Please note that the Proposed Policy Resolutions Book will not be distributed on site at the AGM and Convention. You must bring your copy with you to Fredericton for reference.
This booklet contains policy resolutions that will be discussed at the Annual General Meeting (AGM) of the Canadian Chamber of Commerce on September 23-25 in Fredericton, New Brunswick. They were developed by our affiliated community chambers of commerce and boards of trade and by the national and international policy committees of the Canadian Chamber of Commerce.

By this year’s June 2nd deadline, 83 resolutions had been received. Prior to their acceptance for debate at the AGM, the proposals were screened by the Policy Resolution Screening Committee, comprised of representatives from chambers of commerce and the board of directors.

The Policy Resolution Screening Committee is mandated to ensure that all resolutions presented on the floor for discussion by delegates to the annual policy conference are: relevant to Canadian business and within federal jurisdiction and of national significance; current, timely and requiring action; complete, detailed and supported by factual information; and do not align one sector, industry or region of Canada against another. Following consultations and review through this policy screening review process, and the collaboration of some committee/chambers to merge their similar resolutions, there are now 76 resolutions included in this booklet for debate at the AGM.

It is important to note that the 2017 proposed resolutions are for debate only. During the policy session at the AGM, resolutions will be discussed and debated with accredited voting delegates being asked to approve, defeat or refer the resolution to the Board of Directors for further study.

Policy resolutions do not become official positions of the Canadian Chamber of Commerce unless, and until, they have been approved by a two-thirds vote of the delegates at the AGM after which the resolutions will become part of the Canadian Chamber’s advocacy program for the next three years.

In addition to policies approved at the AGM, the Canadian Chamber responds to issues as they develop and the Board of Directors may approve other policies during the course of the year.

The resolutions contained in this book are also available on the CCC website at www.chamber.ca. To expedite policy discussions at the AGM, please forward any proposed amendment(s) by September 15, 2017 to:

Brighid Meldrum  
The Canadian Chamber of Commerce  
360 Albert Street, Suite 420  
Ottawa, Ontario K1R 7X7  
Telephone: (613) 238-4000 ext. 248  
Facsimile: (613) 238-7643  
Email: bmeldrum@chamber.ca

Once on site at the AGM, please bring any proposed amendment(s) to the recommendations to the Policy Office in the Nashwaaksis B Room at the Fredericton Convention Centre, Level 1.

The Canadian Chamber continues to take steps to hold a “green” AGM and limit the use of paper. As part of this initiative, the Chamber will not be printing hard copies of the proposed resolution books for delegates and chambers. The book is on our web site Chamber.ca where it can be consulted and downloaded or printed. Please ensure that you arrive at the AGM with all you will need for the policy debate, as no hard copies will be available on site. We thank you for your understanding and support in this regard.
PROCEDURES TO BE FOLLOWED DURING THE POLICY DEBATE

Last year, delegates used electronic “clickers” to cast their votes. We will be using that mechanism again this year. Each delegate will be issued a clicker when they register. If a delegate is holding a proxy, a clicker will be issued for that vote as well.

Prior to debating 2017 proposed resolutions, a motion will be presented to place the entire policy book on the floor (this prevents the need for a motion to adopt each resolution as it comes up).

Another motion will be presented to limit discussion to the title and recommendations only. (i.e. there will be no discussion of, or changes to, the preamble from the floor at the AGM. Should there be a substantive or factual error in the preamble, please send the recommended change to the Canadian Chamber of Commerce (bmeldrum@chamber.ca) no later than September 15, 2017. Canadian Chamber staff have the authority and the responsibility to modify the preamble based on the input received and to ensure it is accurate and aligned with the recommendations.

Resolution debate:

1. The discussion of each resolution will open with the moderator naming the resolution. The representative of the sponsoring group (submitting chamber/board of trade or policy committee), is entitled to make a brief comment (approximately one minute) to amplify or clarify their resolution. The sponsor’s representative should be waiting at one of the microphones and immediately get the attention of the moderator. If the relevant CCC policy committee disagrees with the proposed resolution, the committee representative will be offered an opportunity to comment briefly before the resolution is opened for discussion by all delegates.

2. Everyone is allowed to participate in the debate (discussion), but only accredited voting delegates have the right to move or second motions, amendments or other motions or to vote.

3. When participating in the debate, attendees must always use the microphones located in the aisles. This not only helps to maintain order, but is also for the benefit of others who want to hear what you are saying.

4. When at the microphone, wait to be recognized by the moderator and then identify yourself and your organization before you begin your remarks.

5. Due to limited time for policy debates, we encourage all delegates to keep their commentary concise.

6. You are responsible to make your voting decisions in accordance with your beliefs about what is in the best interests of the Canadian Chamber of Commerce policy platform. Delegates have three possible courses of action for each resolution:
   a. To adopt it - with or without amendments - thus making it official Canadian Chamber policy.
   b. To defeat it; or
   c. To refer it to the Board of Directors for further study. While this third option precludes the item from becoming official policy at the time of the AGM, it does permit the board to act upon it.

7. Once you have voted, a green light on the clicker will confirm that your vote has been received. The clicker will also display each vote as cast, showing the number of votes for and against, as well as how many votes were cast and what number is required for a two-thirds pass.

8. While the policy debate is governed by Robert’s Rules of Order (newly revised), it is the Canadian Chamber’s policy to require two-thirds of the votes to pass any motion or amendment.
# TABLE OF CONTENTS

## INDUSTRY

01. Incentivizing Innovation in Canadian Universities ................................................................. 1  
02. Engage SMEs in the Design, Testing and Communications of Federal Programs Designed for Them ................................................................. 2  
03. Reforming Canada’s Anti-Spam Legislation (CASL) ................................................................. 4  
04. Export Market Development Assistance for Sales Costs of SMEs ................................................. 6  
05. Addressing the Challenges of Canada’s Largest Economic Sector: Small Business ................................................................. 7  
06. Adopt a Common and True Open Data License for Canada .......................................................... 9  
07. Digital Broadband: The Essential Utility ................................................................................... 11  
08. Assisting Small Business with Minimizing the Risk and Recovery from Cybercrime ......................... 14  
09. Driving Innovation in Canada .................................................................................................. 15  
10. Amending and Replacing Canada’s Anti-Spam Legislation Issue ................................................ 16  
11. Small Business Sub-category for Firms with 1 – 19 Employees ...................................................... 19

## FINANCE AND TAXATION

12. Getting Canada Back to Fiscal Balance ....................................................................................... 21  
13. Make Loan Capitalization of Aboriginal Financial Institutions an Annual Federal Budget Item ................................................................. 23  
15. Protect Canadian Business by Keeping the De Minimis Threshold Low ............................................. 26  
16. Small Business Deduction ........................................................................................................ 27  
17. Maintaining Tax Exemptions for Private Health and Dental Plans ................................................... 28  
18. Private Campground Tax Classification Leaves Owners Out in the Cold ............................................. 29  
19. Child Care Credits For Small and Medium Size Businesses ......................................................... 30  
20. Eligibility for Small Business Tax Rate ........................................................................................ 31  
22. Fiscal Regime Beneficial to a Progressive Transfer of Companies .................................................. 36  
23. An Appropriate Response to U.S. Tax Reform ............................................................................. 37  
24. Renovation Tax Credits - Improving Canada’s Housing Stock ....................................................... 39  
25. Enhancing Access to the Registered Disability Savings Plan for Disabled Employees ................................. 40  
26. Fines and Penalty Reform for Businesses ....................................................................................... 41  
27. The Locked-In Estate Trust – A Response to Canada’s Retirement Income Challenges ................................................................. 43

## HUMAN RESOURCES AND IMMIGRATION

28. A Focus on Refugees ............................................................................................................... 45  
29. Manufacturing a Skilled Workforce ............................................................................................. 47  
30. Marijuana and the Workplace: Ensuring the Safety of Workers and Businesses ................................................................. 50  
31. Restoring Secret Ballot Voting for Union Certification .................................................................... 53  
32. Improving the Canada Summer Jobs Grant ..................................................................................... 55
33. Attracting and Retaining International Students Through Canadian Work Experience .......................... 56
34. Creating a National Employer-Driven Immigration System ........................................................................ 59
35. Invest in Labour Market Information to Close the Skills Gap ........................................................................ 60
36. Improving the Temporary Foreign Worker Program .................................................................................... 63
37. Increase Apprenticeship Completions in the Skilled Trades ........................................................................... 65
38. Supporting the Labour Needs of Today and Tomorrow – Provincial Nominee Programs .............................. 66

INTERNATIONAL AFFAIRS ........................................................................................................................................ 69
39. 24-Hour Commercial Border Crossing Access .................................................................................................. 69
40. Canada’s Trade Policy Harmful to Canadian Business .......................................................................................... 71
41. Securing North American Steel Production and Products Through a Unified Position on Section 232 of NAFTA ........................................................................................................................................ 73
42. The Crucial Necessity to Negotiate a Renewed Softwood Lumber Agreement – Supplemental to the 2016 Policy “The Need for a Renewed Softwood Lumber Agreement” ......................................................................................... 76
43. Canada-China Trade Tariff Gap .......................................................................................................................... 78
44. Renegotiate a NAFTA Suited for Modern Business and Trade .......................................................................... 79

NATURAL RESOURCES AND ENVIRONMENT ........................................................................................................ 81
45. Carbon Pricing: An Urgent Need to Balance Competitiveness for Future Sustainability .................................. 81
46. Let the Provinces Decide on Transitioning to a Low-Carbon Economy ................................................................ 83
47. Species at Risk: Canadians Working Together to Strike a Balance ........................................................................ 84
48. Improving Federal Environmental Assessment Processes .................................................................................... 86
49. Use of Carbon Tax Revenues to Incentivize Businesses and Municipalities reducing GHG Emissions .......... 89
50. Modernizing the National Energy Board ............................................................................................................ 90
51. A National Competitiveness Strategy for Canada’s Natural Resources Industries ............................................. 91
52. Fair Competition Among Canada’s Certified Forests in Green Building ............................................................. 92
53. Protecting Canada’s Fresh Waters from Zebra and Quagga Mussels .................................................................. 94
54. The Importance of Expanded Oil Pipeline Infrastructure to the Economy ............................................................ 96

SOCIAL POLICY ......................................................................................................................................................... 99
55. A Focus on a National Youth Entrepreneurship Strategy .................................................................................... 99
56. Addressing Entrepreneur Mental Health ............................................................................................................ 101
57. Enabling and Protecting the Next Generation of Entrepreneurs ........................................................................ 103
58. RCMP the Line of First Defence and Resource of Last Resort .......................................................................... 105
59. First Nations Land Title Initiative ....................................................................................................................... 107

SPECIAL ISSUES ...................................................................................................................................................... 109
60. Supporting Canadian Agri-Food to Meet Global Demand ................................................................................... 109
61. Improving Regulatory Processes to Support the Growth of Agribusiness ............................................................ 110
62. Revisit the 30-Year Old Health Act to Address Looming Crisis ........................................................................... 113
63. Creating a New Pharmaceutical Industry in Canada ............................................................................................ 114
64. Encouraging and Supporting More Women on Corporate Boards ....................................................................... 116
65. Attracting International Tourists to Benefit Canada’s Regions and SMEs ............................................................. 119
TRANSPORTATION AND INFRASTRUCTURE

66. Supporting Bill S-229: Underground Infrastructure Safety Enhancement Act ................................................................. 122
67. Keep Pacific Gateway Business Moving .......................................................................................................................... 124
68. Supporting New Investment in Infrastructure to Enhance Canada’s Asia Pacific Gateway Initiative ............................. 126
69. Empower Municipalities to Maintain Essential Infrastructure and Link Investments to Economic Growth .... 128
70. Protecting the National Economy by Managing the Lower Fraser River ................................................................. 129
71. Port and Major Airport Share Capitalization ................................................................................................................ 132
72. Obsolescence of Canadian Icebreakers ........................................................................................................................... 134
73. Reduce Costs to Improve Canadian Aviation Competitiveness ..................................................................................... 135
74. Trucking Disruption of Terminal Operations at Port of Vancouver ............................................................................. 138
75. First Nations Infrastructure Institution .......................................................................................................................... 140
76. Facilitating the Development and Deployment of Autonomous Vehicles in Canada ................................................. 142
INDUSTRY

01. Incentivizing Innovation in Canadian Universities

Issue
Innovation is necessary to maintain the standard of living enjoyed in Canada. The recently introduced federal budget placed a focus on innovation stating that “Innovation helps to create new jobs in growing industries and transforms jobs in existing ones. That means new and exciting job prospects for Canadian workers—good, well-paying jobs today, and even better opportunities for our children.” It is easy to invest money on innovation; however, it is imperative that those investments have a return. In an evolving digital age, being late to market can mean missing the target altogether.

Canada needs to close the gap between innovation and commercialization to exploit first-mover advantage. A key component to closing that gap is addressing the current system under which innovative post-secondary ideas get patented and developed.

Background
Canada is being out-paced globally on innovation. The C.D. Howe institute paper on Measuring Innovation in Canada: The Tale Told by Patent Applications states “many commentators have shown concern about the low level of Canadian innovation, and particularly Canadian patenting, with several rankings putting Canada at or near the bottom of the Organisation for Economic Co-operation and Development”.

There are many innovative ideas that are created at post-secondary institutions in Canada that are never developed or marketed. There are two levers that appear to drive a wedge between innovative ideas and commercial actions: incentive and resources.

Every successful entrepreneur is driven to succeed not just to see their idea come to life, but also to profit (whether to fund personal goals or alter the world around them for the better). Having sufficient incentives in place are key to driving the actions of professors and staff to take risks. Post-secondary institutions in Canada have many pressures that did not exist before the turn of the century and this in turn increases the goals and expectations on professors including: number of papers published, number of lectures given, perceived eminence through attending and speaking at conferences, etc. With performance pressures at the university level to maintain a stable income, the incentives to focus limited time and energy on developing an idea beyond the publishing stage need to be significant. That being said, a 2010 study compiled by May Hen at the Simon Fraser University titled Intellectual Property Polices at Canadian Universities suggests that the profit allocation back to the Universities on patented commercialized innovations can be as high as 50% where the professor takes on the all the activities to commercialize and as high as 90% where the University undertakes the commercialization activities. The best opportunity for success of an innovation is going to come where the individual(s) that developed the idea are vested in its success. While University ownership of IP can lead to as many or more patents being filed, the economic benefits to the Canadian economy come from leveraging those patents into commercial activities and the paper Intellectual Property Rights Policy and University Technology Transfer Output in Canadian Universities produced by Kallaya Tantiyswadikul at the Ritsumeikan University in Kyoto, Japan demonstrates that in the period from 2004 to 2008 the average number of spin off companies created in a University with Inventor level ownership was nearly double (average of approximately 4 versus 2 per year) that of institutions that retained the rights to exploit the intellectual property.

Post-secondary institutions that permit IP ownership by the creators rely heavily on internal or external commercialization offices to aid those creating the intellectual property in taking innovations through the patent registration process and helping them to develop relationships with potential businesses in industry. Having interviewed several professors in Ontario that have undergone the process at different institutions, we have
concluded that there exists a mixed view of the effectiveness of these offices. The typical model of a commercialization office puts the onus on the commercialization office to make the relevant patent applications, but with limited resources they are essentially tasked with triaging innovations based on their expected return on the investment. Inherently, this leads to a bias towards innovations that are more easily understood and those for which the team already has developed industry contacts. Creating additional barriers at this stage can lead to innovators choosing to focus their efforts elsewhere.

**Recommendations**

That the federal government:

1. Prior to Budget 2018, develop a federal standard for intellectual property rights developed at Universities to be owned by the creators. This model can allow for a cost recovery system that shares revenues above a set limit to flow back to the institution that supported the development.

2. Immediately institute the use the Employment Insurance mechanism to promote short term absences for professors and graduate students taking sabbaticals to commercialize intellectual property, with repayment conditions applicable in the event of success.

3. Through Ministerial budgets, allocate dedicated funding to commercialization offices to streamline the patent filing process to reduce cost and provide further incentives for patents that reach profitability.

4. Through the Ministry of Innovation, Science and Economic Development, develop a program to help link university commercialization officers with Ministers and other officials in government that have strong networks with colleges, business and entrepreneurs to promote partnerships to bridge the capital needed to reach the commercial viability stage.

SUBMITTED BY THE LONDON CHAMBER OF COMMERCE

**THE HUMAN RESOURCES POLICY COMMITTEE DOES NOT SUPPORT THIS RESOLUTION DUE TO THE NARROW FOCUS ON UNIVERSITIES AND THE USE OF EI AS A SUBSIDY.**

**THE INNOVATION COMMITTEE DOES NOT SUPPORT THIS RESOLUTION. THEY BELIEVE IT IS TOO FOCUSED ON THE UNIVERSITY/PURELY ACADEMIC ENDEAVORS AND IGNORES THE POTENTIAL FOR INNOVATION IN OTHER INSTITUTIONS (COLLEGES, HOSPITALS, THINK TANKS, INNOVATION HUBS, ETC.).**

**02. Engage SMEs in the Design, Testing and Communications of Federal Programs Designed for Them**

**Issue**

The theme of innovation permeates the 2017 Federal Budget and several initiatives are announced in it in the name of assisting innovative Canadian businesses. The federal government states under the budget’s Skills and Innovation
Plan that is objective is to, “Double the number of high-growth companies in Canada, particularly in the digital, clean technology and health technology sectors, from 14,000 to 28,000 by 2025.”1

These programs are welcomed and reflect the advocacy of the Canadian Chamber of Commerce and its members to provide Canadian companies with tools to grow here and abroad. However, aside from the financial commitments associated with each, there are few – any – details on how these initiatives will be developed and when they will be implemented.

**Background**

While innovation exists in firms of all sizes, Canada’s SMEs (firms with fewer than 500 employees) punch above their weight in their contribution to our economy. Just over 7 per cent of Canada’s SMEs (which provide nearly 90% of private sector jobs) are “high-growth” (measured by revenue, 3.4 per cent based on employment), yet Innovation, Science and Economic Development Canada found they created more than 95 per cent of new jobs from 2005-20152.

In Budget 2017, the federal government acknowledges that its “vast array” of programs to support business innovation can be difficult to navigate. As recommended by the Advisory Council on Economic Growth in its February 2017 report, the federal government commits in the budget to “coordinate and simplify the support available to Canada’s innovators” under a new Innovation Canada platform falling under Innovation, Science and Economic Development (ISED) Canada. This has been a long-standing “ask” of the Canadian Chamber of Commerce. In addition to being a “one-stop-shop” for the federal government’s “simplified suite of innovation programs, the Innovation Canada platform promises to set growth targets for innovators, identify sector-specific3 challenges and “bottlenecks” to innovation.

Innovative Solutions Canada – also recommended by the Advisory Council on Economic Growth and announced in the 2017 federal budget – was applauded by the Canadian Chamber of Commerce. This strategic procurement program will give more small, innovative companies that first, critical customer - the federal government no less – making it much easier to grow in Canada and abroad. Modelled on the U.S. government’s Small Business Innovation and Research (SBIR) program, Innovative Solutions Canada would set aside a yet-to-be determined percentage of federal procurement for early-stage research and development, late-stage prototypes and other goods and services from Canadian innovators and entrepreneurs. $50 million has been committed to the administration of this program over the next five years.

These programs are but two of the announcements in Budget 2017 that have lofty ambitions, but little detail. On the positive side, given these programs have not yet taken shape, there is an opportunity for the businesses they are intended to assist to participate in their development. This would ensure that once they are launched, they are best positioned to meet their objectives.

**Recommendation**

That the federal government engage – either directly or through associations like the Canadian Chamber of Commerce - small and medium-sized companies in the design, testing and communications planning for the Budget 2017 initiatives targeted towards them.

**SUBMITTED BY THE SME POLICY COMMITTEE**

1 Building a Strong Middle Class, Budget 2017, March 22, 2017, pg. 44
3 The Innovation Canada platform will be focused on advanced manufacturing, agri-food, clean technology, digital industries, health/bio-sciences and clean resources.
03. Reforming Canada’s Anti-Spam Legislation (CASL)

Issue

The federal government is mandating a greater effort and resources to be allocated in building a vibrant Canadian digital economy. There are good reasons for this:

- a 2016 Canadian Chamber of Commerce resolution cited, based on OECD data, that “Since 2004, R&D spending-to-GDP ratio has decreased…” and currently trails nations such as the USA and China; 4
- a 2017 National Post article cited “Canadian private sector R&D spending is half what it is in the U.S. and below the average amount spent, as a percentage of GDP, compared to the average of the 35 OECD countries; 5
- ”and The Global Innovation Index 2016, published by the World Intellectual Property Office, ranked Canada No. 15. 6

In a 2014 open letter written by Prime Minister Justin Trudeau to Minister of Innovation, Science, and Economic Development Navdeep Bains, Trudeau emphasized a desire to “keep Canada at the leading edge of the digital economy.” 7 Minister of Finance Bill Morneau is on record saying, "Canada must do more to encourage innovation. The future success of all Canadians relies on it." 8

The government appears to be taking action to back these commitments. For instance, in the 2017 federal budget (March 2017), the government committed $950 million to super clusters, over $400 million towards clean technology, 9 and $125 million into an artificial intelligence strategy. 10

With Canada having fallen behind on innovation, and the federal government making an effort to build a more competitive digital economy, it should set its sights on lightening Canada’s Anti-Spam Legislation (CASL). While many believe CASL was drafted with the good intention of protecting consumers, the current version, as it pertains to electronic messages, is anti-competitive to Canadian businesses, excessively expensive to comply with, and poses perilous liability to companies for not in compliance (up to $10 million dollars per offence).

