



Brampton: Poised for Greatness

2016 Federal Pre-budget Submission

The Brampton Board of Trade
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ABOUT THE BRAMPTON BOARD OF TRADE

For almost 130 years now, the award-winning Brampton Board of Trade continues to be the go to organization where successful businesses of all sizes and sectors, convene, collaborate and create solutions to boost regional economic prosperity. The Board offers solutions to the toughest problems that businesses face every day - including overcoming barriers to growth, attracting and retaining talent and making the right connections.

The Brampton Board of Trade provides advice to all levels of government on the impact that strategic investment and the regulatory environment has on business decision-making. It collaborates with chambers of commerce and boards of trade across Canada and benchmarks with those in major cities across North America so that businesses in our region can implement best practices and take steps to boost the relative competitiveness of our region and country. Membership in the Board of Trade ranges from multinational corporations to small start-ups and individual entrepreneurs. An association of business leaders and volunteer economic development champions, The Brampton Board of Trade's focus is enterprise productivity and prosperity for its regional economy.

EXECUTIVE SUMMARY

Brampton is the 9th largest city in Canada with the nation's fastest growing population. It has the country's youngest, most well-educated and diverse workforce. Brampton is one of Canada's truly global cities and is an integral part of Canada's Innovation Corridor. Brampton is truly poised for greatness. Through focus and investment in a number of areas, including infrastructure, innovation, skills, trade and taxes, Brampton can harness its potential and continue grow in a healthy way.

Based on consultation with its members and key stakeholders, The Brampton Board of Trade has prepared the following 16 recommendations for local MPs and the federal government to consider in its 2016 federal budget this fall. Themes include:

1. Funding key infrastructure projects in Brampton, its regional economic assets and employment areas
2. Increasing Canada's competitiveness through innovation
3. Investing in better labour market data and standards for visa processing to create more jobs
4. Simplifying the current tax system in order to help businesses scale up
5. Encouraging more international trade opportunities for Canadian businesses

Funding Brampton's key infrastructure projects

Brampton's business community has identified 7 key infrastructure projects that will boost the local economy, bring jobs to the local economy and help them do business. These projects include investment in:

- Municipal light rail and higher order transit;
- Regional Two Way All Day GO train service; the Metrolinx/CN freight bypass; The GTA West Highway project;
- further development of regional strategic employment areas such as the Downtown Brampton Riverwalk and Peel Memorial Centre's Health Sciences Hub; Brampton-Milton Logistics Hub; Canada's Innovation Corridor and investment in Pearson Airport – Canada's second largest employment centre.

The federal government has made a commitment to double infrastructure investments to over \$120 billion in the next decade and it is crucial that Brampton work to secure a significant portion of these new investments. Brampton has a strategic opportunity as Canada's 9th largest city to secure funding for its largest infrastructure projects, many of which are in line with the federal government's commitment to funding green, social and transit investments.

In addition to Brampton's green, social and transit infrastructure projects, we notice a lack of balance for trade-enabling investments in the federal government's current plans. Brampton Board of Trade encourages the federal government to invest in trade-enabling infrastructure - transport, digital, energy - which has higher growth multipliers and allows for the movement of products, information and talent throughout Canada and high-growth markets around the world.

Recommendation #1 – The federal government should work collaboratively at the provincial and municipal level to attract capital funding for Brampton's key infrastructure projects.

Recommendation #2 – The federal government should renew its commitment to funding trade-enabling infrastructure across Canada and across the GTA.

Increasing Canada's competitiveness through innovation

Commercializing the great research occurring in Canada's universities, colleges, corporations and small businesses is an important component to boosting Canada's prosperity. Canada has an opportunity to increase its competitiveness and spur innovation by leveraging investment from the private sector to make this happen.

To incentivize the private sector, the federal government can develop a national refundable tax credit for investments as well as capital gains exemptions on startups and further investment in incubators.

Recommendation #3 – Adopt an innovative taxing regime. In contrast to the broad (SR&ED) tax credit, a complementary “innovation box” regime would see revenue from new patents taxed at a much lower rate.

Recommendation #4 - Break down Canada's barriers to innovation by exempting capital gains on venture capital investments in startups and making more investment in the government's existing program (Venture Capital Action Plan) which is matched by private sector investment.

