions for job creation incentive, access to services and workforce development***



## 2020 Policy Pillars for Growth

### Pillar I: Improve Access to Qualified 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 skilled 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 social barriers like low literacy and numeracy skills result in employment gaps at both 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.

##### Enhance and Expand Experiential Learning

Students and employers will benefit from establishing early connections between schools and businesses. Programs that provide opportunities to apply learning in a real-life context are better informed in choosing a career path and better prepared to transition from learning to work.

##### Attract and Retain Immigrants & Foreign Students

Our region needs to establish collaborations between government, business, and communities to assist immigrants and foreign students connect with the workplace, and provide settlement resources that help them to attach to rural and urban communities. A long-term solution is required to ensure human resources are available to fill seasonal employment opportunities.

##### Develop Skills for the Future

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:

- prepare youth for opportunities that exist locally;
- make immigration programs like AIP, PNP and TFW more user-friendly;
- expand access to resources to encourage settlement in communities of all sizes;
- continue to focus on ensuring mastery of reading, math and technology at an early age; and
- increase emphasis on experiential learning and accelerate early connections to the workplace.



## 2020 Policy Pillars for Growth

### Pillar II: Comprehensive Review of Taxes

#### Atlantic Chamber of Commerce (ACC) Position

All governments should participate in efforts to simplify and streamline the tax system to promote efficiency, investment and ease the burden of compliance for individuals and businesses.

#### Why it is Important

Taxes provide a measure the health of the economy and directly impact the prosperity of individuals and businesses. Differing levels of taxation have a direct impact on disposable income and levels of investment. Too high economic activity shrinks, too low and budget deficits are unavoidable. Since the last formal review the number and rate of taxes imposed on individuals and businesses have ballooned, and the number of tax regulations extended beyond the comprehension of the average Canadian. The sheer complexity of the statutes impose a need for professional tax specialists and a paperwork burden that needs to be reduced.

#### What can be Done

##### Royal Commission on Tax Review

The last time government conducted a comprehensive review of the tax system was in 1966 (Carter Commission). In the more than 50 years since there has been innumerable adjustments to rates and an endless stream of adjustments to tax credits and tax calculations. In the interests of fairness and maintaining the country's competitiveness, governments should establish a Royal Commission on Taxation and Competitiveness. The benefit of this approach is to avoid the perceptions of bias and negate the influence of changing political agendas associated with newly elected governments.

##### Expand Tax Base not Rates

Combined tax rates in Atlantic Canada are amongst the highest in Canada. It is reasonable to question whether further increases in taxation will result in an overall decrease in economic activity. For every additional dollar directed to government, it is one less that is spent by consumers or is available for investment or growth. The only sustainable approach to increasing government revenues is expanding the number of taxpayers (immigration) and supporting business growth.

##### Simplify Filing

In an effort to reduce the excessive cost to the productivity killing effects of our current system (ranked 41<sup>st</sup> in the world for time required to comply) governments need to reduce the complexity of the tax statutes and accelerate streamlining of electronic filing technology.

#### Recommendations

Atlantic Chamber of Commerce recommends provincial and federal governments:

- establish a Royal Commission to address the excessive complexity and cost to the economy;
- 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 recent experience demonstrates higher taxes do not provide increased revenues; and
- Adopt policies that focus on expanding the tax base over increasing tax rates .



## 2020 Policy Pillars for Growth

### Pillar III: Reduce the Cost of Government Services

#### Atlantic Chamber of Commerce (ACC) Position

Governments must reduce the uncertainty related to government regulation and control the costs of providing quality government services, with an emphasis on health and education budgets.

#### Why it is Important

Delays and uncertainty regarding government approvals, permits, and access to programs are reducing the operating profitably and reduced the attractiveness of Atlantic Canada as a place to establish and invest in business. Combined, the cost of healthcare, education and debt service cost make up roughly 60% of provincial budgets necessitate these expenditures be continually reviewed to assess effectiveness and identify opportunities for efficiency

#### What can be Done

##### Develop Strategic Plans for Operational Savings

Ignoring that the enormous cost of the public debt, it is essential government and the public seriously assessment of costs of providing education and healthcare services. Quality services in both these areas are essential contributors to economic prosperity, representing investment in our future (education and training) and assuring wellness.

##### Establish Maximum Response Times for Government Services

Predictability is a key factor in developing business plans. Governments need to establish reliable response times for applications, environmental assessments and major project review.

##### Remove Costly Interprovincial 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 bodies 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.

##### 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 current regulatory processes are inordinately onerous on small businesses;
- ensure government services are delivered equitably and cost effectively;
- establish reliable and efficient service standards for programs and approvals, especially environmental impact assessments, and;
- require any changes to regulations include a business impact assessment.

## 2020 Policy Pillars for Growth

### Pillar IV: Increase Local Economic Development Efforts

#### Atlantic Chamber of Commerce (ACC) Position

Government needs to spearhead work with regions to create comprehensive economic development plans that recognize local assets and workforce characteristics by providing job creation incentives, equitable access to quality health and education services and community infrastructure.

#### Why it is Important

The needs and potential of specific areas of each Atlantic province are different. Not surprisingly our region's larger urban centres provide the bulk of economic growth but more than 40% of our population live in rural communities. It is not reasonable to expect that programs designed for the realities in urban centres will be equally effective in rural settings. A more rational approach would be for government to assess assets and potential at a regional level, creating virtual communities of critical mass on which to base economic development plans and programs.

#### What can be Done

##### Inventory and Assess Physical Assets and Population Potential in Local Communities

While all communities require access to reliable high-speed internet, certain specialized services (e.g. health, education) need to be consolidated to ensure critical mass exists for efficient service delivery. The discussions will be challenging and innovative solutions required, e.g., children should not have to endure several hours daily on a bus but neither can we afford classrooms with single digit enrolments.

##### Lead the Dialogue for Creating Economic Development Plans at a Regional Level

Communities depends on access to quality education, health and infrastructure to sustain them. Each region in each province has its own economic history, unique assets, resources and demographic characteristics.

#### 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.