Background

Anti-competitive

CASL is putting Canadian companies at a competitive disadvantage in a global, digital economy. The legislation is known to be the most rigorous legislation in the world to comply with. Although, according to the legislation, all senders—no matter the country they reside in—are to comply with CASL when emailing Canadian recipients, it’s Canadian companies, not foreign companies, who are most fearful of it and have taken the most efforts to throttle their email marketing acquisition and sending habits. Canada doesn’t live in a bubble, so when this environment occurs – when comparing policy positions, foreign companies outpace our Canadian companies in email acquisition and sending for commercial purpose; this imbalance is anti-competitive to Canadian companies. Canadian companies are required to comply with the laws of a foreign jurisdiction that has anti-spam law in order to comply with CASL. If they fail to comply with that foreign law, they are liable under both CASL and the foreign law. This is classic double

4 Canadian Chamber of Commerce 2016 resolution: “Development of R&D and Commercializing Innovation”
jeopardy. Also, the cost of the compliance burden is much higher for Canadian companies that market globally than for foreign companies that only market locally.

Excessively Expensive

Under CASL, organizations that have existing business relationships (EBRs) may send out commercial electronic messages (CEMs) for up to 6 months from the date of an inquiry and up to 2 years from the date of last purchase (defined as ‘implied consent’). These EBR purge date rules appear innocuous at first glance, but it is expensive for Canadian companies to automate software that tracks when and how to purge these emails from company databases; for instance, to automate, a company would require a client relationship management (CRM) or enterprise relationship planning (ERP) software that properly defines each time a contact inquires or buys a product/service, records what date this occurs, changes the status based on the last action (e.g., a prospect under the 6 months rule may need to be changed to a customer in the CRM/ERP), re-adjusts purge dates (e.g., if a customer re-buys a product/service, the 2-year purge date is re-set), sets a priority scale on status (e.g., if a contact has provided express consent and then buys a product/service, the CRM/ERP shouldn’t set them back as an EBR with a 2-year purge date, they should remain as express consent), communicates with an email marketing software so email campaigns pertain correct recipients, and, in return, receives data from the email marketing software (i.e., those that have unsubscribed). This level of complexity can easily run companies into five or six figures for software, human resources, and legal compliance. With over 1 million companies in Canada, who are all required to comply with CASL, the financial hurdle this presents to our Canadian companies can’t be overstated — this is money that could be better spent on innovation, hiring, and expansion (i.e., capital expenditures).

Liability

CASL’s potential liability poses grave risks to Canadian businesses. According to the legislation, a corporation can be fined up to $10 million dollars per offence by regulators; directors and officers of corporations may personally be held liable under CASL for corporate violations.

CASL, in its current form, is excessively expensive to comply with, overly complex, anti-competitive to Canadian businesses, and potentially financially grave for those who don’t comply with it.

Recommendations

That the federal government:

1. Immediately undertake a thorough and open review of CASL as prescribed by section 65 of the Act that includes studies examining the economic impacts CASL has on Canadian businesses and our economy. The review should also address the ambiguities in CASL such as Section 6.6 and how CASL has impacted Canada’s scores on the international “Ease of Doing Business” indexes.

2. If no review is to occur/following the review, make CASL easier for companies to comply with while still protecting consumers by performing the following three, simple amendments to the electronic messaging provisions:
   a. Change the definition of ‘implied consent’ to simply read “where one party voluntarily provides their contact information to another party by any means.
   b. Eliminate the 2-years and 6-months existing business relationship purge date rules.
   c. Consider any two people who are voluntarily connected on any form of two-way, electronic communications to have formed implied consent.

SUBMITTED BY THE GREATER KINGSTON CHAMBER OF COMMERCE
THE INNOVATION COMMITTEE SUPPORTS THIS RESOLUTION, PENDING CHANGES. THEY WOULD LIKE IT TO BE MERGED WITH THE OTHER RESOLUTION ON CASL, AND BELIEVE THAT IT SHOULD BE ALIGNED WITH THE COMMENTS AND POSITIONS PUT FORWARD TO THE FEDERAL GOVERNMENT FROM THE CCC. THE SPONSORING CHAMBERS ARE WILLING TO MERGE AND MODIFY THE RESOLUTION(S), BUT WERE UNABLE TO DO SO IN TIME FOR THE SCREENING COMMITTEE CALL.

04. Export Market Development Assistance for Sales Costs of SMEs

Canada’s economic prosperity is dependant on exports. Canada’s small and medium size enterprises (SMEs) are major contributors to our economy and employment. The financial crisis and slowdown of the U.S. economy demonstrated that Canada’s businesses need to diversify their exports to markets beyond the USA. While there is great potential for SMEs to expand into markets beyond the USA, there has been little movement to do so even with the services available to SMEs through the Trade Commissioner Service.

The expansion of SMEs into foreign markets would be improved with financial assistance for sales costs from the federal government.

Background

In the past, SMEs could obtain funding from the Government of Canada under the Program for Export Market Development (PEMD) which started in 1971 and was closed in 2004. The PEMD program was successful with a “sales to investment ratio” in 2000-2001 of 17 to 1 (source: PEMD Annual Report 2000/2001). The cost of the program in the final years of its existence was approximately in the range of $10-$12 million annually, with approximately 500-600 applications approved per year.

With the global economy struggling, businesses of all sizes need to be conservative with expenditures. This is especially true for SMEs whose resources are typically limited, and expanding into foreign markets is costly with uncertain outcomes.

While the PEMD program was terminated in 2004, the events of 2008 and the subsequent downturn in the global economy warrants developing a new program similar to the PEMD with the aim of increasing SME’s access to foreign markets. It would be expected that SMEs who are currently not exporting at all may become interested in exploring export markets if financial assistance were in place.

Further, recent developments in the United States with the Trump Administration have caused concern about the status of NAFTA and trade in general. Diversification of trade markets is more important than ever for Canadian SMEs.

Such financial assistance will be an important element of the Canadian government’s international business development strategy, improving Canada’s performance in international markets by introducing smaller companies to exporting their goods and services and new markets. Like the PEMD, such a program would be compliant with Canada’s trade obligations as the subsidy would not be contingent on securing sales and is not targeted to a specific firm or industry sector. Unlike the PEMD, a new program should not require repayment contingent on sales made by the recipient company. Including a repayment requirement would limit the participation and expansion of SMEs into global markets. SMEs typically secure smaller size contracts where profit margins would be compromised by a repayment requirement to the point where it wouldn’t be worth exploring foreign market opportunities.
Recommendations

That the federal government:

1. Develop a program to provide 100% coverage to fund SMEs’ sales costs (travelling expenses such as airfare and hotel) incurred for expansion into foreign markets that does not require repayment.

2. Make certain that the application process for funding is simple.

SUBMITTED BY MISSISSAUGA BOARD OF TRADE

THE SME, INTERNATIONAL AFFAIRS, AND ECONOMIC POLICY COMMITTEES DO NOT SUPPORT THIS RESOLUTION. THE FEDERAL GOVERNMENT ALREADY OFFERS THE CANEXPORT PROGRAM WHICH WILL FUND UP TO 50% OF SMES’ INTERNATIONAL PROMOTION EXPENSES. IT IS NOT CREDIBLE FOR THE CANADIAN CHAMBER TO ADVOCATE A “NO STRINGS ATTACHED” FULLY-FUNDED BUSINESS SUPPORT PROGRAM USING TAXPAYER DOLLARS. THE RESOLUTION COULD BE MORE EFFECTIVE IF INSTEAD IT ADVOCATED FOR GREATER ALIGNEMENT OF PROVINCIAL AND FEDERAL EXPORT SUPPORT PROGRAMMES.

THE INNOVATION COMMITTEE SUPPORTS THIS RESOLUTION IN PRINCIPLE, BUT IS CONCERNED THAT THE RECOMMENDATIONS ARE TOO VAGUE.

05. Addressing the Challenges of Canada’s Largest Economic Sector: Small Business

Issue

The cumulative regulatory burden, constant legislative changes and reporting requirements present a disproportionate impact on small businesses (fewer than 100 employees) and are an obstacle to prosperity, growth and competitiveness. The federal government can reduce the regulatory burden and support small business growth by establishing a concierge service to support small businesses in understanding and complying with multiple levels of regulation.

Background

Small businesses play a central role in the Canadian economy. Small businesses make up 98% of businesses in Canada and employ more than 8.2 million Canadians, more than 70% of the private sector workforce. Small businesses are also responsible for the vast majority of net employment change, indicating that small business growth is critical to job creation in Canada.

At the same time, small businesses are also more vulnerable to regulatory burden than medium and large businesses. During the Ontario Chamber of Commerce’s Small Business: Too Big to Ignore campaign, small business owners repeatedly highlighted the cost of regulatory compliance as a barrier to investment and growth. A 2015 report noted


12 Ibid.
that 72% of small business owners identified government regulation and paper burden as one of their top issues.\(^{13}\) The report also found that smaller businesses consistently face greater regulatory costs per employee: businesses with five employees or fewer pay approximately $6,683 in regulatory costs per employee, more than four times the cost faced by businesses with over 100 employees.\(^{14}\) Because small businesses often do not have resources dedicated to researching, understanding and complying with regulatory requirements, frequent and unpredictable regulatory changes at all three levels of government present a prohibitive burden on their growth.

The federal government can help small businesses meet this challenge by introducing a regulatory concierge service. This concierge service would be a single-access point for information, support and expertise on regulatory compliance in Canada. It would offer one-on-one support to small businesses so that they could successfully navigate regulatory frameworks at all three levels of government and achieve compliance. This would allow them to devote more of their limited resources to growing their businesses and the economy and would ensure a higher rate of regulatory compliance.

Such a concierge service is nothing new. The federal government already runs a program called *Concierge*, which is “a single access point to funding, expertise, facilities, and global opportunities for small and medium-sized enterprises (SMEs) seeking to grow through innovation.”\(^{15}\) *Concierge* does not offer funding itself; it provides customized, one-on-one guidance to innovators so that they can find funding and take advantage of other government programs. *Concierge* leverages the expertise of a team of “innovation advisors” so that business owners can spend their time and energy more effectively.

The federal government has also announced a $218 million “investment hub,” a concierge service aimed at international investors. The investment hub “will provide seamless, single-window client support” to international investors.\(^{16}\) Then Minister of International Trade, Hon. Chrystia Freeland said this service was necessary because having a multitude of regulations at three different levels of government made investment prohibitively difficult.

In short, the federal government has recognized that small businesses need a concierge service in order to grow, and that regulatory complexity is a serious barrier to investment and compliance that can be overcome by means of a concierge service. The federal government should act on this twofold recognition by creating a concierge service aimed at helping small businesses understand and comply with regulations at all three levels of government.

**Recommendations**

That the federal government:

1. Create a concierge service, by June 2018, to provide single-window, one-on-one, customized consultations for small business to guide them through the regulatory process and achieve compliance.
2. Integrate the concierge service into an existing government organization, agency or program, such as the Canada Business Network, so that no new agency or bureaucracy is created.
3. Develop interconnectivity between municipal, provincial, and federal concierge services to enable knowledge-sharing and to ensure that each is able to provide the best guidance and expertise to its clients.

**SUBMITTED BY THE GREATER SUDBURY CHAMBER OF COMMERCE**


06. Adopt a Common and True Open Data License for Canada

Issue
Innovation and information-based businesses depend upon data. A key part of ensuring the prosperity of data-based businesses is open data, most especially where that data has been gathered with public funds and resources. While Canada has made some tentative steps towards open data, the current landscape is marred by a patchwork of different and non-interoperable licenses, inconsistent adoption, and jurisdictional open data policies that, ironically, violate the key principles of open data.

Background
Previous policy resolutions passed in 2014 and 2015 have spoken to the Canadian business community’s need for open data, and those needs are, if anything, even stronger today. The modern digital economy depends in large part upon access to data. Some tech businesses, most famously but not limited to Google and Facebook, have built their entire business models on the generation and dissemination of data. Disruptive innovators such as Uber and Netflix depend upon a constant flow of rich data.

The global economy is configured so that almost any business that wishes to expand, innovate, and go global must embrace data. The World Wide Web Foundation’s Open Data Index ranked Canada eighth in open data policy and adoption, behind the United States, Mexico, Singapore, the United Kingdom, New Zealand, Ireland, and Australia. If Canada wishes to be a leader in innovation, we also need to embrace and enable the free flow of data. One means of doing so is through an open approach to public data. Open data, at the risk of oversimplification, puts raw data into the public domain (subject to safeguarding privacy), with free license to redistribute and utilize the data, including for commercial purposes.

Open data has more than an indirect impact. The European Commission found that by 2016, open data in Europe had saved the European public sector 1.7 billion euros and created 75,000 direct jobs. By 2020, they anticipated that the number of direct jobs created would grow to 100,000. The E.U. also reports that open data saved 7,000 lives due to quicker emergency response times, and reduced road fatalities by 5.5 per cent.

“Open Data” is not a monolithic term. There are several possible licensing interpretations. Multiple Creative Commons licenses can be applied to data, for example, although some jurisdictions have been reluctant to do so, mistakenly believing that they are only applicable to copyrighted or patented works. The U.K. produced its own Open Government License, owing to the need for compatibility with sui generis database rights in the E.U., but designed to be interoperable with Creative Commons licenses. The City of Toronto and the provincial government of British Columbia have adopted licenses based on the U.K.’s model, while the Government of Canada currently uses the Open Government License – Canada 2.0. Nine provinces and territories have adopted open data licenses, each

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unique, and while many of their licenses were mutually developed, there is nothing which binds them to continue
their interoperability in the future. Manitoba, New Brunswick, Yukon, and Nunavut have no open data policy at all,
and those Canadian cities which have moved to an open data policy have adopted or created a variety of licenses
individually.

The varied approaches of Canadian municipalities illustrate the problems which arise when a common and truly
open data model is not adopted. To name some examples, Vancouver, Toronto, and Ottawa have had to reform their
open data licenses to address a lack of versioning and a reserved right to arbitrarily and retroactively ban users from
the data, which made their previous licenses “open” in name only. The City of Edmonton still reserves this right in
their license; thus, their open data license violates two of the Eight Principles of Open Data from the Open
Government Working Group, and two of the ten principles of the Sunlight Foundation.19 20 Without a guiding set of
principles and standards on open data, there is nothing to prevent other jurisdictions in Canada adopting a restrictive
and false-open approach as the City of Edmonton has.

The adoption of the Creative Commons Attribution (CC-BY) license is recommended as a truly open, international,
and interoperable standard. Jurisdictions such as the governments of Australia, Austria, Greece, Italy, New Zealand,
and the Basque government in Spain have successfully adopted and applied Creative Commons licenses, including
CC-BY. The U.K. Open Government License is fully interoperable with the CC Attribution License by design. The
licensor remains free to place stipulations on the use of data to protect personal information and to review and adopt
new iterations of the license at-will. Creative Commons licenses are designed for worldwide interoperability.

The CC-BY license offers benefits that the common Creative Commons CC0 or Open Data Commons Public Domain
Dedication and License (ODC-PDDL) alternatives do not, such as a termination clause for breach of license terms
(although this has not been an issue so far for government licensors under the CC0 or ODC-PDDL licenses). Although
CC-BY is preferable to CC0 or PDDL, the differences are slight, and either CC0 or ODC-PDDL would nevertheless be
acceptable.

Adopting a common standard is important because of the need for interoperability between data sets. Businesses and
other organizations using data frequently need to combine datasets from cities, provinces, and/or countries. When
jurisdictions use different licenses, frequently unique to that jurisdiction, their data sets are rendered completely non-
interoperable with those from other jurisdictions due to popular “share-alike” license clauses.21

The recommendations below overcome these problems. By adopting a common license for open data, Canada can
avoid the pitfalls of non-interoperability between different datasets and institute a common standard for open data.
By utilizing the CC-BY license as that common license, the Government of Canada can adopt a model that is an
international standard, well-scrutinized, and wholly compatible with the guiding principles of open data. Finally,
since a top-down approach would yield the best results, the Government of Canada should start by adopting this
model itself, and then working to ensure that provincial and municipal governments do likewise.

**Recommendations**

That the federal government:

1. Adopt one of the Creative Commons Attribution (CC-BY), CC0, or Open Data Commons Public Domain
   Dedication and License (ODC-PDDL) models for its open data portals

2. Encourage or require lower-tier jurisdictions to adopt either the CC-BY or CC0 license or the ODC-PDDL
   standard for their own open data portals as appropriate

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20 Sunlight Foundation, *Ten Principles for Opening Up Government Information*, 2010 (retrieved from

21 Samuelson-Glushko Canadian Internet Policy and Public Interest Clinic, *An Analysis of Share-Alike Obligations in Municipal Open
3. Encourage or require lower-tier jurisdictions to adopt a true open data policy and to make all permissible public data available under it

Note

This resolution replaces and augments a sunsetting resolution, “Putting Federal Government Data to Work for SMEs” (2014). The recommendations in that resolution did not recommend a specific common license, and as noted in the background above, a specific common license has not been adopted. This is a major shortcoming for Canadian open data.

SUBMITTED BY THE GREATER NIAGARA CHAMBER OF COMMERCE

THE INNOVATION COMMITTEE SUPPORTS THIS RESOLUTION, PENDING THE CHANGE OF THE PHRASE “LOWER-TIER GOVERNMENT” TO “OTHER LEVELS OF GOVERNMENT”.

07. Digital Broadband: The Essential Utility

Issue

As the digital economy continues to grow it is becoming imperative that all Canadians have access to broadband internet in order to effectively participate and compete in the world economy. With unique geographical challenges to overcome that competing jurisdictions do not face, it is critical that a national strategy be enacted to provide equitable broadband access to all Canadians.

Background

Canada’s Unique Challenges

According to the Canadian Radio-television and Telecommunications Commission (CRTC) a digitally well-connected nation is “vital to Canada’s economic, social, democratic, and cultural fabric.” Canada’s bandwidth capacity growth has been on a downward decline for over 15 years while other countries are making significant progress towards faster and more extensive broadband internet access. Many countries have declared internet access an essential service and have made it a priority to connect all citizens. Those without access are at a disadvantage.

The gap between the connected and the unconnected is commonly referred to as the ‘digital divide,’ a problem which plagues rural Canada where the return on investment is seldom high enough to convince private providers to invest in the necessary infrastructure. Canada’s low population density is certainly a factor, but the lack of a national broadband strategy which incentivizes companies to expand their networks into low-profit regions is also part of the

problem. In contrast, comparable low density countries such as the USA and Australia have comprehensive national broadband strategies and are working towards 100% digital inclusion\textsuperscript{23,24}.

Another challenge for Canada is that governing bodies have traditionally legislated low target internet speeds rather than aiming high to increase system potential. For example, the CRTC minimum standards of 5/mbps download and 1/mbps upload were set in 2011. In December of 2016 the CRTC finally proposed a new goal of 50/mbps download and 10/mbps upload as the new national standard for broadband access in Canada with the goal of reaching 90% inclusion within the next 5 years\textsuperscript{25}. However, an implementation plan for reaching these targets is still lacking.

Achieving these speeds and inclusion level is problematic under the current system because developing scalable FTTP infrastructure is costly and current facilities-based service providers have naturally invested in geographic market areas that have high profitability rates and population densities. Consequently, many rural areas are excluded.

Another negative aspect of the current system is the incumbent status of service providers that leads to inflated prices with higher margins for ISPs. In 2015, Canada was ranked 30th in the world in affordable broadband connections, behind Venezuela\textsuperscript{26}. Ultimately, the current system provides minimal incentives for large corporations to provide access to underserved areas, and where they are provided, they are expensive.

**Digital Broadband: The Essential Utility**

If Canada aims to have 100% inclusion in the digital economy the Government must have a clear strategy for the future. This could be accomplished by declaring broadband internet services an *essential utility* and putting in place the regulatory framework in order to make this a reality.

The long-term benefits of declaring broadband access an essential utility are numerous.

1. It would provide equal opportunity for educational districts, removing the digital divide between young people in rural and urban areas and allowing all Canadians to learn and innovate in the digital space.

2. Digital resources offer significant productivity gains as they allow better communication, new tools, and open up avenues for the sharing and transfer of data and ideas. This is particularly relevant to Canada’s agri-food sector which is poised to grow in importance as a major export sector and for which new digital productivity tools are continually being developed.

3. Making Broadband a utility and regulating the price in exchange for guaranteed service contracts will help drive down prices and provide further opportunities for inclusion.

4. As we move into an era that will be centered on the transfer of high quantities of data, it is imperative that Canadians are connected to the global economy. A study by the Montreal Economic Institute shows that the development of the Internet of Things (IoT) is growing rapidly. This expansion will change the needs of citizens as more data is required to operate appliances, lights, medical devices, etc. Artificial intelligence (AI) studies show that it has the potential to add $7.5 billion to the Canadian economy and create 170,000 jobs by 2025 in Canada\textsuperscript{27}. These shifts will require a digitally skilled workforce and world-class digital infrastructure for


2017 Proposed Resolutions | 12
Canada to take full advantage of their potentialities. Declaring broadband an essential utility is the quickest way to get us there.

5. The deployment of nation-wide digital infrastructure will act as a highway system for future products, industries, and growth that we cannot yet anticipate, but from which our economy and society will certainly benefit. Incentivizing the creation of this infrastructure now will act as an incubator for future innovation.