Recommendation #5 – Develop a national investment tax credit program to grow the number and amount of angel investment participants with a 30% refundable tax on investments up to \$200,000

Recommendation #6: Invest in incubators to stimulate small business innovation and university/college collaboration with industry.

Transforming the current tax system

High business taxes are a big barrier to investment, job creation and stimulating the economy. Canada's overly complex system and high business taxes leaves much room for improvement. By simplifying the tax system and creating a higher threshold that will allow more businesses to generate more revenue within a bigger threshold, more businesses can scale up and hire more employees and ultimately stimulate Canada's economy.

Recommendation #7 – Simplify Canada's tax system, reducing compliance costs, by eliminating ineffective credits and relying less on inefficient payroll taxes.

Recommendation #8 – Reduce EI premiums to the break-even rate of \$1.49 so that it is less expensive to create jobs.

Recommendation #9 – Increase the income threshold for small business tax rate to \$1 million from \$500,000 to help small companies scale-up.

Recommendation #10 – To encourage greater investment in technology, accelerate the CCA rates to 50% for a broad variety of capital equipment (advanced machinery, computers, telecom, networking equipment, fibre and data network infrastructure)

Investing to develop skills and create more jobs

Brampton companies are in a recruitment war for talent world-wide. Skills gaps and mis-matches need to be better addressed. If properly incented, the private sector can play a larger role in providing internships, apprenticeships and co-op placements.

Having access to labour market data is an integral part of the hiring process for employers as they look for talent with the right skill sets. Currently Brampton's labour market data is grouped as part of the Toronto CMA (with other cities across the Greater Toronto Area), without any specific data available to individual cities. It is important that moving forward the federal government invest in Statistics Canada to ensure Canadian businesses and our educational institutions have access to relevant and useful data.

Immigration policies must allow expedient recruitment of international talent. Canadian businesses also face hurdles when attempting to acquire foreign workers. Current policies limit access to international talent and businesses also face barriers with Express Entry visa processing times.

Recommendation #11 – Invest in location-specific labour market data

Recommendation #12 – Improve visa processing times by improving Express Entry and amending inflexible immigration policies such as the Temporary Worker Program to allow greater access to international talent

Recommendation #13 - Increase employer incentives to allow more experiential learning for students during post-secondary studies.

Creating more trade opportunities for Canadian businesses

With a sluggish domestic growth forecast, Canada's economic growth depends largely on international trade. Approximately 600 Brampton businesses currently export. The Brampton Board of Trade understands the needs of these businesses, processing thousands of certificates and letters of waiver for them every year. By creating more trade opportunities for Canadian businesses, the federal government will inevitably create and sustain jobs, stimulate competitiveness and innovation as well as provide consumers with more affordable goods in the marketplace. Providing cash flow to businesses handling imports and exports is an effective way to ensure more businesses can handle international trade.

Recommendation #14 – Create an export financing program to reduce the risk of entering new markets, one that would encourage small businesses to explore trade shows in new markets allowing them to grow their international trade activities

Recommendation #15 – Similar to Canada's recent CETA agreement with Europe, undertake a comprehensive study on the benefits and costs of a bi-lateral free trade agreement with India and one with China

Export relationships are best fostered with face-to-face meetings. Boards of Trade and Chambers of Commerce in Canada's major city markets, including Brampton are concerned over the deteriorating passenger experience during security screening at Canada's international airports.

Pearson International Airport for example generates approximately \$35 billion in national Gross Domestic Product annually, directly supporting greater than 141,000 jobs.

Every 1% increase in direct international flights results in a 0.88% increase in trade value. The efficiency of connecting to flights also has remarkable economic impact – a 10% increase in air connectivity annually, increases Canadian business productivity by \$1 billion.

Canada's international airports are huge economic assets and should be nurtured to their full potential. In order to do so, Canada's international airports must be able to compete at a global level. Challenges with growth, screening and border services, federal rent structures and land lease agreements are impacting Canada's ability to fully harness the strength of its major airports as strong economic assets.

Recommendation #16 – Improve processing times at Canada's major airports by applying the Blue Sky Policy more progressively, support growing demand and efficient customer flow at Canada Border Services and institute comprehensive reforms in screening by implementing globally competitive standards.