6. Digital Broadband service has emerged as a critical tool in the attraction, retention and scalability of new entrepreneurial start-ups and SMEs in both rural and urban municipalities across Canada. Businesses are producing and consuming digital content at an unprecedented rate, with industry trends pointing to even higher demand on service providers. Urban communities across Canada are also struggling to upgrade legacy internet utility infrastructure and service brownfield and infill developments.

7. The Federal government has also announced investment into the Smart Cities Challenge in Budget 2017. Smart Cities have the potential of creating billions in savings for municipal budgets across Canada in addition to improving socioeconomic outcomes for Canadians. In addition, it has an export market estimated at $1 trillion per year in 2017 and $3.4 trillion by 2026. Smart City deployment and development is predicated on high speed broadband access.

**Recommendations**

That the federal government:

1. Declare Broadband Internet Access to be an essential utility.

2. Create a national broadband utility strategy that lays out minimum service levels, cost structures, funding, regulatory models, and timelines for full implementation and 100% digital inclusion, and work with jurisdictions and the private sector to institute the new strategy.

3. Evaluate funding mechanisms help realize the recent CRTC ruling declaring broadband download speeds of at least 50 megabits per second and upload speeds of at least 10 Mbps will now be considered a “basic telecom service.”

SUBMITTED BY THE LETHBRIDGE CHAMBER OF COMMERCE


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THE INNOVATION COMMITTEE DID NOT REACH A CONSENSUS FOR SUPPORT OF THIS RESOLUTION. BROADBAND AS A “UTILITY” COULD HAVE UNINTENDED CONSEQUENCES, FRAGMENTING SERVICES AND DEVIATING FROM TECHNICAL STANDARDS.

08. Assisting Small Business with Minimizing the Risk and Recovery from Cybercrime

Issue
The cost and maintenance of cyber security measures is prohibitive to small and medium-sized enterprises (SMEs). There are solutions available, but the challenge is encouraging businesses to incorporate those solutions to protect their data.

Background
The internet is the road on which the majority of business is conducted in the 21st century and while business is responsible for its own portion of that road help is needed to make sure it is maintained.

Earlier this year the Canadian Chamber of Commerce (CCC) release a report called “Cyber Security in Canada”. Within that report it was found that “the primary concern for SMEs is resources—most have no or limited financial or human resources (technical expertise) to address the challenges presented by cybercrime; therefore, there is little inclination to invest in protection”.

The Canadian economy is comprised primarily of SMEs (98%) and representing about 51% of Canada’s GDP and that is reason for concern. By incentivizing the adoption of cyber security solutions, the federal government can ensure that small and medium-sized business is not only protected, but if attacked can recover quickly and effectively. The CCC report lays out the three main reasons criminals target smaller business:

1. Due to a lack of resources, small businesses are less equipped to handle an attack.
2. The information hackers want—credit card credentials, intellectual property, and personally identifiable information—is often less guarded on a small business’s system.
3. Small businesses’ partnerships—the value chain—with larger businesses provide back-channel access to a hacker’s true target

According to StaySafeOnline.org, 71% of data breaches happen to small businesses, and nearly half of all small businesses have been the victim of a cyber attack (Cyber Security in Canada pg 25).

At the same time, the dollar value of [cyber security] incidents is also on the rise, according the CCC report. It goes on to say, in a recent PwC survey, business executives note the cost of cybercrime on the bottom line is increasing. These costs include downtime, compensation for breached records and loss of intellectual property. The Ponemon Institute surveyed 24 companies across all sectors for IBM in a report called 2016 Cost of Data Breach Study. It noted that the average cost of a data breach was $6.03 million.

Given the numbers and the three points above it’s clear to see why helping SMEs protect themselves is important to the Canadian economy.

Recommendation
That the federal government allow Canadian companies to write off 100% of their business investments in cybersecurity-related software, equipment and other costs (support services and outsourcing costs) in the year those investments are made.
The Economic Policy Committee supports this resolution.
The SME Policy Committee supports this resolution.

09. Driving Innovation in Canada

Issue
As the federal government embarks on the development of an “Intellectual Property Strategy” and building a nation of innovators, there should be a focus on ensuring a two pronged approach, through programs and tax based mechanisms, to encourage business investment in intellectual property and innovation to improve productivity, economic growth, and incomes for Canadians.

Background
Canada currently sits 6th in the world for innovation quality and 16th in innovation overall in the Global IP Rankings. Another report, The Taylor Wessing 2016 Global Intellectual Property Index, ranks Canada as 4th overall in 2016 and at the top of Tier 2.

A number of countries (the U.K., Belgium, Luxembourg, France, Spain, Hungary, Ireland, Switzerland and China) have adopted a “patent box” tax approach which sharply reduced the normal corporate tax rate on income derived from the exploitation of patents. The Netherlands widened the policy to an “innovation box” to encompass a broader class of intellectual property.

Many of the countries with a patent box tax regime rank above Canada on the world rankings. The various programs have even caught the eye of several provinces. British Columbia has had such tax policy in place since 2006, Quebec included patent box policy in its 2016 budget, and Saskatchewan announced patent box tax policy in its 2017 budget.

The reference to “box” comes from having to tick a box on the tax form that indicates this type of revenue is being claimed.

The types of profits that qualify for the lower tax rate, and how acquired intellectual property is treated, differ significantly among countries and provinces. Additionally, the “patent box” rate varies considerably among nations and provinces. Finally, some countries put caps on the total tax relief companies can receive from patent boxes. In the case of Saskatchewan, the provincial government has installed time limits on the number of years of tax relief that can be attached to a patent.

Given the tax advantage provided in some countries for holding intellectual property, the question arises whether Canada should adopt similar incentives and, if so, how should they be designed?

For a number of years, the Canadian Chamber of Commerce and its network have been advocating for the implementation of an “innovation box” approach in Canada that would reduce the normal corporate tax rate for income derived from developing and commercially exploiting patented inventions and other intellectual property
connected to new or improved products, services and related innovative processes to the benefit of Canada. These types of tax approaches support business investment in research and help bridge the commercialization gap.

An “innovation box” approach would encourage companies to locate intellectual property activity and the new high-value jobs associated with the development, manufacture and exploitation of innovation inside Canada. If properly designed, it would promote and enhance the innovation capacity of sectors that leverage science and technology innovations throughout Canada. Firms in all sectors across Canada will have a greater incentive to adopt, commercialize or otherwise exploit the output of the R&D process here in Canada.

This would drive new and sufficient economic activity and government tax revenue to more than offset the immediate revenue costs of the proposal. The government could also apply the savings that will be realized from streamlining the SR&ED tax incentive program to offset all the immediate revenue cost of this proposal.

Finally, an “innovation box” approach would complement the existing SR&ED Investment Tax Credit program—firms would have an incentive to base their R&D activities in Canada AND to commercialize them in Canada.

Quebec also funds a “My First Patent Program”. Quebec SMEs with 250 or fewer employees that are able to demonstrate research and development efforts completed or in part can apply for a non-repayable contribution of up to 50% of eligible expenses, to a maximum of $25,000 for patent application project, industrial design registration or integrated circuit topography.

Recommendations

That the federal government:

1. Implement for 2018-2019 an “innovation box” approach to encourage more business investment in innovation processes in Canada.
2. Consult with senior business leaders/technologists to define what intellectual property would qualify, e.g. patents, copyright, industrial design
3. Ensure that any such regime adopted in Canada delivers the clarity and simplicity that encourages participation in innovation from both SMEs and large companies.
4. Develop a Canada-wide “My First Patent” program using the Quebec-model as a guideline.

SUBMITTED BY THE GREATER PETERBOROUGH CHAMBER OF COMMERCE
Co-sponsored by the Thunder Bay Chamber of Commerce, St. John’s Board of Trade, and Lethbridge Chamber of Commerce

THE INNOVATION COMMITTEE SUPPORTS THIS RESOLUTION.

10. Amending and Replacing Canada’s Anti-Spam Legislation

Issue

Canada’s Anti-Spam Legislation (CASL) came into effect on July 1st, 2014 and the final transition periods for the law ended on July 1, 2017. Therefore, it is more imperative than ever that CASL be immediately amended to remove the most damaging aspects of the law and be replaced with a more effective law that protects Canada’s ability to communicate and compete in the global digital economy.
While the Canadian Chamber of Commerce does have a current policy position regarding CASL, this policy seeks to expand on that position and strengthen the recommendations to seek the immediate repeal of the most onerous aspects of the current law and then draft new legislation to completely replace CASL.

**Background**

CASL is intended to protect individuals from unwanted commercial electronic messages by requiring organizations acquire prior consent from intended recipients, as well as abide by certain content protocols to ensure sender transparency and consent withdrawal/unsubscribe options. However, in practice CASL has a chilling effect on business prospecting and imposes labyrinthine records-keeping requirements on businesses to manage the rolling expiration of implied consent.

The CASL legislation states that its purpose is to prevent spam because it “impairs the…use of electronic means to carry out commercial activities” and because spam “imposes additional costs on businesses.” Unfortunately, the provisions and requirements of CASL itself have impaired the ease and effectiveness of electronic communications and have imposed significant compliance costs on businesses.

**CASL’s Impact on Prospecting**

One of the most significant problems with CASL is that it can consider sales prospecting spam. Since CASL forbids sending emails to an individual without prior consent, prospecting for new clients via email can be considered spam and a violation of the act.

Even if recipients have made their email publicly available, CASL only provides permission to contact them if “the message is relevant to the person’s business, role, functions or duties in a business or official capacity,” a determination made by the recipients themselves when they decide whether or not to report the message as spam. In practice, CASL creates an environment where salespeople must be 100% certain their product or service will be immediately interpreted as relevant by their potential customer or risk being in violation of the law.

Unfortunately, CASL also makes it unduly difficult to seek consent to send electronic messages in the first place by explicitly forbidding asking for consent electronically. This provision outlaws sending an electronic message to a prospect introducing yourself and your business and thus makes digital prospecting illegal. CASL should be amended to allow businesses to seek consent via electronic means. In this situation, relying on the existing unsubscribe requirements should suffice for protecting recipients from unwanted communications and therefore this restriction on using electronic messages to seek consent should be removed.

Albeit, while the regulations which put CASL into force provide for a business-to-business exemption, it is too limiting and favours existing businesses with existing relationships over new businesses or new relationships. This exemption removes the consent requirement for messages sent from “an employee, representative, consultant or franchisee of an organization...to an employee, representative, consultant or franchisee of another organization if the organizations have a relationship. (emphasis added)” This exemption, while useful overall, does not help new businesses which are hoping to build new relationships and find customers. The exemption also does not apply to prospecting at all as the entire purpose of prospecting is to develop a new relationship with a potential customer. CASL should therefore be amended to exempt all business-to-business communications from the consent requirements.

**CASL’s Rolling Expiration of Consent**

Another significant hindrance to business, especially small business, is the record-keeping requirements surrounding the rolling expiration of consent provided for in CASL.

CASL provides for ‘implied consent’ in several scenarios, including when a customer makes a purchase from a business or an individual makes an inquiry of a business. However, instead of bestowing unqualified consent for
contacting these existing customers and warm leads, CASL creates a regime of untenable rolling expiration dates. CASL provides implied consent for two years following a purchase and for six months following an inquiry. If during that time another purchase or inquiry is made, the expiration date is reset and the countdown begins anew.

Considering that the burden of proof is on the business to prove consent exists, businesses must keep records when they had an interaction with each contact, what type of interaction it was (purchase vs inquiry), if the contact represents a business or themselves as an individual, and the date when this consent expires. Without these types of records to prove consent exists, a complaint of spam may put the business in violation of CASL and susceptible to fines or penalties.

To manage these rolling expiration dates efficiently, businesses realistically need software or computer programs which is an expense out of reach of many small businesses. Otherwise, businesses rely on complex spreadsheets or countless different mailing lists which is a significant administrative burden. Even worse, these requirements may convince some businesses to avoid sending some electronic messages altogether and forgo potential business development opportunities.

Take an illustrative example of a baker who sells a bride her wedding cake. Upon completion of that sale, the baker has two years in which he can contact the bride with marketing materials and ideally gain her express consent to join a mailing list. However, if the baker does not capture that consent in a CASL-approved manner, upon the bride’s second anniversary the consent expires. Despite having the contact information for a happy customer, the baker now cannot contact the bride to sell a third anniversary cake, a baby shower cake, or any other product. This illustrates how a small business without marketing employees or software can find its business development efforts hampered by CASL.

Instead of providing qualified implied consent with rolling expiration dates, CASL should be amended to provide for implied consent following a purchase or an inquiry until such a time as the recipient unsubscribes. Again, relying on the unsubscribe mechanism provides enough protection against unwanted communications without imposing significant administrative burdens on businesses.

**Recommendations**

That the federal government, in an effort to alleviate the Canadian business community from the most damaging aspects of CASL:

1. Amend CASL immediately to:

   a. Permit the use of commercial electronic messages (CEMs) to seek consent for sending customers future commercial electronic messages (CEMs).

   b. Exempt all business-to-business communications from the consent requirements entirely, not just for organizations which “have a relationship.”

   c. Abolish the two-year and six-month expirations for implied consent completely and make implied consent based on a customer purchase or inquiry permanent until an unsubscribe request is made.

2. Commence consultations with the business community and other stakeholders on the creation of a new law to govern and regulate electronic communications and fight spam which would then replace CASL.

SUBMITTED BY THE BURNABY BOARD OF TRADE

THE INNOVATION COMMITTEE SUPPORTS THIS RESOLUTION, PENDING CHANGES. THEY WOULD LIKE IT TO BE MERGED WITH THE OTHER RESOLUTION ON CASL, AND BELIEVE THAT IT SHOULD BE ALIGNED WITH THE COMMENTS AND POSITIONS PUT FORWARD TO THE FEDERAL GOVERNMENT FROM THE CCC. THE SUBMITTING CHAMBERS ARE WILLING TO MERGE AND MODIFY THE RESOLUTION(S), BUT WERE UNABLE TO DO SO IN TIME FOR THE SCREENING COMMITTEE CALL.
11. Small Business Sub-category for Firms with 1 – 19 Employees

Issue
Small Business (1- 99 employees) as defined by the Federal Government is too broad. A formal definition for businesses with 1 – 19 employees is required to address the challenges and barriers to business that this group faces. It is this category of business that make up our small towns and villages across rural Canada, or create that small-town community within large urban centres. When the Federal or Provincial Governments or Territories address “small business” concerns in many cases the solutions are not practical for this 1-19 category. They often don’t have management or human resource departments to take advantage of grants, skills development programs or navigate government websites, regulations and red tape. Provincial Governments and Territories use the current Federal definition of 1 – 99 employees. With a new designation for businesses with 1 – 19 employees, opportunities will arise at the Provincial and Territorial level to advocate on behalf of this business group.

Creating a new designation is not enough. Efforts must be made to provide programs and support that address the needs of this business group. In addition, data collection from this group would provide a more accurate picture of how this business category contributes to the Canadian economy.

Background
According to the Key Small Business Statistics – June 2016, “While it is well understood that small businesses make up nearly the entirety of all firms, just how small these firms are is not common knowledge. Of the 1,167,978 employer businesses active in Canada, micro-enterprises (firms with 1 to 4 employees) constitute 54.1% of all private employers, which is the largest SME group. If the groups of employer businesses with 5 to 9 and 10 to 19 employees are included, they account for 86.2% of employer businesses.” Source – Statistics Canada, Business Register, December 2015.

The report goes on to say “…the contribution to net employment change between 2005 and 2015 (1.2 million jobs) was 87.7% attributable to small businesses. Medium-sized and large businesses, which account for 1.8% and 0.3% of all firms, respectively, created just 7.7% and 4.6% of net new jobs over the same period.” Sources: Statistics Canada, Labour Force Survey; and Innovation, Science and Economic Development Canada calculations.

Acknowledging this major contributor to Canada’s business demographic is vital to the Canadian economy, job creation, effective programming and data analysis that gives us an accurate picture of what is happening in “small business” in Canada.

If the Federal government were to take the lead and identify this category of businesses, it would open the door for the Provinces and Territories to follow suit and take the necessary steps to address issues, challenges and seek solutions for this category of business.

Recommendations
That the federal government:
1. Create a category such as “micro-plus” to recognize businesses with 1 – 19 employees.
2. Commit to identifying barriers to business and seeking solutions for this business category.
3. Create a user-friendly option within the Concierge Service for businesses in this category.
4. Fund these recommendations from within existing programs.

SUBMITTED BY THE TRENT HILLS CHAMBER OF COMMERCE
THE TAXATION COMMITTEE SUPPORTS THIS RESOLUTION.

THE SME POLICY COMMITTEE DOES NOT SUPPORT THIS RESOLUTION AS IT IS TARGETED TOWARDS PROVINCIAL/ TERRITORIAL PROGRAMS AND DOES NOT DEMONSTRATE WHAT PROGRAMS/ BENEFITS WOULD BE AVAILABLE THAT DO NOT EXIST TODAY IF A NEW FEDERAL CATEGORY WERE TO BE ESTABLISHED.
FINANCE AND TAXATION

12. Getting Canada Back to Fiscal Balance

Issue
The latest federal budget released by the Department of Finance indicates that the federal government plans to run fiscal deficits every year to 2022, while long-term projections carry the deficit trend well into 2055. The largest deficit over the medium term is forecasted for the 2017-2018 fiscal year at $28.5 billion. While Canada holds a strong standing in fiscal management at the federal level compared to its G7 peers, consecutive deficits and an increased debt load is sending Canada down a precarious financial path. With the federal debt currently sitting at approximately $691 billion, the financial burden to Canadians becomes $1.3 trillion once the debt carried by the provinces has been tallied.

More worrisome is the lack of a plan to bring the federal budget back to balance as the proposed investments begin to stimulate economic growth and boost future revenues. It is imperative that the federal government rethink their current fiscal plan and create a clear strategy of targeted results aimed at eliminating deficits, and reducing the debt balance.

Background
While running deficits in years of sluggish growth or recession is considered a reasonable fiscal approach, successive deficits and the lack of a clear strategy for future fiscal balance would be an imprudent fiscal tactic. As it stands, the medium and long-term outlooks released by the federal government forecast deficits - of up to $38.8 billion annually - until 2051. In contrast, the fiscal deficit in 2016 was only $1 billion, and a net surplus of $1.9 billion was generated in the year prior. Should the government follow its current plan, it would make it the longest period of consecutive deficits in Canadian federal fiscal history, followed only by “the period of the Great Depression and the Second World War, and by the period from 1970 to 1996 that saw an oil price shock, two recessions and a stagflation”. Several factors and assumptions come into play to formulate the government’s current fiscal plan.

• Global growth is expected to remain sluggish with a growth rate of 3.4% in 2017 as projected by the IMF. (In contrast, global growth during the five years prior to the Great Recession of 2008-2009 was an average of 5.1%.)

• Canada’s growth rate over the medium term 2017-2021 is expected to average 1.8% (behind the U.S. at 1.9%, but the second highest in the G7 and above its average of 1.4%).

• The decline in crude oil and other commodity prices have had a significant negative impact on Canadian personal income and business investment, particularly in Alberta. And despite the depreciation of the Canadian dollar export growth has been disappointing. Nevertheless, the contraction in investment activity in the oil and gas sector is expected to have run its course in 2017, and gains in jobs in the non-energy markets have surpassed the jobs lost in that sector. Furthermore, the recent increase in the Federal Reserve rate in the U.S. points to signs of growth in the U.S. economy which should benefit Canada.

33 Department of Finance, Canada, “Update of Long-Term Economic and Fiscal Projections”

2017 Proposed Resolutions | 21
• Over the long term, Canada’s shifting demographics will put further pressure on costs related to supporting an aging baby boomer population while faced with a shrinking labor force.

In response to the new economic reality of slower national and global growth, the government plans to introduce a number of initiatives it hopes will stimulate economic development. One of the largest initiatives is the spending planned on infrastructure projects across Canada. Over the next 11 years the government plans to spend $81 billion more than originally planned on projects related to “public transit, green infrastructure, social infrastructure, transportation that supports trade, Canada’s rural and northern communities, and smart cities.”

Although it may be a while before Canada and the rest of the world return to the pre-recession levels of economic activity, modest levels of growth are still forecasted. The new reality means that we must learn to do more with less. Therefore, it would not be prudent to run large consecutive deficits during periods of positive growth. The government also needs to remain cognizant of the fact that provinces have also been running substantial deficits in recent years. The total debt including federal and provincial is estimated to be around $1.3 trillion, or “$35,827 for every man, woman, and child living in Canada.” According to the Fraser Institute, “collectively, the federal and local governments spent $60.8 billion on interest payments in 2014/15, more than what is spent on pension benefits through the Canada and Quebec Pension Plans ($50.9 billion), and approximately equal to Canada’s total public spending on primary and secondary education ($62.2 billion, as of 2012/13).” The implications are clear, further increase in debt due to continuous deficits will promulgate the cycle of servicing the debt and divert funds from much needed essential programs such as pension, healthcare, and education. And as the labor force continues to shrink the burden of paying these debt servicing costs in addition to funding essential programs, will fall on the shoulders of fewer Canadians.

The questions that the government needs to thoroughly answer before spending public dollars are: (1) Is it right?; (2) Is it the right thing?; (3) Does it give results?; (4) What are we doing next door?

Recommendations

That the federal government:

1. Maintain a level of debt of no more than 30% debt to the average GDP of the 5 preceding years if GDP is expected to grow over the forecasted period. In years of declining GDP maintain a Debt/GDP ratio of no more than 30%. This will act to curb future deficits and maintain a much slower increase in the level of debt.

2. Apply more rigor to regularly mandated program reviews across all ministries and departments that re-examine the programs, services, and operations of government, ensuring that these are aligned with citizens’ expectations of government. Furthermore, these reviews should begin with the mandatory questions: Should government be engaged in this activity? Is this policy accomplishing what we want? How do we know? Are there other programs across government that are duplicative? The conclusions of such reviews should be tied directly to any continued funding.

3. That the Ministry of Finance implement a cash pooling arrangement within and between all departments and ministries whereby any annual budget surpluses (or unspent money) could be allocated by the Finance Minister to either pay down debt or re-allocated to other departmental/ministerial projects instead of borrowing to finance them. Departments/ministries would then be able to re-apply for that money in the following budget year.

SUBMITTED BY THE LONDON CHAMBER OF COMMERCE

35 Department of Finance, Canada, “Update of Long-Term Economic and Fiscal Projections”
37 Ibid.
THE ECONOMIC POLICY COMMITTEE SUPPORTS THIS RESOLUTION.

13. Make Loan Capitalization of Aboriginal Financial Institutions an Annual Federal Budget Item

Issue

Assuring better access to capital for Indigenous entrepreneurs is one of the Canadian Chamber’s Ten Ways to Build a Canada that Wins in 2017. In the cut and thrust of global competition, Canada cannot afford to have anyone lacking access to the tools to benefit from economic development. It is one of the building blocks of reconciliation; one of the federal government’s top priorities.

Whether as proponents or as partners and service providers to proponents, Indigenous entrepreneurs need capital to invest in equipment, training and other tools that can translate the benefits of short-to-medium-term projects into the long-term benefits of jobs and wealth for communities. According to the Canadian Executive Services Organization (CESO), which provides free professional services (through its pool of retirees) to Indigenous communities in Canada, the number of Aboriginal SMEs is growing at 6 times the rates of non-Aboriginal small businesses. The Canadian Council for Aboriginal Business’s 2016 survey found that more than one-third of Aboriginal businesses create employment for others.38

Background

Aboriginal Financial Institutions (AFIs) were created in the late 1980s and 90s – and funded by the federal government - to provide capital to small businesses and lending support. AFIs specialize in developmental lending, which they conduct with more flexible security requirements, a higher risk tolerance than other lenders as well as including community social and environmental goals in their decision making.

Since their creation, Canada’s 50+ AFIs have provided more than 41,000 loans - totaling $2.3 billion - to First Nations, Métis and Inuit businesses. According to the National Aboriginal Capital Corporations Association, each dollar loaned returns up to $3.60 in contribution to Canada’s GDP.39 In 2015-16, capital provided to Indigenous businesses by AFIs led to the creation of nearly 4500 jobs, $257.8 million in labour income and $264.3 million to communities throughout Canada.40

Like all entrepreneurs, Indigenous business people rely upon various sources of financing, including private sector lenders, cooperatives and others federal programs.41 AFIs are an essential component of this mix given they are often staffed by Aboriginal peoples and located in the regions where the businesses operate.

Despite AFIs’ demonstrated success, the federal government has not recapitalized them since 2011. Over the preceding decade, the federal government provided an average of $4.1 million a year in capital contributions to the

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38 Promise and Prosperity: 2016 Aboriginal Business Survey, Canadian Council for Aboriginal Business
39 Opportunities to improve the financial ecosystem for Aboriginal entrepreneurs and SMEs in Canada, Conference Board of Canada, 2017
40 National Aboriginal Capital Corporations Investment Prospectus, Investing in the Strengths of Aboriginal Financial Institutions, 2017
41 Other federally-funded programs include the Aboriginal Business Financing Program, Aboriginal Capacity Development Program, Interest Rate Buy-Down (IRB), Aboriginal Developmental Lending Assistance (ADLA) and Enhanced Access Loan Fund as well as the Business Development Bank of Canada’s Aboriginal Banking Unit. There is also operational support provided through some federal regional economic development agencies.
AFI network. The lack of new loan capital has constrained AFIs’ ability to provide capital to Indigenous entrepreneurs42

In its 2016 budget, the federal government committed to lift the two percent cap on programs delivered by Indigenous and Northern Affairs Canada that had been in place since the 1990s. It also announced $8.4 billion (over 5 years) in funding to improve Indigenous peoples’ socio-economic conditions. The federal government added $3.4 billion (over 5 years) to this amount in the 2017 budget. None of this additional funding was directed toward loan capitalization of AFIs or Indigenous economic development more broadly.

Given the federal government’s commitment to invest in Indigenous peoples includes their economic prospects, there is an argument for AFIs to receive some of this funding. While there is no denying the need to address the critical infrastructure and social services gaps many Indigenous communities face, providing AFIs with reliable annual loan capitalization would make a real difference to long-term economic prosperity of those communities.

Recommendations

That the federal government:

1. Restore loan capitalization of Aboriginal Financial Institutions (AFIs) in the 2018-19 federal budget.
2. Make loan capitalization of AFIs an annual budget item thereafter with annual increases of no less than the rate of inflation.

SUBMITTED BY THE INDIGENOUS AFFAIRS POLICY COMMITTEE


Issue

The federal Small Business Financing Program (SBFP) offers an incentive to financial institutions to provide loans to small and medium-sized businesses (SMEs) that might otherwise not be considered eligible due to their risk profile, e.g., lack of credit history. Through the SBFP, the federal government shares the risk with lenders.

However, there are some requirements of the SBFP that make it extremely difficult – sometimes impossible – for SMEs in remote locations to participate in the program when – if located elsewhere – they would be able to participate in the program.

Background

The SBFP is available to for-profit businesses in Canada with annual revenues of less than $10 million. The maximum eligible loan amount is $1 million. Under SBFP, the federal government will underwrite financial institutions’ losses (e.g., for re-payment defaults, damaged equipment, etc.) only if the financial institution conducts a site visit within 90 days of the final disbursement of funds. While the loan could technically be advanced without a site visit by the financial institution, under the Canada Small Business Financing Act, any associated claim for loss would not be

42 Promise and Prosperity: 2016 Aboriginal Business Survey, Canadian Council for Aboriginal Business
payable should the security not be enforceable. For example, should financed equipment be destroyed, the financial institution would have no right of claim if it hadn’t completed a site visit. The Act states:

“If the primary security taken by the lender on an asset is not enforceable, the Minister will pay the associated claim for loss, provided the following conditions are met:

- The lender or its agent performed an on-site visit of the borrower's small business premises between the date that the loan was approved and 90 days after the final disbursement under the loan agreement.
- The lender or its agent confirmed that the financed assets under ss. 5(1) were delivered to and installed at the borrower's small business premises.”

These conditions pose a roadblock to SMEs in remote locations and the financial institutions that might otherwise provide much needed capital to them to start and/or grow their businesses.

An example is Nunavut. The requirement to complete an on-site visit within 90 days of final disbursement is not viable in the few communities where financial institutions have staff on the ground, let alone the dozens where they do not. This is because of the fact that equipment – which must be paid for when it leaves the manufacturer – is shipped from southern Canada during the annual sea lift (July-September). This means the financial institution could well have to forward the funds a lot more than 90 days before the equipment can be delivered to the business. Given the distances involved (thousands of kilometers in Nunavut), it is not feasible for financial institutions to have qualified and independent agents available in all communities to verify delivery on their behalf. The result has been that the SBPF has all but ground to a halt in Nunavut. The same is true for other remote locations throughout Canada that do not have financial institutions located in or near their communities. The Canada Revenue Agency CRA defines remote locations in its list of prescribed zones for each province and territory (http://www.cra-arc.gc.ca/tx/ndvds/tpcs/ncm-tx/rtrn/cmpltn/dctns/lns248-260/255/zns-eng.html).

The barrier posed by the site visit requirement is a potential roadblock for SMEs in remote locations throughout Canada where the distances and logistics can make the SBFP on-site visit requirements a deal-breaker. Given the digital tools, e.g., bar code tracing, photographs, videos and e-mails available to businesses and financial institutions to verify such things as equipment deliveries, this requirement is unnecessary.

Recommendations

That the federal government amend the Canada Small Business Financing Act by:

1. Eliminating the requirement for on-site visits by financial institutions to SMEs in remote locations as defined in the Canada Revenue Agency’s list of prescribed zones for each province and territory and permitting the use of bar codes, photographs, videos and e-mails.
2. Extending the verification timeline following the final disbursement of funds to 180 days for SMEs in remote locations to allow for sufficient time for the shipping /transportation of equipment/materials and their installation.

SUBMITTED BY THE TERRITORIAL POLICY COMMITTEE
15. Protect Canadian Business by Keeping the De Minimis Threshold Low

**Issue**

Raising the De Minimis threshold (DMT) for Canada will give an unfair tax advantage to foreign online retailers over Canadian retail businesses. It would provide generous exemptions at the border placing domestic firms at a disadvantage vis-à-vis foreign sellers, since domestic firms may have to charge sales or value-added taxes even for small items while foreign sellers are exempted.

**Background**

According to the Retail Council of Canada, the U.S. - based online merchants and couriers have been pushing hard for an increase in the De Minimis level, below which courier or postal shipments into Canada are exempt from sales taxes and customs duties. Changes to the De Minimis could potentially be detrimental to retailer merchants in Canada and their employees.

The De Minimis level, currently set at $20 Canadian, is the value of goods that can be shipped across the border for which the Canadian government does not collect taxes or duties. The rationale is that the administrative burden and processing cost does not justify the revenue. Purchases for delivery at the sub $20 level do not pose a big incentive to shop online for the items and as such do not constitute a threat to Canadian jobs.

Large U.S. retailers are lobbying the Canadian Government to raise the threshold for the De Minimis from $20 to $200. At that level the U.S. merchants would have a tax advantage over Canadian merchants in the average amount equivalent to 12.3% of the value of the goods shipped and would not be subject to any additional custom duties. This unfair advantage, depending on the sensitivity of Canadian consumers to online shopping factors would cost Canadian businesses lost revenue. Among the many consequences of raising the De Minimis are a massive increase in cross-border orders with negative consequences for Canadian retailers and their employees, reduced investments establishing Canadian online offerings, pressure to eliminate high wage jobs in IT, logistics and distribution, internal allocation of capital for Canadian branches of international firms and substantial loss of government revenue from taxes and duties.

Any level of an increase in the DMT in Canada would be unwelcomed for retailers and raising the De Minimis level to $200 would lead to massive increases in cross-border purchases negatively affecting retailers in items such as apparel, footwear, books, toys, consumer electronics and housewares, most of which are priced below $200 and easily shipped. The losses in terms of new investments, jobs and economic activity could be significant.

The U.S. De Minimis level is $800. The U.S. retailers, however, are dominating their online retail space with only 22% of U.S. customers purchasing from non U.S. sellers. By contrast 67% of Canadians report having made online cross-border purchases. Secondly, the U.S. online sales are not subject to the collection of state or federal sales taxes.

With such negative regulatory odds Canadian retailers are concerned that a push to raise the Canadian De Minimis form the current level would have a detrimental effect on Canadian retail sales. The retail sector employs one-in-eight Canadians. Loss to the industry will have significant negative effect on the overall Canadian economy. To help our retail sector, the Government of Canada should support the continuation of a level playing field between retailers operating here in Canada and those who sell online from outside Canada and ship goods cross-border by post or courier.

Also given that NAFTA renegotiations appear to be going forward, we would suggest that maintaining the status quo is the appropriate policy position.

**Recommendation**

That the federal government maintain the current Canadian De Minimis level of $20 to prevent granting an unfair advantage to foreign online retail sellers operating in the Canadian marketplace.
16. Small Business Deduction

The largest financial tax incentive provided to privately held small business corporations in Canada is the small Business Deductions (“SBD”). The SBD allows these companies to pay taxes on their first $500,000 of profit at a significantly lower rate of tax. This mechanism has been a long standing tool to promote growth of small businesses in Canada by allowing for more capital to be reinvested back into the business.

Small businesses are well known to be the drivers of employment and economic growth in Canada. Accordingly, both the Government of Canada and the provinces have recognized the sector’s importance and have provided the benefit of the SBD to maintain the sector’s health and encourage growth.

Commencing in 1994 the Large Corporations Tax (“LCT”) was enacted to generate additional revenues for the federal government. The LCT was a tax on a corporation’s “taxable capital” (essentially the value of a company’s debts and retained earnings) in excess of $10 million. The taxable capital threshold established a clear division between small and large corporations in Canada. In 2004 the LCT was eliminated for all Canadian firms except for financial institutions and insurance corporations and the taxable capital was raised from $10 million to $50 million.

However, for the SBD purposes the $10 million taxable capital threshold has remained unchanged and is still used as the upper limit for qualification. Once the threshold is exceeded the SBD benefit is reduced on a straight-line basis and is eliminated for corporations with taxable capital in excess of $15 million.

This approach to limiting SBD is punitive and fosters inequality between business and industries in Canada. Corporations and/ or industries that are highly leveraged due to the cost of the equipment used in business or the high cost of inventory that must be maintained (e.g. an automobile dealership) are put at an unfair disadvantage. Accordingly, it would be possible for two similarly profitable companies in similar industries to have significantly different tax burdens entirely based on how they financed their growth.

Prior to 2016, the Government of Canada had laid out plans to further increase the benefits of the SBD by lowering the tax rate on that $500,000 from 11% to 9% by 2019. As of 2016, this rate fell to where it currently sits at 10.5% according to that plan, but has been frozen at this value by the current government since then.

In addition, with the introduction in 2006 of the Eligible Dividend regime and the General rate income pool, private companies retain more profits within the corporation. While this has been a positive change, it will have the unintended consequence of increasing a company’s taxable capital and serve to only exacerbate the growth disincentive that is created by the current limitations of the SBD.

Recommendation

That the federal government remove the $10 million taxable capital limitation to the Small Business Deduction.

SUBMITTED BY THE SPRUCE GROVE AND DISTRICT CHAMBER OF COMMERCE

THE TAXATION COMMITTEE SUPPORTS THIS RESOLUTION.
THE SME POLICY COMMITTEE SUPPORTS THIS RESOLUTION BUT SUGGESTS AN UPPER LIMIT INDEXED TO INFLATION RATHER THAN A MINIMUM AS IT WOULD BE MORE PALATABLE FOR THE GOVERNMENT TO ADOPT.

17. Maintaining Tax Exemptions for Private Health and Dental Plans

Issue
The potential removal of tax exemptions from private health and dental plans could have serious impacts for employers and the national health care system.

Background
A series of December 2016 – January 2017 media reports indicated the federal government was considering the taxation of private health and dental plans to generate $3 billion in annual revenues.

A December 2, 2016 National Post article by John Ivison noted that government sources at that time confirmed 150 tax credits and exemptions were being reviewed to make the taxation system fair and efficient. The aforementioned instruments total $100 billion annually in foregone revenue.

Approximately 24 million Canadians possess private health coverage that provides access to prescription medicines, dentists, optometrists, and other services not covered by provincial health plans. Over 90 percent of this coverage is provided through workplace health benefit plans.

On February 1, 2017, Prime Minister Trudeau announced in the House of Commons that his government would not tax employer plans in the upcoming budget, noting they are alternatively committed to protecting the middle class from increased taxes.

If employers were to cancel their workplace benefit plans, most Canadians would find they are unable to purchase equivalent individual insurance coverage. Both the type of coverage and coverage thresholds available to workplace benefit plans are not available as an individual product. The cost to purchase multiple unbundled products is also likely to be significantly higher, as it costs more to deliver a number of insurance policies to an individual than it does to provide a bundle of coverages to a group of employees.

Individuals who lose insurance coverage when the cost becomes excessive for their employers will either have to pay for their own medical treatment, forego treatment, or seek reimbursement from provincially funded programs. The additional federal revenue through a new tax will be offset by increases in provincial spending and force additional pressures on already strained provincial health care budgets.

The Canadian Chamber of Commerce and a coalition of service providers including the Canadian Dental Association, Canadian Association of Optometrists, Canadian Physiotherapy Association, and Dietitians of Canada organized highly effective campaigns in January of 2017 to inform MPs of the serious challenges to the health care system that would be presented if private plans were taxed. Maintaining opposition to this measure is warranted for future budget consultations.
Recommendation

That the federal government maintain the current tax exemption on private health and dental plans.

SUBMITTED BY THE GREATER KITCHENER WATERLOO CHAMBER OF COMMERCE

THE TAXATION COMMITTEE SUPPORTS THIS RESOLUTION.

18. Private Campground Tax Classification Leaves Owners Out in the Cold

Issue

The tax classification which considers private campground corporations a “specified investment business deriving income from property” by Canada Revenue Agency, coupled with a restrictive small business tax exemption, has put private campground owners in a gray area of corporate tax regulations, facing massive tax bills and possible closure as a result.

Background

Tourism is a critical sector to so many regions throughout Canada, and campgrounds are a big part of what brings Canadians and international guests to rural areas. The currently unstipulated number of services a campground may offer in order to alter their “principal purpose” from property rental to that of service provider leaves private campground owners unsure how much tax they will be expected to pay. Most campgrounds offer services such as playgrounds, retail stores, refuse disposal, water hook-ups etc., but without knowing which, or how many, of these services qualifies a campground for a change in tax classification, campground owners are in a terrible position of uncertainty.

Exacerbating the issue, the small business exemption excludes the inherently seasonal campground industry by stipulating 5+ full-time employees who work all year long. Due to municipal zoning, many campgrounds are not even permitted to be open year-round.

These two issues together mean potentially very high tax bills for a grass roots, intrinsically seasonal businesses, which, in turn, generates a great deal of tourism-based spending in rural areas and supports many secondary tourist businesses. If campgrounds are unable to remain open due to the threat of excessively high tax bills, the rural, tourist-based economies they help to support will surely suffer as a result.

An example of the contribution private campgrounds make to the Canadian economy is as follows:

- The Campground and RV industry national economic impact: $4.7-billion.
- Total jobs created: 60,000 in communities across the country.
- Total taxes collected from Canadian campground and RV industries: $1-billion.
- Total wages/salaries generated by campground and RV sectors: $2.9-billion.

Recommendations

That the federal government:
1. Alter the classification of private campgrounds to ensure a level playing field with hotels and motels which are exempt from the deriving income from property tax classification because they are considered service providers.

2. Should the first recommendation not be considered, to instead stipulate which and how many services a campground should provide in order to comply as a “service provider” rather than a “special investment business”:
   
   a. Work with stakeholders such as camping associations and private campground owners to create a comprehensive list of services which campground businesses must offer in order to be classified as a service provider.

SUBMITTED BY THE PRINCE EDWARD COUNTY CHAMBER OF COMMERCE

Co-sponsored by the Quinte West Chamber of Commerce

THE TAXATION COMMITTEE SUPPORTS THIS RESOLUTION.

19. Child Care Credits For Small and Medium Size Businesses

Issue

Owners of small and medium size businesses are unfairly treated when it comes to child care expenses. Currently, child care expenses can only be deducted against employment income of the lower income earner of the family. However, often owners of small and medium size businesses choose to pay themselves dividends, generally non-eligible\(^44\), rather than a salary and are often the lower income earner which then prohibits the owner from deducting child care expenses. The current rules\(^45\) don't help small and medium size business owners in their risky pursuit of creating business and wealth for the economy.

Background

Child care expenses are generally deducted from the lower income earner of a family, based on employment income with only the following exemptions presently in place\(^46\) and with no proposal to change.

- Lower income earner is in the hospital or medically unfit
- Lower income earner is in school
- Lower income earner is in jail

For a variety of reasons including managing cash flows, reducing the additional financial burden required of an employer in regards to the company portion of Canada Pension Plan contributions which would arise if the owner paid themselves a salary, adding an additional level of complexity in calculating the salary of the owner if they don’t have employees or as a general rule of compensations, often times an owner of a small and medium size business will

\(^44\) [http://www.taxtips.ca/dtc/smallbusdrtc.htm](http://www.taxtips.ca/dtc/smallbusdrtc.htm)
decide to take non-eligible dividends as compensation.\textsuperscript{47} This is usually not a significant amount but is just enough not to go bankrupt or under capitalize the company but is enough to live personally. However, in doing so it generally prohibits the owner of the small and medium size businesses from deducting child care expenses because they are often the lower income earner and none of their income is eligible for the deduction of child care expenses.

This is a pressing issue since we know the majority of businesses in this country are private businesses that have access to this financial model. Small and medium size businesses are the engine of this country, and the drivers of those engines are the entrepreneurs that take the risks, including cash flow risk. They should not be unfairly treated with the current deduction policy.

**Recommendations**

That the federal government:

1. Permit the owners of Canadian Controlled Private Corporations (CCPCs) receiving non-eligible dividend income to claim child care expenses against that income.
2. Permit CCPC owners receiving non-eligible dividend income to transfer child care expenses to the higher income earner of a family.

SUBMITTED BY THE SHERWOOD PARK & DISTRICT CHAMBER OF COMMERCE

THE ECONOMIC POLICY COMMITTEE SUPPORTS THIS RESOLUTION.

THE SME POLICY COMMITTEE SUPPORTS THIS RESOLUTION.

**20. Eligibility for Small Business Tax Rate**

**Issue**

Access to the small business tax rate has been effectively removed for small businesses working solely for large private corporations. This greatly reduces the tax incentive for small businesses to operate in Canada and loss of small business in Canada is detrimental to the entire economy.

**Background**

Legislation was introduced in the March 21, 2016 federal budget and was intended to apply to year’s beginning on or after the budget date, so it will apply to years ending March 20, 2017 or later. These rules affect corporate groups by removing access to the small business limit.

If you have two private companies and one company gets 10\% or more of its taxable income from the other private company and there is a non-arm’s length shareholder, then the income between the two companies is deemed to be “specified corporate income”, (herein referred to as “SCI”). SCI is still considered active business income, but is no longer eligible for the small business deduction (i.e. gets the general corporate rate rather than the small business rate). There is no specified amount of the ownership the non-arm’s length shareholder needs to own for these rules to apply.

\textsuperscript{47} \url{http://www.wolrigemahon.com/salary-dividends}
apply as it’s written. The company paying the other company is able to elect to share their small business limit with the other company to then have it taxed at the small business rate.

Example:

- Company A – Owned by Mr. A, say their taxable income is $500,000.00
- Company B – Large private corporation in which Mr. A’s cousin (not “related” for tax purposes, but “non-arm’s length”) owns 1 common share out of 100,000,000 common shares
- Company A gets 15% of its taxable income from Company B
- Since it’s more than 10% and the other company has a non-arm’s length shareholder, this income is considered SCI
- This means the $75,000.00 ($500,000.00 x 15%) of income Company A receives from Company B is no longer eligible to get the small business rate of 13%, but gets bumped up to 26%.
- Company B can elect to give Company A some of its small business limit up to $75,000.00, but Company B is very unlikely to do so since Mr. A’s cousin only owns a single share in a large corporation.

The intent of these rules was to catch corporate structures that circumvent the existing association rules to share the small business limit among many otherwise non-associated corporations. Unfortunately, the legislators used too broad of wording and currently there is no percentage of ownership the non-arm’s length shareholder needs to own for these to kick in and as a result they cast a much bigger net than it appears they were intending.

A simple solution is to have the share ownership for the non-arm’s length party defined as a percentage so it will not affect most of the small businesses working for large private corporations.

Recommendation

That the federal government define a share ownership percentage of 10% or higher for the non-arm’s length party with respect to specified corporate income.

SUBMITTED BY THE QUESNEL AND DISTRICT CHAMBER OF COMMERCE

THE SME POLICY COMMITTEE SUPPORTS THIS RESOLUTION.

THE TAXATION COMMITTEE SUPPORTS THIS RESOLUTION.

21. Federal Budget 2017 Policy

Issue

The Government of Canada should outline a clear path to balanced budgets, while preparing the Canadian economy for success in a global context.

Background

Canada’s Economy

The Canadian economy is beginning to recover, following weakened export activity and the full ripple effects of severe commodity price fluctuations. The OECD estimates that the Canadian economy will grow by a modest 2.4% in 2017. The national unemployment rate has dropped below 6.7% for the first time in two years.49 While oil prices have rebounded slightly since their February 2016 low of $16.30, Western Canada Select oil still sells for approximately 30% less than its five-year average price.50

The overall health of the Canadian economy is dependent on robust trade opportunities. Currently, three-quarters of Canadian exports remain destined for the United States. Canadian governments (federal and provincial) and industry leaders have long recognized and championed the merits of having diverse export opportunities and open markets. With the uncertainty created by the United States’ current approach to trade (withdrawal from the TPP, application of North American border tariffs, NAFTA renegotiation, etc.), the need for Canadian businesses to extend their market reach beyond the United States is critical for their stability and ongoing sustainability. The ratification of a free trade agreement between Canada and the European Union51 would be a major step toward diversifying Canada’s export market opportunities. However, all orders of government (led by the federal government) together with businesses in all sectors must actively continue to explore trade opportunities worldwide to ensure the long-term growth of the Canadian economy.

Economic Diversification and Innovation

To spur innovation and economic diversification, the federal government has allocated $950 million in Budget 2017 for the Innovation Supercluster Initiative52 over the next five years (2017-2022). This funding is intended to incent the creation of focused and innovative industry ecosystems as seen in regions such as Silicon Valley, Berlin and Tel Aviv.

Groups will compete for this funding, and eligible sectors include:

- Advanced manufacturing
- Agri-food
- Clean resources
- Clean technology
- Digital technology
- Health and bio-sciences
- Infrastructure
- Transportation

While $950 million is a significant investment, the federal government will need to allocate these funds wisely to maximize future gains. If funding is spread too thinly, the results may be negligible. The federal government should instead target regions (e.g., multiple cities working together on a particular innovation theme) that are experiencing growth within those industries. By limiting the number of industries receiving funding, the federal government will realize greater returns through focused investment.

49 CANSIM Table 282-0087
50 Alberta Economic Dashboard
Canada also has much to gain by using the tax system optimally to promote employment, productivity and higher living standards. Reducing our heavy reliance on economically damaging income and profit taxes, broadening the tax base, creating a more neutral business tax system and reducing compliance costs for taxpayers will enhance Canada’s international competitiveness.

The following are long-standing principles of good tax policy:

- **Tax Neutrality**: Economic activities should bear similar tax treatment to encourage the best allocation and profitable use of resources in the economy.

- **Tax Equity or Fairness**: A tax system should distribute its burdens fairly. There are two dimensions to equity. The first facet is that people in similar economic circumstances should receive the same tax treatment (horizontal equity). The second aspect is based on the notion that the more an individual earns, the more income tax the individual should pay (vertical equity).

- **Efficiency**: The tax system should minimize adverse effects on taxpayer behaviour that undermine the efficiency of the economy.

- **Simplicity**: The system should be simple, transparent and easy to understand and comply with.

- **Minimize Compliance Costs**: The *Income Tax Act* continues to become more complex and this complexity creates additional compliance burdens and costs to many privately held companies.

It is of crucial importance that the Government of Canada continue to closely monitor changes to taxation and the regulatory burden in the United States. If the United States applies significant cuts to corporate taxes and weakens environmental protections, Canada may find itself at a competitive disadvantage when attracting international investment.

**Infrastructure**

The Canadian Chamber of Commerce has been a strong supporter of Canada’s investments in trade-enabling infrastructure. One such initiative, Canada’s Trade and Transportation Corridors Initiative, seeks to upgrade aging trade-enabling infrastructure, which will spur Canada’s economic growth. As part of this initiative, the federal government should work with provinces and municipalities to secure transportation / utility corridor (TUC) rights of way across Canada. A trans-Canadian TUC would also create future opportunities for high-speed transportation, transmission lines and new freight networks.

The announced development of a Canadian Infrastructure Bank (CIB) is a positive development for all orders of government. The CIB would allow provinces and municipalities to borrow for capital projects using the federal government’s preferred interest rate. The CIB would also attract institutional investors, such as international pension funds, to provide a new stream of revenue to draw on for investments in public infrastructure. Alternate infrastructure funding models, like the CIB and public-private partnerships (P3s), will become increasingly important as they can provide opportunities to replace aging infrastructure without increasing levels of public debt across Canada. The federal government should work with all orders of government to promote the applicable use of these alternate funding models.

**Fiscal Responsibility**

While increasing capital funding is the right move during these difficult economic times, increasing operating costs is not. Considering global and local factors and the cumulative impact of policy decisions influencing business competitiveness, the Edmonton Chamber of Commerce believes it is imperative that the federal government re-examine its fiscal priorities by focusing on long-term economic sustainability, while enabling businesses to remain competitive. One of the best ways to sustain business competitiveness is to show leadership with fiscal restraint and to foster investor confidence with a detailed plan to return to balance.
While the economy is beginning to recover, weaknesses remain in the areas of business investment and international trade and increasing the long-term debt burden on Canada’s economy will not encourage growth in either investment or trade.

**Recommendations**

That the federal government:

**Economic Diversification and Innovation**

1. Distribute “supercluster” funding to a limited number of emerging industries, not limited by geographic location, ensuring funds are sufficiently focused to create significant economic spin-off.

**Investment Attraction**

2. Continue the comprehensive review of taxation statutes with the objective of simplifying tax legislation, reducing the complexity of Canada’s tax system and decreasing compliance costs. The review should include an examination of all exemptions, deductions, rebates, deferrals and/or credits that are part of the federal tax system to determine those that are inefficient and can be eliminated.

3. Reduce Canada’s heavy reliance on income and profit taxes, while increasing consumption-based taxes, such as the GST/HST.

4. Monitor tax changes and other investment attraction tools being undertaken in the United States, ensuring that Canada remains a strong competitor in global trade.

5. Ensure Canada’s energy industry remains competitive by reinstating the Canadian Exploration Expense.

**Infrastructure**

6. Through Canada’s Trade and Transportation Corridors Initiative, work strategically with other orders of government to secure transportation / utility corridor rights of way throughout Canada with the potential for rapid transit, freight networks, telecommunications, transmissions lines and pipelines, which will improve access to national and international markets for all Canadian products.

7. Promote and provide information on alternative infrastructure funding models for Canadian provinces and municipalities, such as public-private partnerships and the proposed Canada Infrastructure Bank.

**Fiscal Responsibility**

8. Establish a long-term plan to achieve a balanced budget by limiting operational expenditure growth. Maintain this policy until Canadian economic performance is generating sustained government revenues sufficient to support increased spending with overall rates of taxation and fee collection at levels similar to the existing regime.


10. Achieve and maintain a debt-to-GDP ratio below 30% with financial contributions to debt reduction as necessary to sustain that position.

**SUBMITTED BY THE EDMONTON CHAMBER OF COMMERCE**

**THE ECONOMIC POLICY COMMITTEE SUPPORTS THIS RESOLUTION.**

22. Fiscal Regime Beneficial to a Progressive Transfer of Companies

Issue

Since many Canadian entrepreneurs will soon retire, a proper framework for company transfer is becoming a key pillar of entrepreneurial dynamism. Since the majority of Canadian SMEs are family-owned, the fiscal inequity contained in section 84.1 of the Income Tax Act undermines economic development. Beyond the sustainability of companies and the financing of entrepreneur retirement, transfer processes are greatly facilitated in family companies thanks to the identification of the buyer, while the long-term vision, a characteristic of family-owned businesses, promotes strategic planning and investment.

Background

Capital gains from the transfer of a business between related persons are considered as a dividend by the Income Tax Act. This prevents entrepreneurs who wish to transfer their business to a family member from using the Lifetime Capital Gains Exemption (LCGE). Fiscal rules encourage these entrepreneurs to transfer their business to external buyers, sometimes to foreign investors or competitors. Family business owners consider this as tax unfairness.

Family-owned businesses are particularly important for economic development; by nature, they seem more constant in their strategic orientations and benefit from an intergenerational culture and reputation favorable to long-term investment planning. Family-owned businesses are relatively independent financially and in terms of ownership, which a priori favours patient capital. Moreover, they developed their activities based on local roots, promoting the stability of regional activities.

The opportunity cost of unfavourable taxation for family transfer is measured by the level of deferred investments in the business. Entrepreneurs more interested in transferring their business to an unrelated buyer, choose to lower debt and raise liquidities. They tend to forego, several years before their departure, investments favorable to the growth of the family business. Yet, the new economic environment favours a quick adaptation to new technologies whose management is more accessible to new generations of entrepreneurs. The new economic context suggests accelerating all processes and business transfer planning.

Denied the LCGE, many entrepreneurs delay their retirement, particularly because it is difficult to find an unrelated buyer. When the entrepreneur has failed to make investments favorable to business performance, these delays translate into a loss of competitiveness potentially harmful to business valuation. This loss of value harms the financial situation of the transferor, whose delayed departure also translates into unrealized consumer spending. It is also important to consider the fiscal revenue aspect, due to the consequent reduction of capital gains.

In the case of sales to businesses outside Quebec, in addition to a possible relocation of activities sometime in the future, the repatriation of profits abroad translates into a lower investment capacity in Canada that is unfavorable to economic development.

Recognizing the urgent need to encourage business transfers, the Quebec government recently modified its fiscal rules to allow Quebec entrepreneurs to use the capital gains exemption in the context of a family business transfer. Although the Quebec government showed its willingness to tackle the issue, this improvement is not complete without full harmonisation with federal rules. Fiscal conditions are still considered unjust, and thus inadequate for a cession. Since the family transfer issue is common to all Canadian provinces, an amendment to section 84.1 of the Income Tax Act, as suggested by the Quebec government, will contribute to the vibrant entrepreneurial spirit all over Canada.

Although the economic importance of supporting business transfer is increasingly recognized, banks rarely finance the entire buyout while the progressive transfer of business shares seems to be an increasingly frequent financing model. It allows financial partners to share the risk, and the transferor to support the buyer during the transition period, to the benefit of the company’s future.
Globally, if fiscal rules governing family transfer are calibrated to counter fiscal evasion, the demographic context and characteristic robustness of family SMEs favour reconsidering the parameters of the rules in order to reduce economic opportunity costs.

**Recommendations**

That the federal government:

1. Remove any fiscal inequity for family businesses and introduce provisions allowing full capital gains exemption in the case of business transfers among related persons.
2. Adjust fiscal rules by taking into account financing constraints on business buyouts and, in particular, by facilitating progressive share transfers.

**SUBMITTED BY THE CHAMBRE DE COMMERCE ET D’INDUSTRIE VAUDREUIL-SOULANGES**

Co-sponsored by the Fédération des chambres de commerce du Québec

**THE ECONOMIC POLICY COMMITTEE SUPPORTS THIS RESOLUTION.**

**THE SME POLICY COMMITTEE SUPPORTS THIS RESOLUTION.**

### 23. An Appropriate Response to U.S. Tax Reform

**Issue**

On April 26, 2017, the US administration announced a tax reform project which would reduce corporate and personal income taxes. It is too soon to evaluate the impact of the proposed reform, but the Canadian government must explore possible options to maintain the tax competitiveness of Canadian businesses.

**Background**

Currently, the top marginal nominal tax rate is 35%. The administration proposes to reduce it to 15%, while the Republican Congress favours 20%. Assuming a US federal rate of 15%, and adding the state income tax, i.e. 6% on average, the US combined rate would be in the order of 21%. In Canada, the combined federal-provincial tax rate is currently 27%.

If the proposed US tax reform were implemented, Canada’s competitive advantage of 14 points would become a disadvantage of approximately 6 points.

Tax arbitrage for a business or an individual is the act of structuring oneself in order to profit from fiscal disparities between two jurisdictions. One of the stated objectives of President Trump’s reform is to encourage American companies to repatriate to the United States the profits parked in their foreign subsidiaries, including those in Canada, in order to avoid US taxation. The reform also aims to eliminate the motive for US companies to carry out “inversions”. In an “inversion”, an American company merges with a smaller foreign company and moves its head office to the foreign jurisdiction in order to benefit from the lower tax rate in this jurisdiction. The 2014 merger between Burger King and Canadian Tim Hortons (smaller), in which the new group’s head office moved to Canada, illustrates this phenomenon. If the only effect of the US tax reform was to repatriate corporate savings parked in
Canada, as well as a few front head offices, not much harm would be done to the Canadian economy. But the effect of the Trump reform will go beyond tax arbitrage.

The US tax reform project is within the broader context of the competitiveness between states to attract investment and mobile workers. Businesses make location decisions according to a combination of factors, including the relative tax burden of a state compared to another.

The Trump administration’s proposed tax reform is a measure aimed at making the United States more attractive to businesses than neighbouring jurisdictions. Canada’s governments must be concerned, without rushing to conclusions.

Recommendations

That the federal government:

1. Identify the industrial sectors most at risk of seeing major investments move to the United States.
2. Create a fiscal and budgetary leeway, a “war chest” that could be used to finance an appropriate response to the lower US tax, when it is better articulated.

In the medium term, an appropriate response to the lower US corporate tax could come from a combination of three approaches:

- A lower nominal corporate income tax rate. This approach is the simplest and costliest for the public purse. Insofar as it constitutes a response to the US measure, it is also a form of waste since very few Canadian companies are likely to move investments to the United States.

- Targeted fiscal and budgetary assistance for industrial sectors or businesses identified as possibly moving investments to the United States. The targeted approach avoids the inconvenience of a widespread tax cut from a public finance perspective. Conversely, it is part of the general phenomenon of governments multiplying financial supports to attract investment or protect flagship companies. This occasional assistance can lead to complaints from the competitor or the foreign government.

- A regulatory amendment or public investment which would lower business operating costs either in a particular industrial sector, or across the economy, and whose impact on expected return on investment would be similar to financial, budgetary or fiscal assistance. Here there are many possibilities. For example, in the mining or forestry sector, governments share in the cost of roads or infrastructures used almost exclusively for the exploitation of the resource.

SUBMITTED BY THE CHAMBRE DE COMMERCE DU MONTRÉAL MÉTROPOLITAIN

Co-sponsored by the Fédération des chambres de commerce du Québec

THE TAXATION COMMITTEE SUPPORTS THIS RESOLUTION.
24. Renovation Tax Credits - Improving Canada’s Housing Stock

Issue
Renovations help provide stability in the housing market, create jobs, add to tax revenues, support local businesses, as well as contribute to local and higher governments’ climate change goals. The federal and provincial governments have the opportunity to incentivize renovations that focus on energy efficiency and Greenhouse Gas (GHG) reduction.

Background
Significant progress on greenhouse gas reduction has been accomplished through technology and systems innovation, voluntary adoption of higher standards of performance, and a uniquely Canadian research and development collaboration between the public and private sectors.

The Province of British Columbia is committed to reducing greenhouse gas emissions as a part of the Climate Action Plan. Many B.C. municipalities are following this lead. For example, the City of Kamloops aims to reduce its greenhouse gas emissions to 45 percent below its 2007 levels by 2020. 54

Housing is responsible for 6.3 percent of direct GHG emissions in Canada. Today’s typical new house uses 37 percent less energy than a similar one built in 1990. 55 Further, there are many houses in need of renovation. For example, in Greater Victoria, 87 percent of the housing stock was built before the year 2000, when significant improvements were made to the building code. The Canadian Mortgage and Housing Corporation (CMHC) estimates 84,550 occupied private dwellings in the region built prior to 2000 and are in need of repair. 56

The opportunity is for the federal and provincial governments to incentivize renovations that focus on energy efficiency and GHG reduction. Such improvements in the housing stock help provide stability in the housing market, create jobs, add to tax revenues, support local businesses, as well as contribute to local and higher governments’ climate change goals.

Such a tax credit can have a range of benefits over and above those flowing from the renovations alone. For example, home renovation tax credit programs:

• require use of qualified skilled labour,
• assist with the cost of the abatement of hazardous materials such as lead, asbestos, stucco, drywall mud, roof shingles, floor tiles, electrical wires, and cement,
• are an effective method for combatting underground “cash” operators, as to qualify homeowner require receipts, which helps keep both the contract value and revenue in the legitimate economy, and
• on older homes are the most affordable, effective way to increase energy efficiency in the overall housing stock as well as to reduce GHG emissions, allowing governments to demonstrate climate leadership.

Presently, the only federal renovation tax credit is the Federal Home Accessibility Tax Credit (HATC), which is available to those who are 65 or older or eligible to claim the Disability Tax Credit. The HATC is available for the 2016 and subsequent tax years and applies to the total qualifying expenses up to $10,000 per year, resulting in a maximum non-refundable tax credit of $1,500 ($10,000 x 15%).

54 City of Kamloops emissions targets on right track, but in the slow lane
55 Help Canadian Housing and Homeowners Continue to Lead the Way: CHBA’s Submission to Canada's Approach to Climate Change (June 2016)
56 CMHC, adapted from Statistics Canada data (Census of Canada 2011 and National Household Survey).
There are some provincial tax renovation credits, such as the **BC Home Renovation Tax Credit for Seniors and Persons with Disabilities**. The maximum amount of the credit is $1,000 per tax year and is calculated as 10% of the qualifying renovation expense (maximum $10,000 in expenses).

Provincial and federal governments can build on these programs by introducing similar renovation tax credits that focus specifically on energy efficiency and GHG reduction.

Canadian homebuilders and homeowners need to continue to lead the way in climate change action. As the largest opportunity for energy efficiency lies in the existing housing stock, governments must help to encourage homeowners to retrofit existing homes.

**Recommendation**

That the federal government create new tax credit programs to help encourage home renovations that focus on energy efficiency and the reduction of GHG emissions.

SUBMITTED BY THE GREATER VICTORIA CHAMBER OF COMMERCE

Co-sponsored by the Kamloops Chamber of Commerce

THE TAXATION COMMITTEE SUPPORTS THIS RESOLUTION.

25. Enhancing Access to the Registered Disability Savings Plan for Disabled Employees

**Issue**

In Canada, it is estimated that 4.4 million Canadians suffer a disability, of which many are children and young adults under the age of forty-nine. Of these, only 442,241 Canadians ages 0-49 have applied for and received a Disability Tax credit, and of those, only 107,863 (or 24.3%) have opened a Registered Disability Savings Plan (Canada Disability Savings Program – Annual Statistical Review - 2015).

**Background**

Based on many interviews with applicants, and industry experience in working with clients to apply for and get funding, the application process is what is impeding its use. The reason for that is the intense, cumbersome paperwork that is required throughout the process. To successfully complete the process, the applicants have to have a medical assessment done and file the paperwork to receive the federal Disability Tax Credit (DTC). During interviews at information seminars with potential candidates, it was discovered that most people with disabilities, as well as their caregivers, are in a low-income bracket and do not see the need to obtain a tax credit on taxes they don’t pay. However, when learning of the bond portion of the program, there was renewed interest.

In an effort to assist in accessing the program, it was learned that there are similar income-tested provincial programs that are very similar to the DTC requirements and applications. Furthermore, there seems to be an appetite for government and community leaders to be more collaborative in finding ways to make access to the Registered Disability Savings Plan (RDSP) easier and more efficient. In BC, for example, there is an RDSP Action Group led by the Honourable Michel Stillwell, created by the BC government, which is focused on making the program more accessible to all of BC. In reviewing the provincial program requirements, given the overlap, there is a strong possibility that upon acceptance to the provincial program, it could and should automatically grant access to the RDSP program.
Another strong supporter of the Canadian disability community is business. There is a real interest in employers making a point of including people with disabilities in their business wherever possible. Good employers also take an interest in the health and financial well-being of their workforce. Studies have shown that employees who are offered financial education, support, and savings programs at work are more reliable, and become better, more engaged employees. Employers can assist and promote contribution to an RDSP on behalf of qualifying employees. Finally, another part of the program that needs serious review is the ten-year rule. This rule stipulates that the beneficiary must wait ten years after the latest grant or bond is received to access further funds without penalties. This also prevents the beneficiaries from receiving access to the full amount of funds in the program until ten years after they have made their final contribution at age forty-nine. The issue here is that many people with disabilities often have serious financial needs earlier in life that they may not be able to address without the program, such as the purchase or modification of a home, or the purchase of special equipment or vehicles.

Recommendations
That the provincial/territorial and federal governments:

1. Investigate and implement a cross-linked application process to enable those with recognized disabilities to have access to both a provincial/territorial disability support program and the DTC under one application;
2. Review all existing recipients of a provincial/territorial disability support program to determine eligibility of the DTC based on timing of the last tested application; and
3. Create a national program to provide employers a workable linkage to the RDSP program for employees with disabilities.
4. Amend the 10-year rule for the clock to start when the RDSP is opened, from 10 years past the last grant installment.

SUBMITTED BY THE HOUSTON & DISTRICT CHAMBER OF COMMERCE

THE TAXATION COMMITTEE SUPPORTS THIS RESOLUTION.

26. Fines and Penalty Reform for Businesses

Issue
For businesses, filing with CRA can be a complicated process. Many businesses are required to make over thirty payments per year with GST, Payroll Tax and Income Tax. The tax code is three thousand pages long with hundreds of rules and regulations, right down to the kind of form that can be used to file remittance vouchers. Not surprisingly, a significant portion of Canada’s 5 million SMEs make mistakes every year when dealing with the Canadian Revenue Agency (CRA).57

The CRA has little or no forgiveness if a payment is missed and the penalties and fines are steep even if missed by one day. They do have an appeal process for penalties and charges for late payment, but it is a complicated, time-consuming and costly process for businesses. Regardless of the dollar value, type or frequency of incomplete or inaccurate tax returns, penalties and interest may be applied.

57 http://www.cra-arc.gc.ca/gncy/cmplnc/rtpp-pipdr/cnsittnppr-eng.html#fnb2
The federal government is currently examining some of its procedures as part of its “Red Tape Reduction Action Plan”, an initiative aimed at removing unjustified or undue burdens on small businesses and removing the complexities of dealing with government regulations.

Allowing businesses some margin of error for minor tax filing issues would also remove a significant weight for enterprises that occasionally overlook a detail, miss a deadline or misallocate CRA payments.

Background

The office of the Taxpayers’ Ombudsman, an impartial and independent office to deal with complaints, reports that a significant number of calls to the CRA business enquiries line deal with misallocated payments. These are payments “not allocated according to its (CRA) procedures.” For example, about two-thirds of all taxpayers use CRA remittance vouchers that are pre-printed with magnetic ink designed to be read by computers using Optical Character Recognition (OCR). Although CRA warns taxpayers that photocopies of these forms cannot be scanned electronically, many taxpayers still make remittance payments on photocopied forms. It’s a clerical mistake that can have costly consequences.

The result can be a late payment and “for the tax year 2013 penalties begin at 5 percent on the balance owing plus 1 percent on the balance owing for each full month the return is late to a maximum of 12 months. If CRA charged a late penalty in 2010, 2011, and 2012, the penalty escalates to 10 percent of the balance owing, plus 2 percent of 2013 balance to a maximum of 20 months.”

Even tax preparers, hired to keep businesses from filing incorrect returns, routinely make mistakes that end up trimming dollars from the company’s bottom line. Given the difficulty in filing for the CRA, some leniency is in order.

Summary

It is important for CRA to be fair and reasonable in dealing with small business and the complex remittance process. Mistakes do and will continue to happen. Penalties, fees and interest should be proportional to the amounts and escalating for non-payment. CRA should handle their receivables in the business model and charge business for late payments the way business charges their customers.

Recommendations

That the Canada Revenue Agency, in conjunction with the Department of Finance:

1. Adopt a fair system of forgiveness for businesses that make unintentional errors or miss a tax payment deadline on rare occasions.

2. Charge small business a modes flat late remittance for missed payroll and/or GST payment deadlines. Interest then accrues if payment is not made within 7 days of the due date.

3. After the “Late Remittance Fee” is implemented, then subject businesses that consistently and repeatedly miss payment dates to increasing fines and/or stiffer penalties with every missed payment.

SUBMITTED BY THE SALMON ARM CHAMBER OF COMMERCE

58 http://www.oto-boc.gc.ca/rprts/spcl/getting-rght-eng.html#h114
THE TAXATION COMMITTEE SUPPORTS THIS RESOLUTION.

27. The Locked-In Estate Trust – A Response to Canada’s Retirement Income Challenges

Issue

The Canadian Chamber of Commerce recognizes the severity of the pension reform issue in Canada and at its 2010 AGM adopted a policy entitled, “The Base Principles of Pension Reform”. There looms a pension crisis for Canadians in the near future. The federal government will be unable to fund the pension requirements of the baby boomer retirees let alone the requirements of subsequent generations.

Background

A Locked-in Estate Trust (LIET) is one solution that would allow for individuals to privately fund LIET’s with the money being held in trust for the future benefit of the named beneficiaries of the LIET. Our federal and provincial finance ministers are seeking solutions to protect older Canadians from income shortfalls during their retirement years, but there are few solutions on the horizon. At the same time, many older Canadians, through hard work and extraordinary windfalls in the housing market, find they have accumulated a great deal of wealth, but ironically, have little cash flow to supplement their own retirement.

According to Decima Research, it is estimated that as much as $1 trillion dollars will pass to the next generation of Canadians through estate transfers. More than 50 per cent of the children of baby boomers expect to receive $283,000 on average. Acutely aware of the value of their estates, many older Canadians have concerns about the wisdom of passing on such large lump sum estates to children and grandchildren.

Creating a new financial instrument could provide seniors with income now from their valuable estates and at the same time allow them to utilize family wealth to ensure that their children and grandchildren are able to receive private pension income when they retire. This could be fashioned similarly to the Charitable Remainder Trust which is widely used and promoted in the United States.

A LIET would provide a creative solution to our specific demographic quandary in which the size of the retired population will soon far outweigh the ability of the working population to adequately sustain it. It also has the potential to remove some of the well documented and anxiously anticipated strain on the government’s ability to provide Old Age Security and Guaranteed Income Supplement funding to Canadian seniors as the baby boomer bulge exits the workforce. Furthermore, a LIET would provide an investment vehicle that could ensure financial independence for subsequent generations of Canadians.

In recognition of the importance of responsible federal fiscal policy, the federal tax revenue will actually be enhanced by this account on a deferral basis. Typically, contributions to the LIET will result in a deferral of capital gains tax of which only 50 per cent of the gain is taxed, whereas the subsequent withdrawal can and will be taxed as 100% regular income at the current marginal tax rate resulting in incrementally larger revenue tax stream.

Furthermore, this account could be used for the generational transition of small business interests similar to a “Family Trust” with this inclusion of limiting access to the revenue and pension income by the beneficiary until the beneficiary if at age 55.

Large pools of wealth in private portfolios transferred to a LIET would have the potential to significantly reduce the drain on government pension resources. It could also represent significant tax savings to individuals who make a decision to move wealth into a LIET.
The LIET would work similar to already available trust vehicles (e.g., the Charitable Remainder Trust) but with tax advantages to the donor or the settler, such as a non-refundable tax credit based on the amount transferred into the LIET. Funds inside the LIET would be allowed to accumulate tax free and be professionally managed and guided by a conservative investment strategy.

The donor would be permitted to access a percentage of the income generated by the LIET while they remain alive. Named beneficiaries of the LIET would only be allowed to withdraw a legislated percentage of the capital and income of the LIET after age 55, similar to Locked-In Retirement Accounts (LIRAs). This would ensure the long term viability of the LIET for future generations.

Because of the tax advantages, the decision to create a LIET would be made by the donor before death and would be an irrevocable decision or the LIET could be created as a Testamentary Estate Trust (after death).

It is anticipated that the tax foregone (by the granting of a tax credit to the donor and by a deferral of a valuation of the donor’s estate) is far outweighed by the reduction of costs related to pension benefits over the long term and the reduction in the benefits payable under Old Age Security and other government programs such as income tested health care and Guaranteed Income Supplement.

Recommendation

That the federal government convene a special committee to determine the feasibility of implementing a Locked-in Estate Trust in the context of Canada’s overall pension plan framework and that this study and review be completed within a 2- or 3-year period.

SUBMITTED BY THE SALMON ARM CHAMBER OF COMMERCE

THE ECONOMIC POLICY COMMITTEE SUPPORTS THIS RESOLUTION.
HUMAN RESOURCES AND IMMIGRATION

28. A Focus on Refugees

Issue
In 2016, after much debate, Canada accepted approximately 40,000 Syrian refugees through a mix of public and private sponsorship programs. Surrey became home to nearly half of those arriving in BC: 44% of 1,700, up 23% of all refugees combined the previous year. Approximately 60% are under the age of 18. (Immigrant Services Society of BC – NB, figures do not include privately sponsored refugees in Surrey.)

Most of the refugees do not speak English, have varying levels of trauma and medical needs, and are learning how to adapt to Canadian society. Their day-to-day settlement needs – finding appropriate housing, furniture, appropriate clothing, food and living costs, enrolling children in school, figuring out the public transit system, finding their way to medical appointments, and finding social and emotional support networks – takes the majority of their time in the first year. In addition, the emotional toll of having left loved ones behind has an understandable impact on their resettlement efforts. Service providers such as Options and DIVERSEcity have done their best to accommodate, but waitlist for services, English Language training, basic job-skills training are long. A new Syrian-Canadian association was developed in Guildford to help alleviate the pressure on services, providing food and translation assistance. The Surrey School District’s Welcome Centre is working with the Syrian students (approximately 600 expected to be enrolled by end of year). The Surrey Food Bank experienced a jump in requests with Syrian refugee families signing on.

Given that it is unreasonable to expect refugees to find sustainable employment within a year of arrival due to waitlists for language and job skills training, as well as family health and emotional needs and the challenges of integration to a very different society, service providers are now advocating for the provincial support to be increased to help mitigate the impact of transition funding source.

Background
The Surrey Board of Trade is the co-chair of the Surrey Local Immigrant Partnership (LIP) coalition of local service providers focusing on the needs of new immigrants and refugees. We are the only LIP coalition in B.C. with business at the table in a leadership capacity.

Progress is slow to move Syrians off supports and in to stable employment. According to a recent survey of Syrian refugees by the Immigrant Services Society of BC, 76% of respondents are in federally funded adult English classes or LINC classes, 51% on waitlists have waited an average of 4 months, 20% are taking training/education other than English towards economic integration. Only 17% are employed either full or part time, with 59% of those in Manufacturing, Construction and Trades. Of those not currently employed, 64% are actively looking. A majority of respondents, 66%, are using the food bank regularly.

The concern is that the Federal support for publicly sponsored refugees is only for one year. Refugees then move to Provincial funding, which in BC is much less with the average family losing roughly $348/month. Funding varies based on size of family and housing needs, as well as health, language instruction and employment services. However, the provincial funding, though similar in base amount, does not include transportation allowances and
housing supplements, leading to a substantial decrease in support especially in the tight housing/rental market of the Lower Mainland.\(^{60}\)

As reported in the Globe and Mail, December 4: The B.C. government said it is continuing to look at the issue. The province said its supports for low-income individuals can include subsidized housing and child-care subsidies. It said refugees who are eligible for disability assistance could also receive more support than they did under the federal government.

These measures, if implemented, will help. Employment and English language training, essential for economic integration, however, are still federally funded and waitlists are long. BC currently has the highest waitlist with over 5,000 permanent residents looking for spaces, the majority in Surrey (ISS of BC report), and this prior to the influx of Syrian refugees.

Benefits

A number of the Syrian refugees have various education backgrounds such as engineering, or other professional credentials. Many have had their education interrupted and would like to continue. However, with lengthy waitlists for English instruction that will expedite employment opportunities, a provincial “top up” of the income assistance (IA) funding will assist Syrian and other refugee families transition until their English becomes relatively proficient. Two key areas are being suggested including the reinstatement of bus passes for all employable income assistance recipients including refugees who must avail of BC income assistance (BC IA). For those BC IA recipients living outside communities without public transit eg Syrians have now settled in 69 different communities throughout BC then a cash equivalent would be provided. Without a transportation allowance it makes it extremely difficult for people to find work and/or attend English and job related training. The other policy area relates to wage claw back mechanism while on BC IA. The wage claw back portion should be increased to fifty percent (50%) or higher in order for especially refugee newcomers to gain Canadian work experience without significant claw back of benefits. Currently the federal government provides all government assisted refugees with the ability while on federal income support to earn fifty percent (50%) of their monthly income support without claw back.

It should be noted that between 1979 and 1981, Canada accepted 60,000 “boat people” from Southeast Asia. Within a decade, 86% of those former refugees were working, healthy and spoke English with some proficiency, achieving the basic criteria for success set out by academic Morton Beiser in his landmark study of their integration into Canadian society (Strangers at the Gate: The Boat People). They were less likely to use social services and more likely to have jobs than the average Canadian. One in five was self-employed. They weren’t a drain on the taxpayer—they were taxpayers.

This mirrors the experience in Germany, where a 2012 study found residents with foreign citizenship paid $218 billion more in taxes than they received in social benefits. German officials have been smart to cast their willingness to accept a half-million asylum seekers each year as not just a humanitarian gesture, but as wise economic policy. In December 2015, Vancity Credit Union released a report entitled From Crisis to Community: Syrian Refugees and the B.C. Economy. The report outlined that Syrian refugees settling in British Columbia would generate at least $563 million in local economic activity over the next 20 years.\(^ {61}\)

Like Germany, Canada has a rapidly aging population. Two hundred and fifty thousand (250,000) Canadians are currently retiring annually with future projections to reach 400,000 in the near future. In fact, in December 2016, the Department of Finance released a report that indicated that the federal debt could double to $1.5 trillion by 2050-51. The report points to the major economic challenge caused by the gradual retirement of baby boomers. The demographic shift is expected to shrink work-force participation, erode labour productivity and drive up expenditures for things like elderly benefits. At the same time, the Advisory Council on Economic Growth advised the Government of Canada to increase immigration levels to 450,000 annually as one step to address the projected challenges to the Canadian economy. On October 31, 2016 Minister McCallum announced a new immigration baseline of 300,000 per year starting in 2017 along with a signal of future higher immigration levels and a multi-year

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\(^{60}\) [http://www.conferenceboard.ca/commentaries/immigration/default/15-04-08/why_canada_needs_a_national_immigration_action_plan.aspx](http://www.conferenceboard.ca/commentaries/immigration/default/15-04-08/why_canada_needs_a_national_immigration_action_plan.aspx)

\(^{61}\) [http://www.spiegel.de/international/germany/refugees-are-an-opportunity-for-the-german-economy-a-1050102.html](http://www.spiegel.de/international/germany/refugees-are-an-opportunity-for-the-german-economy-a-1050102.html)
three-five (3-5 year) immigration levels plan. According to a Conference Board of Canada report we’ll need to attract 350,000 immigrants annually by 2035, up from 260,404 in 2014.

What’s needed is not just a discussion of how to facilitate immigration—of refugees and others—but how to ensure our new residents integrate swiftly into the economy. Germany has had success with an “early intervention” model that identifies skilled refugees and pairs them with opportunities as soon as possible. But all of this requires a shift in thinking. Done properly, bringing refugees into our country isn’t about charity. It’s about investing in the future of business—both theirs and ours.

Challenges
Statistically, only about 10% of refugees find employment in their first year in Canada. The concern is the need for the Province to support families that the Federal government have accepted until they are sufficiently employable through English and other training. This will be a draw on provincial resources.

There is a need to ensure Syrian families continue to be supported beyond the one year federally-funded period at a level that provides sufficient economic security to continue with English and employment related training. Recognizing the challenge to provincial resources, once employed, Syrians will be able to contribute back to BC and Canada through taxes as well as economic activity in their community.

Recommendations
That the federal government:
1. Extend their support of refugee families from one year to three years
2. Enhance education and career planning supports for refugees.

SUBMITTED BY THE SOUTH SURREY WHITE ROCK CHAMBER OF COMMERCE
Co-sponsored by the Surrey Board of Trade

THE IMMIGRATION POLICY COMMITTEE DOES NOT SUPPORT THIS RESOLUTION. THEY BELIEVE THE SUBJECT MATTER FALLS OUTSIDE OF THE DIRECT AREAS OF EXPERTISE AND INTERESTS OF THE BUSINESS COMMUNITY.

29. Manufacturing a Skilled Workforce

Issue
In the Canadian Manufacturers & Exporters (CME) Industrie 2030 report, 35% respondents to a Management Issues Survey indicated that attracting or retaining skilled labour was one of their three most pressing challenges. This topped the list of all possible responses. Further, CME reports that close to 60% of businesses anticipate skilled labour shortages in 5 years. There are multiple strategies to attract youth to trade programs and to attract skilled immigrants. A third approach may be required to meet the growing skills gap: a flexible, easily accessible incentive program for employers to upgrade the skills of existing employees and potential hires to meet their specific skill requirements.

Background

A Google search for “Canadian skills gap” yields about 349,000 results, mostly news-media and “grey” literature articles. Anecdotally, employers decry the lack of skills, which leave positions unfilled. Unemployed or underemployed university graduates decry the lack of opportunities in their fields. Industry associations, such as CME, advocate for developing a stronger skilled workforce in Canada as part of their Industry 2030 reports.63

Loosening immigration and temporary foreign worker regulations to assist employers access skilled labour or introducing the trade careers earlier in the education stream to foster a change of perceptions regarding employment prospects are often proposed. One concept that has yet to be brought forward in any substantive form is using tax credits to provide incentives for personal or in-house training.

Despite a variety of programs, grants and tax incentives there is no over-arching flexible opportunity to encourage employers and employees to work together to fill any skills gap. Employers spend less on training than in previous decades64 and attracting good workers has become challenging since wages have stagnated.65

There are a number of programs that provide some incentives through grants and other tax credits, however they are limited in various ways to specific demographics and circumscribed circumstances. The Canada – BC Job Grant provides up to $10,000 to employers per employee. However, the grant only applies to certain demographics, is available for a certain period of the year (April through August), must be applied for well in advance of that training period, and it comes in the form of a reimbursement for only two-thirds of the cost requiring the employer and/or employee to pay for tuition up front.66 There are tax credits available through WorkBC for very specific industries and activities.67 There is a federal wage subsidy program for youth only.68 And for older workers, there is an employment assistance program for re-training – but only if the worker is unemployed, in a community experiencing high unemployment or economic downturns.69 The best program by far is the Training Tax Credit for apprenticeships through ITA.70

The targeted nature of grants and credits are very helpful to employers to onboard minorities and the sometimes hard to employ. However, if an employer requires a very specialized skill set and has an employee who, with a bit of training, could fill the gap, there is little to support either party, particularly for small to medium sized entities.71

Employees, whether full or part-time, in their chosen career or underemployed based on their degree attainment bear some responsibility for their own training, but many are caught with student debt and minimum wage positions.72 Workers cannot gain experience because employers are reluctant to take on those who may require additional skills mentoring. Full time workers with families are unable to shoulder the high cost of tuition that is required for them to keep up with the changing nature of their employment. This is particularly true for positions that are becoming more

67 Training Tax Credit https://www.workbc.ca/Employer-Resources/Funding-and-Programs/Incentives-and-Tax-Credits.aspx
70 http://www2.gov.bc.ca/gov/content/taxes/income-taxes/corporate/credits/training/employer
71 Employer/employee tax deductions for scholarships, etc., “In this situation, the amount of the scholarship or bursary is considered to be employment income for the employee or former employee.” http://www.cra-arc.gc.ca/tax/bsnss/tpcs/pxylr/bnfts/dcnt/tnn-eng.html
vulnerable with the rapid advances in technology. Further, employees and/or students are eligible for a small tax deduction for tuition fees, but effective January 1, 2017, related education and textbooks deductions were eliminated.

Employers in Ontario were asked why they are reluctant to train, especially the small and medium enterprises who are not training their employees in any substantive manner. The Ontario Chamber of Commerce and Essential Skills Ontario (2014) concluded:

Employers are not training due to a couple of key factors, including cost, risk of turnover and ‘poaching,’ and a lack of human resource capacity. The success of employer-driven training programs is contingent on employer engagement. It is vital that government design training and employment programs so that they overcome these barriers. Training and employment programs should be easy to access for businesses, offer flexible training options to the workers who need it, and make room for not-for-profit and private service providers to play an intermediary role in the new training and employment system. [Emphasis added]

Similarly, employers need to get more engaged in building the skills of their employees. Ontario’s population is aging and our workforce is shrinking. Some 28 percent of OCC members are having trouble filling job vacancies. 

BC’s situation of aging workers and the need for specialized skills would, no doubt, be similar to what the researchers for Ontario found. And, as listed, programs for BC employers are limited and at times difficult – more a challenge and a barrier than an incentive. Streamlining opportunities and simplifying application processes would greatly enhance the ability of employers, particularly the small and medium sized entities, to engage in developing their own workforce.

Employers no longer have the luxury of hiring a made-to-order employee as the nature of the labour force has changed; and, employees no longer have job security as the nature of their work is rapidly changing due to advances in technology. An over-arching strategy of incentives for skills-upgrading on the job would encourage employers and employees to fill their own gaps with their own resources, particularly when employees have the opportunity to tailor their skills sets to the need at hand.

**Recommendations**

That the federal government:

1. Develop an easily accessible and understood portal to the tax credits and grants currently available for individually-funded and employer-sponsored education expenditures,

2. Give due consideration to expanding tax credits and grants and be more flexible to assist businesses fill diverse and specific skills gaps as they emerge.

**SUBMITTED BY THE SOUTH SURREY WHITE ROCK CHAMBER OF COMMERCE**

Co-sponsored by the Surrey Board of Trade

**THE HUMAN RESOURCES POLICY COMMITTEE SUPPORTS THIS RESOLUTION.**

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75 Effective January 1, 2017, the federal education (a $ amount x #of months) and textbook tax credits will be eliminated. [http://www.cra-arc.gc.ca/tx/ndvdls/tpcs/ncm-tx/rtrn/cmpltng/ddctns/lns300-350/323/menu-eng.html](http://www.cra-arc.gc.ca/tx/ndvdls/tpcs/ncm-tx/rtrn/cmpltng/ddctns/lns300-350/323/menu-eng.html)

THE TAXATION COMMITTEE SUPPORTS THIS RESOLUTION.

30. Marijuana and the Workplace: Ensuring the Safety of Workers and Businesses

Introduction
Drug impairment on the job is a complex challenge for employers at the best of times. With the pending legalization by the Federal government of recreational marijuana usage, employers are reviewing what they know and what they need to know to be prepared. With that purpose at the forefront, these recommendations encompass general and specific requests for clarity and guidance for employers large and small, unionized or not, safety-sensitive or not.

Background
A preliminary review of recent (within the past 5 years) and relevant (Canadian) literature (including peer reviewed academic literature) reveals three general foci: adolescent usage concerns, non-alcoholic drug-impaired driving, and accommodation for medical marijuana usage. Workplace research is minimal and tends to be reliant on case law findings arising from appealed dismissals.

The recently released report of the Task Force on Cannabis legalization and Regulation, “A Framework for the Legalization and Regulation of Cannabis in Canada,” likewise concerns itself with adolescence and impaired drivers. The section on workplace safety is 1½ pages and from which, three of the Task Force’s 83 recommendations are relevant:

• Facilitate and monitor ongoing research on cannabis and impairment, considering implications for occupational health and safety policies,

• Work with existing federal, provincial and territorial bodies to better understand potential occupational health and safety issues related to cannabis impairment, and

• Work with provinces, territories, employers and labour representatives to facilitate the development of workplace impairment policies. (P. 29)

In April the Federal government introduced Bill C-45 respecting cannabis and set out the purpose of the Act to protect public health and public safety but does not specifically refer to the workplace.

In B.C., both the B.C. Human Rights Code and WorkSafe BC have bearing on employment guidance. In the Human Rights Code, there is no specific definition for impairment; however, Section 13 (1) states “A person must not (b) discriminate against a person regarding employment or any term or condition of employment because of … physical or mental disability...; nor can any person discriminate in regard to accommodation (Section 8) based on physical or mental disability without reasonable justification.” This is relevant to marijuana usage as drug dependence (addiction) is considered a disability. Accommodation is required up to the point of undue hardship, where the cost of reasonable and practical steps are too difficult or expensive. The bar for employers to prove this is very high.

79 http://www.bchrt.gov.bc.ca/glossary/index.htm#undue-hardship
Worksafe BC regulations provides some guidance:

4.20 Impairment by alcohol, drug or other substance

(1) A person must not enter or remain at any workplace while the person's ability to work is affected by alcohol, a drug or other substance so as to endanger the person or anyone else.

(2) The employer must not knowingly permit a person to remain at any workplace while the person's ability to work is affected by alcohol, a drug or other substance so as to endanger the person or anyone else.

(3) A person must not remain at a workplace if the person's behaviour is affected by alcohol, a drug or other substance so as to create an undue risk to workers, except where such a workplace has as one of its purposes the treatment or confinement of such persons.

Note: In the application of section 4.20, workers and employers need to consider the effects of prescription and non-prescription drugs, and fatigue, as potential sources of impairment. There is a need for disclosure of potential impairment from any source, and for adequate supervision of work to ensure reported or observed impairment is effectively managed.

While various guidelines exist and templates can be found for employers to use to develop onsite alcohol and substance use policies, (with caveats in the literature regarding which ones would be better), what is lacking in all the literature is clarity in definitions and clear guidelines for employers.

There are two separate issues to consider: medical marijuana users and recreational usage on the job. For medical marijuana, the rules are quite clear regarding accommodation. Insofar as an employer can, those with appropriate medical documentation are accommodated and only actual impairment at work, not usage, would be grounds for further action up to dismissal. The challenge is determining what constitutes impairment. Under current Federal criminal law, the Access to Cannabis for Medical Purposes Regulations (ACMPR), medical marijuana patients must have a medical document from a health care practitioner to legally purchase and consume marijuana:

8 (1) A medical document provided by a health care practitioner to a person who is under their professional treatment must indicate
   a) The practitioner’s given name, surname, profession, business address and telephone number, facsimile number and email address, if applicable, the province in which the practitioner is authorized to practise their profession and the number assigned by the province to that authorization and, if applicable, their facsimile number and email address;
   b) The person’s given name, surname, and date of birth;
   c) The address of the location at which the person consulted with the practitioner;
   d) The daily quantity of dried marihuana, expressed in grams, that the practitioner authorizes for the person; and
   e) The period of use.

For medical marijuana usage, therefore, the challenge for an employer is to determine whether the documentation and allowable amounts can lead to impairment up to the point, as expressed by WorkSafe BC, of undue risk. This does not address potential decreased productivity, the impact of usage and/or accommodation on other employees, and the overall costs of accommodation even if not up to point of undue hardship. What employers and employees need is a workable definition of impairment, and a tool to assist in determining impairment, such as a universally applicable checklist for non-medically trained supervisors. Further, employers and employees, particularly those without an in-house Human Resources department – such as small and medium sized entities – would greatly benefit

82 Brown, Shelley. Road Map to Weed in the Workplace: legal Considerations as Legalization Approaches. Canadian HR Reporter; Oct 31, 2016. 29, 18 ProQuest. P.16
from having a readily identifiable regulatory authority that could provide consistent, standardized documentation and up to date information.

Recreational users (legalized or not) would be treated as other substance users and potential abusers, according to the literature.84 However, again, it is the level of impairment, rather than usage itself, that provides grounds for employer action up to and including dismissal. Key to whether employers have any sway is the existence of written policies outlining a clear statement of drug usage on the job, the levels of graduated disciplinary steps, and an invitation for disclosure with accommodation considered. Recreational users may or may not be addicted – a determination that is difficult without self-disclosure; and addiction is considered a disability requiring accommodation. Until that point, an employer’s “duty to accommodate does not extend to the point of accommodating an employee that is not properly medically authorized.”85

Safe Workplaces

In safety-sensitive workplaces, drug use can lead to serious injury or death. In its submission to the Task Force, national oil and gas safety association Enform stated that, “marijuana use is incompatible with working in a safety-sensitive environment.”86 Employers have both a legal and a moral obligation to provide safe workplaces. This legal requirement is enshrined in provincial occupational health and safety legislation, and in Section 217.1 of the Criminal Code. Ensuring workers in safety-sensitive roles are not impaired by legal or illegal substances is a key component of fulfilling that obligation.

Limitations on Testing

Marijuana is a substance with complicated effects on the body, and legal substances like alcohol do not provide useful comparisons. Testing for alcohol impairment is straightforward – the quantity of alcohol in the bloodstream is a reliable indication of how intoxicated an individual is at the moment of testing. THC, the primary psychoactive component of marijuana, can remain in the bloodstream of users for days or weeks after the intoxicating effects have worn off. Furthermore, there is no “breathalyzer” equivalent for marijuana, which would provide a clear indication of current intoxication and impairment. Complicating matters further, there is no “.08” for marijuana, no standard legal limit or cutoff that can be used in impaired driving cases, for example.

The limits of testing technology have significant impacts on Canadian workplaces. Entrop v. Imperial Oil allowed random alcohol testing for safety-sensitive positions, but not random drug testing, because a breathalyzer can reliably prove current impairment, whereas drug testing techniques cannot.87 This is further confirmed by the Canadian Human Rights Commission’s (CHRC) Policy on Alcohol and Drug Testing, which considers random drug testing an unreasonable infringement of privacy rights, as it cannot reliably determine current levels of impairment.88 Under these guidelines, drug testing can only be carried out as a bona fide occupational requirement in safety-sensitive positions, with reasonable cause or after an accident has occurred.89 As the federal government has not yet established a legal limit for marijuana impairment, or the necessary testing protocols, the validity of workplace testing has largely been left to the courts to decide. Federal legislation includes new provisions which would allow Cabinet to set per se limits for marijuana-impaired driving, similar to a 0.08 BAC for alcohol impairment. This is consistent with the advice of The Task Force, which recommended further investment and research into both a per se impairment limit and the development of a roadside testing protocol.90 These innovations would serve as a major step towards rationalizing the conflicts that currently exist between an employer’s obligation to provide a safe workplace, and an employee’s right to privacy. We recommend that the research and development of impairment limits and roadside testing protocols be used to develop legal limits and testing protocols for safety-sensitive workplaces.

84 Brown, Road Map. P.16
85 Bhallo and Parmer, The Advocate. P.691
89 Ibid.
There are many guides and helpful suggestions available online. What is lacking, however, is clarity for employers along with guidance that provides assurance that the information by which they operate is best practice and in line with legislation in existence and anticipated.

**Recommendations**

That the federal government:

1. Create a standard testing protocol to detect marijuana impairment, with legal limits for both traffic safety and workplace safety prior to the legalization of marijuana.
2. Work with provinces and territories to ensure consistent regulation across Canada.
3. Provide clarity for employers by developing regulations concerning the use of medical marijuana in the workplace and its impact on health and safety procedures in conjunction with relevant provincial and territorial regulators,
4. Consult with industry, business and their representative associations to identify standardized policies and processes to deal with medical marijuana requirements and recreational usage that may lead to impairment in the workplace, in a manner that balances the rights and responsibilities of employers with the privacy and rights of employees.
5. Allow a two-year implementation window to address the workplace safety recommendations contained within the Framework for the Legalization and Regulation of Cannabis in Canada.

SUBMITTED BY ABBOTSFORD CHAMBER OF COMMERCE

Co-sponsored by the Edmonton Chamber of Commerce, Fédération des chambres de commerce du Québec, Surrey Board of Trade, and Greater Langley Chamber of Commerce

THE HUMAN RESOURCES POLICY COMMITTEE SUPPORTS THIS RESOLUTION.

### 31. Restoring Secret Ballot Voting for Union Certification

**Issue**

The federal government has passed Bill C-4, legislation that restores the previous card check model for union certification for federally regulated work instead of a mandatory secret ballot vote. Moving back to card-based certification is a major step backwards in democratic processes and is inconsistent with almost every jurisdiction in Canada and the United States.

**Background**

In June 2015, Bill C-525 came into force. This legislation required secret ballot voting for any certification or decertification of unions. This applied to employees in federal undertakings or business, parliament, and the federal
public service. This legislation ensured that any union certification would happen through a fair and democratic process that allowed all employees to have a say free from intimidation. What is more, this legislation brought federal regulations into greater consistency with provincial regulations and those in the United States.

On January 28, 2016, the Honourable Maryann Mihychuk, Minister of Employment, Workforce Development and Labour introduced Bill C-4, *An Act to Amend the Canada Labour Code*. This legislation received Royal Assent and became law on June 19, 2017. This legislation is a step backwards from the progress made through Bill C-525 by bringing a return to card-based union certification for federally regulated workers.

There are a number of concerns with moving away from secret ballot voting. In particular, secret ballot voting prevents unions from using pressure tactics or misinformation to secure the support of employees. Under card-based certification, employees may end up signing a card without being advised of the implications of that signature; for instance, the employee may believe that they will still have the right to vote against the union when in fact the signature constitutes their vote. Pressure tactics may also mean that even if employees were well-informed, they may still end up signing cards under duress contrary to their own wishes.

A secret ballot vote by contrast ensures that all employees have a right to a free vote on whether or not they unionize. Secret ballot voting safeguards employees from intimidation or pressure from union organizers and employers alike and helps ensure that their true opinion is represented. A secret ballot vote is also conducted in a neutral environment by the Labour Relations Board, which means the process is less vulnerable to abuse and fraud from union organizers.

In short, card-based certification shifts a careful balance of power unfairly in the favour of union organizers and is in the interests of neither employers nor employees. Card-based certification is vulnerable to abuse and forms of intimidation and undermines the ability of employees to express their true opinions in a legitimate and democratic form. Almost every other jurisdiction in Canada and the United States has recognized this and requires secret ballot voting. Since there is no evidence to suggest that secret ballot voting does not allow employees to express their wishes, and significant risk that card-based certification would do just that, the federal government should ensure that secret ballot voting is required for union certification among federally regulated workers.

**Recommendation**

That the federal government ensure transparency and fairness in the union certification process by requiring secret ballot voting for union certification by introducing legislation to repeal the provisions of Bill C-4 and restore the provisions of Bill C-525.

**SUBMITTED BY THE GREATER SUDBURY CHAMBER OF COMMERCE**

Co-sponsored by the North Bay and District Chamber of Commerce, Sault Ste. Marie Chamber of Commerce, and Timmins Chamber of Commerce

**THE HUMAN RESOURCES POLICY COMMITTEE SUPPORTS THIS RESOLUTION.**

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92 Ibid.
32. Improving the Canada Summer Jobs Grant

Issue

The Canada Summer Jobs Grant has been put in place to provide funding to further assist employers to create summer job opportunities for students. It is intended to focus on local priorities, while helping both students and communities. Canada Summer Jobs supports local organizations, including those that provide important community services. The program recognizes that local circumstances, and community priorities wildly vary. It is designed to create summer jobs for young people aged 15-30 who are full time students intending to return to their studies in the following school year.

While the program is well utilized, many employers are facing issues with late notice of approval, decreased participation due to funding for inadequate number of weeks, and vacant positions because of the age of eligibility for the program.

Background

The Government of Canada announced on February 12, 2016 that it would double the number of summer jobs from over 34,000 in 2015 to nearly 70,000 in 2016, 2017, and 2018. The new funding was to be allocated to Canada’s 338 constituencies based on the most recent Labor Force Survey and Census. Communities with higher rates of unemployed students were meant to receive a greater allocation than constituencies with lower levels of unemployed students. The yearly budget for Canada Summer Jobs increased by up to $113 million for three years, beginning in 2016-17.

The program allows applicants to apply for students from 6 to 16 weeks, however since 2016, employers are only being approved for 9 week placements. This is making it difficult for employers to find students, specifically those enrolled in post-secondary programs, to fill the spaces, and for students to consider taking positions that would give them field related experience because they would have to find further employment after the placement is over. In some cases, employers approved for funding for 9 weeks requested the placement be increased to 16 weeks and were told that this is not possible.

The Canada Summer Jobs program is a valuable program and well worth the effort for businesses and organizations to participate in. The application process is relatively straightforward, however the amount of time it takes for a response also creates challenges in hiring students. Prior to 2016, the application deadline was March 11th, 2016 and applicants were informed of the outcome in April. By this time, many eligible students had already secured summer employment, leaving businesses scrambling for staff for their summer programs or hiring and training students during their peak busy season. In 2016, the application deadline was moved to January 20, 2017, presumably to resolve this issue but the deadline was then extended to February 3, 2017 and businesses were once again left waiting as late as May 2017.

Employers approved for funding must agree to hire youth who are:

- Between 15 and 30 years of age at the start of employment,
- Registered as full-time students in the previous academic year and intending to return to school on a full-time basis in the next academic year,
- Canadian citizens, permanent residents, or have official refugee protection status under the Immigration and Refugee Protection Act,
- Legally entitled to work in Canada in accordance with relevant provincial or territorial legislation and regulations.

Applications are assessed and participating Members of Parliament ensure that local priorities are reflected, using a variety of criteria. Many employers have no trouble finding students who fit the criteria for eligibility but in some
areas, there are many students that fit all but the age requirement and there are no students that do, leaving students without jobs and employers without staff. There are currently no programs for employers to employ mature students looking for work experience.

**Recommendations**

That the federal government:

1. Approve funding for up to 16 weeks
2. Make the current application submission in December and inform businesses in February of the result of their application
3. Allow businesses to apply for funding for students over the age of 30 who fit the remaining criteria for eligibility

**SUBMITTED BY THE QUESNEL AND DISTRICT CHAMBER OF COMMERCE**

Co-sponsored by the Mission Chamber of Commerce

**THE HUMAN RESOURCES POLICY COMMITTEE SUPPORTS THIS RESOLUTION.**

**References**


**33. Attracting and Retaining International Students Through Canadian Work Experience**

**Issue**

Jurisdictions across Canada are searching for ways to attract and retain more international students. A significant impediment to these efforts are policies that make it more difficult for these students to obtain work experience while attending Canadian post-secondary institutions or immediately after graduation. These restrictions have both (a) legal ramifications: example: permanent residency / citizenship requirements; and (b) practical implications: example: connecting with the student’s host community, making post-graduation career contacts, and gaining work experience - which employers are increasingly demanding from graduates.

**Background**

Canada needs to grow its population, lower its average age, and increase the number of skilled workers to fill key positions that enable business growth. Indeed, the latter has been a Canadian chamber priority for several years and
is an issue in every province and territory. Per the chamber’s 2015 Top 10 Barriers to Competitiveness: “Currently Canada is not producing enough graduates with the skills needed for its economy. Canada has shortages and high demand forecast in a wide range of occupations, from heavy equipment operators to information technology professionals, and its immigration policies are hindering employers’ abilities to meet those needs in the short term.”

Immigration has long been identified as a key component to present and future growth. This was borne out in the latest census data: Canada added approximately 1.7 million people between 2011 and 2016, with two-thirds of this increase attributable to immigration.

The timing of a renewed Canadian effort to become a destination of choice for international students may never be better. With nationalist sentiments emerging and anti-globalist governments assuming control in some of Canada’s top competitors for international students, we are in a position to capitalize on the increasingly attractive quality of Canadian post-secondary education. Post-secondary institutions have recognized this opportunity and are redoubling their efforts to attract more international students to their schools. The Advisory Panel on Canada’s International Education Strategy states “International students in Canada provide immediate and significant economic benefits to Canadians in every region of the country.” The panel advocates for a doubling of the number of international students studying in Canada over the span of a decade, from just under 240,000 in 2011 to over 450,000 in 2022.

Bill C-6, An Act to amend the Citizenship Act and to make consequential amendments to another Act, which passed the Senate (with amendments) on 3 May 2017, will partially address some of the pertinent issues for international students, for example:

- International students will be able to count each day spent during their studies as a half day towards their permanent residency or citizenship requirements (up to a maximum of one year)
- Permanent residents will only have to be in Canada for 3 of the preceding 5 years to qualify for citizenship (down from 4 of 6).

Bill C-6 is a start, however, international students will still face significant barriers to working while attending a post-secondary institution and getting on a clear path to permanent residency. Some of the employment-based barriers faced by international students in Canada include:

- Ineligible for the Canada Summer Jobs program
- Co-op terms and internships require a separate work permit for international students
- After graduation, international students have only 90 days to find employment before requiring a cumbersome bridge extension study limit outside of Atlantic Canada
- Bill C-6 will count the time spent as an international student count towards citizenship eligibility at a rate of one half day for each full day of studies (previously this was zero)

International students are particularly desirable immigrants because of their age, skills and their economic impact (as students). Global Affairs Canada estimates that international students spent $11.4 billion on tuition, accommodation and discretionary spending in 2014, creating almost 125,000 jobs across the country. At this time they represented

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[96] [https://openparliament.ca/bills/42-1/C-6/?tab=mentions](https://openparliament.ca/bills/42-1/C-6/?tab=mentions)

about 9% of the college student population and 8.8% of the undergraduate student population in Canada - leaving room for significant growth98.

That international students are allowed to work at all in the country is a relatively new development. Following a pilot program offering a work permit to international students at select institutions in Alberta, the Government of Canada formalized this work permit option in 2006. As a result, international students were allowed to work up to 20 hours per week while in-study and full-time during study breaks, such as winter or summer holidays99100. However, these rules only apply to full-time students; part-time international students are still ineligible to work in Canada.

The implications for business and the economy are clear. The country needs the next generation of consumers to sustain growth and the next generation of taxpayers to support our aging population. Businesses need skilled workers to innovate and grow. The 2015 Top 10 Barriers document reports that the persistent skills gap costs $24 billion per year in Ontario alone. Increasing the number of international students at Canadian institutions represents an opportunity to address all of these concerns, but the employment restrictions detailed above are a barrier to fully realizing Canada’s potential as a destination of choice.

Recommendations

That the federal government:

1. Allow international students to qualify for the Canada Summer Jobs program.
2. Modify student permits to allow international students to participate in co-op terms and internships without obtaining a separate work permit.
3. Extend post-graduate job-search period from 90 days to 6 months, thereby eliminating the need for a ‘bridge’ extension study permit.
4. Count all time spent in Canada as an international student towards citizenship eligibility (i.e. increase from half time to full time).
5. Change the length of time for which a post-graduation work permit can be valid to five years (from the current three years), regardless of the program of study, so long as it was at a recognized Canadian academic institution.
6. Expedite the process for international students to receive visas as well as the processing times for their permanent residency applications so long as they graduated from a recognized Canadian institution and are currently employed within Canada.

SUBMITTED BY THE FREDERICTON CHAMBER OF COMMERCE

Co-sponsored by the Spruce Grove Chamber of Commerce and the Greater Charlottetown Area Chamber of Commerce


This is a 2014 resolution falling off the books.

THE HUMAN RESOURCES POLICY COMMITTEE SUPPORTS THIS RESOLUTION IN PRINCIPLE, BUT DOES NOT AGREE WITH RECOMMENDATIONS 1 AND 5.

34. Creating a National Employer-Driven Immigration System

Issue
Several areas of Canada outside the major urban centres are facing a demographic challenge that is resulting in a critical labour skills shortage. The federal government can address this issue by creating a permanent, national expedited immigration system modelled after the Atlantic Immigration Pilot that meets the needs of business.

Background
Statistics Canada 2016 Census data show that many non-major urban areas of the country are struggling to grow their population. The four Atlantic Provinces, Quebec and British Columbia all have more than 18 per cent of their population over the age of 65. Based on a medium-growth scenario, StatsCan forecasts the percentage of citizens older than 65 will grow to close to 25 per cent by 2036. A stagnant and aging population poses a significant challenge to economic growth – fewer new businesses are created and existing businesses have a more difficult time recruiting labour talent.

With several provinces facing a declining birth rate and an aging population, these jurisdictions are increasingly looking abroad to bolster their population and meet labour force needs.

The federal government, with support from the provinces and territories, has responded in recent years by attempting to create an expedited demand-driven entry system for newcomers. This has included development of an Express Entry program in 2015 under which skilled workers seek permanent residency.

The federal government launched a new program in March 2017 called the Atlantic Immigration Pilot. This program will allow an additional 2,000 immigrants to settle in the four Atlantic Provinces in 2017. All applicants arriving under the Pilot must have a job offer from a designated employer and an individualized settlement plan (created by the employer and an accredited settlement agency) for them and their family. Employers who extend a job offer to immigrants under this program do not require a LMIA. The Pilot has a three-year term.

The Pilot program has achieved some early and substantial success. By the end of June – three months after the Atlantic Immigration Pilot was launched – 454 employers in the four Atlantic Provinces had been designated under the program with 2,830 positions identified to be filled. Atlantic Canada is not alone in requiring such an expedited immigration system to meet population and labour skill needs.

Recommendations
That the federal government address the demographic and labour skills needs of Canadian business by:

1. Building upon the early success of the Atlantic Immigration Pilot by extending the pilot on a national basis in 2018;
2. Applying lessons learned from these pilot programs nationally to help develop permanent flexible and streamlined employer-driven programs that meet immigration and labour skills needs on a regional basis;
3. Including provisions in the program to further partner with business when establishing settlement plans, and to expedite financial support for integration services and other retention programs to match demand to ensure the long-term success of immigration efforts in all regions.

SUBMITTED BY THE MONCTON CHAMBER OF COMMERCE
Co-sponsored by the Atlantic Provinces Chamber of Commerce

THE IMMIGRATION POLICY COMMITTEE SUPPORTS THIS RESOLUTION.

35. Invest in Labour Market Information to Close the Skills Gap

Issue
The skills gap and mismatches in Canada are challenging employers, educators and governments to respond. As they navigate skills shortages, changes in skills requirements and the future of the labour force, each are coming up against shortfalls in the utility and accessibility of labour market information (LMI). Employers continue to report significant skills shortages, and hard evidence is needed to critically analyze the basis of these shortages, determine areas of concern, and develop related strategies. Unfortunately, Canadian employers and policymakers currently lack sufficiently granular and reliable LMI in several areas, especially at the local level. Despite steps taken, there is remains more work to be done.

Background
The inadequacy of LMI is a critical gap for policy makers who depend on this information to help inform their decision-making on programs such as the Temporary Foreign Worker Program or Employment Insurance. Besides policymakers, accurate and accessible labour market data is also a vital tool for employers, job seekers and educational institutions for planning their education, future careers and geographic region to work in. Employers are interested in LMI for a number of different reasons: to understand the availability of workers in their community, to find the people that match the skills they need and for their human resources planning.

Stakeholders continue to cite the lack of good LMI as a challenge, such as the feedback from the 2016 pre-budget consultations\textsuperscript{103}, where stakeholders called for better LMI, the need for sustainable funding and better data on learning outcomes. The Advisory Panel on Labour Market Information led by economist Don Drummond in 2009\textsuperscript{104}, the 2012 report on labour and skills shortages by the House of Commons Human Resources Committee, Colleges and

\textsuperscript{103} http://www.parl.gc.ca/content/hoc/Committee/421/FINA/Reports/RP8137950/finar02/finar02-e.pdf


2017 Proposed Resolutions | 60
institutes Canada, Polytechnics Canada, and Universities Canada, and others have recommended the introduction of better and more user-friendly LMI. The current government has made clear commitments to evidence-based policy, and fulfilling that promise requires better data.

The lack of localized context and sector-specific information makes it extremely difficult for employers such as SMEs to get an accurate picture of the trends across their respective sectors. According to the 2014 auditor general’s report, Canada requires more specific job classification categories so as to identify vacancies for individual occupations.

Other federal resources related to LMI are in need of greater detail and timeliness. Currently, the National Occupation Classification (NOC) is only fully reviewed every 10 years, with limited updates every five years. As a result, it is often outdated and unable to provide consistently reliable data. This could be further enhanced by examining the benefits of a competency-based occupational measurement system, or skills-based systems, such as that detailed in the Canada West Foundation report of 2017, similar to those systems such as the European Qualifications Framework.

Measurements that monitor the employment outcomes of different programs could be expanded, and make use of existing datasets such as tax filing, student loans, and post-secondary institution records, as well as non-governmental sources of data such as Magnet, Linkedin, or Burning Glass. Examples of projects in this area include the EPRI project at the University of Ottawa, and the US-based “College Scorecard”, showing the potential insight offered through a larger dataset. These programs could be further refined by examining the diversity of learning pathways that students are taking and accounting for all qualifications they receive (degrees, certificates, post-graduate diplomas, and others) and the order they receive them in.

The government has announced initiatives around using the Forum of Labour Market Ministers (FLMM) to improve LMI data, and budget 2017 also contained reference to the suggestion from the Advisory Council on Economic Growth’s plan for the “Future Skills Lab”, investing $225 million over four years on initiatives around skills development. However, the outcome of these announcements has yet to be seen. Considering the importance of this issue, and the need for a rapid response to the changing demands of the labour market, these initiatives should be supported and continue, but with close supervision to ensure that they are making progress and having an impact on the creation and dissemination of LMI.

Recommendations

That the federal government:

1. Continue to expedite the planned creation of a new organization focused on collecting and analyzing Labour Market Information (LMI) so that it is operational no later than December 2018.
   a. The business community should continue to be consulted throughout its development, as well as involved in overseeing the operations of this organization and providing ongoing direction.

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105 https://www.collegesinstitutes.ca/policy/focus/advanced-skills/
108 https://www.liberal.ca/realchange/making-decisions/
111 https://collegescorecard.ed.gov/
2. Through this new organization, and other existing organizations, expand national understanding of the supply side of the labour market and educational attainment relative to employment demand by leveraging the data that already exists within post-secondary institutions. This would be achieved by:
   a. Reviewing and sustaining the National Graduate Survey and the Five-Year Follow-up of Graduates on a longer-term basis, and extending data on work-integrated learning, and better tracking alternative pathways to education.
   b. Expanding Projects such as the Educational Policy Research Institute’s methods of linking student records to tax data.
   c. Working with provincial and territorial governments to request additional student survey and employment data from publicly funded post-secondary institutions.
   d. Investing in timely, careful analysis of this education data, with a particular focus on learning outcomes, pathways, and quantity of students/graduates in high demand occupations.

3. Invest in applying and expanding tools that are currently available to the government, namely:
   a. The Job Vacancy Survey which could be improved to reflect vacancies by occupation at the local level, and/or supplemented by means of job bank data, with an aspirational goal of reaching “real time” job vacancy data.
   b. The Workplace and Employee Survey, which could be reintroduced and upgraded.
   c. The Youth in Transition Survey, which could also be renewed and run on a regular predictable schedule.

4. Improve the relevance of the National Occupation Classification (NOC) by reviewing it comprehensively every five years rather than every 10 years.
   a. Further, examine the potential impact of competency-based and skill-based occupational measurement systems, to better examine the skills available in Canada’s labour force and the requirements of various jobs, separate from formal qualifications.

5. Improve the dissemination and marketing of all available data, including those available from provincial, territorial and local sources, and integrate existing data from employers, educators and jobs banks.
   a. Ensure that the data be made accessible/available/public to Canadians, especially Canadian employers, but also to learners, parents, career development practitioners (CDPs) in public schools, post-secondary institutions and career and employment centres. Local Chambers of Commerce can have a potential role in explaining the benefits of these resources and helping businesses navigate through them.

6. Establish formalized partnerships between provinces, business, industry, academic institutions and the public sector to share labour market data, avoid duplication and to collaboratively strategize on labour market challenges. The Forum of Labour Market Ministers should have a role in facilitating this coordination.

7. Require either ESDC and/or Statistics Canada to begin collecting and publishing more localized and regionally based labour market information. Specifically, ensure labour market indicators are collected at the census metropolitan area (CMA) level.

SUBMITTED BY THE THUNDER BAY CHAMBER OF COMMERCE

Co-sponsored by the Greater Niagara Chamber of Commerce, Greater Sudbury Chamber of Commerce, North Bay and District Chamber of Commerce, Sault Ste. Marie Chamber of Commerce, and Timmins Chamber of Commerce.

This is an update of a 2014 resolution falling off the books.

THE HUMAN RESOURCES POLICY COMMITTEE SUPPORTS THIS RESOLUTION.

36. Improving the Temporary Foreign Worker Program

Issue
Canada’s future economic growth will be determined by our ability to access and retain workers with the necessary skills to strengthen our workforce. It will also be determined by establishing sound economic policy in conjunction with fuelling prosperity for all Canadian citizens. The Temporary Foreign Worker Program supports Canada’s economic and labour market interests.

The Chamber network has watched, with growing concern, moves by the federal government to restrict businesses’ ability to utilize the TFWP. Restrictions introduced under the previous government have been partially rolled back, such as the 4 in 4 out rule, but other issues such as the lengthy LMIA process have been kept or expanded.

Background
Modernizing LMIA applications
In order to hire a Temporary Foreign Worker, the employer must first request a Labour Market Impact Assessment (LMIA), through Service Canada. The LMIA process is the government’s way of ensuring that hiring a foreign worker is not taking away employment opportunities for Canadians and permanent residents.

This process remains based on paper application forms, submitted through mail or fax, despite the movement towards electronic processing in many parts of government. Furthermore, feedback on the status of an application and the reasons for the rejection of unsuccessful applications are rarely available. This could be resolved through the adoption of an electronic portal where applications could be submitted, and tracked through their processing. This would also facilitate compliance with maximum processing times for all applications.

When reviewing LMIA applications, it is necessary for the administrative decision-makers to utilize some level of discretion. Subject to numerous rulings under Canadian administrative body of law, discretionary decisions must be exercised via a standard of reasonableness and subject to procedural fairness. Discretionary decisions made by the administration should be relevant, reasonable, and consistent, with the process being free of any abuse.

Unfortunately, this has not been the case with past Labour Market Opinion (recently renamed LMIA) applications.

It is imperative that the administrative decision-makers of the TFWP be subject to the standards outlined under Canadian administrative law, and that decisions made be subject to review and appeal when necessary. Decisions subject to review are made with an increased level of consideration.

Implementing the September 2016 TFW Review Recommendations
In 2016, the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities completed their review on the status of the Temporary Foreign Worker program. This report contained a number of recommendations that would benefit business.

Among these reforms, the committee recommended a review of the LMIA process to increase speed and efficiency. The committee further recommended the implementation of a “Trusted Employer Program” which would grant an exemption to the LMIA requirement, if an employer has shown to be a trusted user of the program in the past.

Further, the committee recommended that employers and employees be allowed to change the responsibilities and scope of employment, if both parties consent and those do not negatively impact the employee. This change would permit increased flexibility, and job advancement for workers which would benefit both employees and employers alike. The committee recommended that high-wage employees should be exempt from the transition plan requirements of the TFW program, which would lighten the regulatory burden.

Lastly, the committee recommended that IRCC and the federal government review pathways from the TFW program towards permanent residency. Temporary foreign workers are a valuable source of potential future Canadians, and facilitating their transition towards permanent residency and citizenship is a key step to growing Canada’s economy and the nation as a whole.

**Retain flexibility for LMIA exemptions**

In the near future, Canada will likely face a nation-wide demand for senior expertise due to increasing global competition for talent, retirement, as well as the need for foreign expertise in emerging Canadian industries. In order to ensure that TFW admissions meet the needs of local labour markets, the government should improve cooperation with provincial governments to ensure they are able to name segments of the labour market that are in demand, and which fit the economic development of their regions.

Training local talent to replace retired workers will take years and in the meantime, rapidly growing industries desperately need to fill the empty gap between newly trained labour and locally available senior talent. Therefore, annex agreements should be renegotiated to include only a limited list of industries and occupations where qualified Canadians are not available, in order to address immediate labour needs on a temporary basis, as well as employing the Global Skills Strategy categories for occupations facing a shortage in Canada, based on reliable labour market information for each region.

**Recommendations**

That the federal government:

1. Ensure that any further changes to the TFWP reflect the needs of the economy on both a regional and a sectoral basis.

2. Modernize LMIA applications and feedback by:
   a. Increasing the use of online applications with streamlined forms.
   b. Instituting an appeal process for denied LMIA applications.
   c. Giving clearly detailed explanations to applicants when LMIA applications are denied.
   d. Removing restrictions for full-time employment on the LMIA application.
   e. Setting a maximum processing time for all LMIA applications.

3. Implement Recommendations from the September 2016 HUMA TFW Report by:
   a. Reviewing the LMIA process to increase speed and efficiency.
b. Implementing a “Trusted Employer Program” to reduce processing times for applications.

c. Permitting contract modifications for TFWs if both parties consent, to alter agreed-upon wages or change duties.

d. Exempting high-wage TFWs from the Transition Plan requirement.

e. Reviewing pathways to permanent residency for any TFW fulfilling a permanent labour market need.

4. Expand the use of Global Skills Strategy categories for occupation-specific work permits for TFWs that are excluded from the requirement to apply for an LMIA.

5. Include industry representatives in TFW Working Groups prescribed in the Annex Agreements.

SUBMITTED BY THE IMMIGRATION POLICY COMMITTEE

37. Increase Apprenticeship Completions in the Skilled Trades

Issue

Canada requires a talented community of skilled trades workers to drive our economic growth. As older skilled workers retire in increasing numbers over the coming years it is essential that younger skilled workers are trained and ready to replace them.

Background

Canada needs to increase the number of certified skilled trades workers if it is to avoid shortages in the skilled trades. Older skilled workers, including journeypersons who train apprentices, will start to retire in rising numbers over the coming years as the boomer generation ages and exits the labour market. For the apprenticeship system to replenish itself, more apprentices must become certified and move into journeyperson roles, to begin training the next generation of apprentices.

While the percentage of registered apprentices increased in nearly all age groups between 2008 and 2013, completion rates in apprenticeship programs were only 57.5% between 2011 and 2013 according to Stats Canada’s National Apprenticeship Survey interviews conducted over this time period.

The low completion rates are the result of at least two broad realities. “To some extent, this reflects people deciding the path isn’t a good fit, something we also see with university and college students,” notes Sarah Watts-Rynard, Executive Director, Canadian Apprenticeship Forum. “Apprentices, however, also face the unique requirement to find and maintain employment. When contracts come to an end or the economy turns, apprentice training can quickly be derailed.” It is worth noting that in Canada, as many as 77% of apprentices are employed by small firms who may lose their apprentice-employees to other larger firms, once apprentices achieve their certification.

The issue of incomplete apprenticeships warrants attention for a few reasons. For sectors facing potential skilled shortages over the coming decade, the necessity for a higher completion rate and an increased pool of qualified workers is evident. In Alberta, Saskatchewan, and Newfoundland and Labrador, increases in job vacancy rates since 2009 have reflected high labour demand in certain occupations in the skilled trades.

For the individual workers, completion matters to their income and economic outcomes. Statistics Canada researchers found that apprentices who complete their training and obtain certification earn wages that were 25% higher than those who had not completed their apprenticeship programs. These vacancies could expand as rising numbers of
older workers retire in the next several years. Skilled labour shortages are a risk to the greenlighting of major projects and to overall economic activity across sectors.\textsuperscript{22}

Over the past several years, the federal government has introduced a number of tax and financial measures to support apprentices directly. It also provides a tax credit to employers who hire apprentices in the first two years of an apprenticeship program.

To improve completions, the focus must extend to the later years of apprenticeship training. Among the policy options available to the federal government is the extension of the existing Apprenticeship Job Creation Tax Credit to the later years of apprenticeship training and increasing its value for these years. In the report Economic Opportunities for Young Apprentices, the House of Commons Standing Committee on Human Resources recommended the government explore whether to provide a grant to employers when apprentices complete their apprenticeship program.\textsuperscript{23}

Whatever the financial incentive, the government will realize higher income tax revenues as increased numbers of certified skilled workers achieve higher taxable incomes and tax revenues offset the introduction of incentives for employers. Another simplified tax option for small business employers would be a payroll break. Any incentive for SMEs to seek innovative solutions for their businesses, including the retention of apprenticeships, would be important given their integral role in training skilled trades workers.

**Recommendation**

That the federal government create a financial incentive for those employers who retain apprentices in their third or fourth year of training, to support the policy goal of increasing the number of certified trades workers. This incentive should be in addition to (and not in lieu of) the existing tax credit for employers for their level 1 and 2 apprentices.

**SUBMITTED BY THE ST. JOHN’S BOARD OF TRADE**

**THE HUMAN RESOURCES POLICY COMMITTEE SUPPORTS THIS RESOLUTION.**

**38. Supporting the Labour Needs of Today and Tomorrow – Provincial Nominee Programs**

**Issue**

While immigration is a federal matter, provinces and territories have received a growing role in the selection of immigrants over the past two decades by way of bilateral agreements with the federal government. These bilateral agreements create Provincial Nominee Programs (PNPs) under which each provincial government has an annual nomination limit for the selection of foreign applicants best suited for that specific province/territory. Such applicants, if nominated, are provided expedited processing of their work permit and permanent residency applications. In some provinces, such as B.C., the PNP allotments are continually over-subscribed, while in others it is under used. Further, the majority of settlement tends to be in large urban cores, which can lead to the stagnation/decline of rural areas and ongoing difficulty attracting workers to smaller centres.

**Background**

Two key factors will determine long-term growth in provincial economies: productivity performance, and the extent to which the labour force expands over time. The hurdles to achieving long-term growth include an ageing
population, a low natural birth rate, and intense global competition for talent. For example, a 2016 report found that B.C. will need an extra 20,000 to 32,000 skilled workers annually between 2017 and 2025 to fill projected job vacancies. As the natural birth rate declines, increasingly employers must look to foreign sources to expand the talent pool.

Immigration, Refugees and Citizenship Canada (IRCC) handles large volumes of permanent and temporary resident applications across its extensive global processing network. The process of managing immigration files includes protecting the health, safety and security of Canadians. In collaboration with partners in the Public Safety portfolio as well as the Department of Justice and Health Canada, IRCC works to identify applicants who could pose security or health risks to Canadians.

Every foreign worker must obtain a work permit to legally work in Canada. The process by which a work permit is issued involves a complex employment confirmation scheme involving Employment and Social Development Canada (ESDC) and IRCC. As a general rule, an IRCC visa and immigration officer is not authorized to issue a work permit to a foreign worker unless, in the opinion of the officer, there are insufficient Canadians or permanent residents who can fill the potential position.

Involvement of ESDC is a convenient way for visa and immigration officers to determine whether the employment of the foreign worker is justified given current labour market conditions. With a confirmation of a valid job offer and a favourable opinion known as the "labour market impact assessment" (LMIA) from ESDC – provided security and medical qualifications have been met - the visa and immigration officer will then issue a work permit to the foreign worker. The process generally requires consultation with the employer and ESDC, national advertising and/or recruitment efforts, substantial documentary support and possible involvement of other government agencies.

IRCC manages the permanent entry of foreign workers under the category of Economic Class, including programs such as Federal Skilled Workers, Live-in Caregiver, and Provincial Nominee (PNP).

According to IRCC, the PNP has four main objectives:

1. increase the economic benefits of immigration to provinces/territories based on their economic priorities and labour market conditions,
2. distribute the benefits of immigration across all provinces/territories,
3. enhance Federal-Provincial-Territorial collaboration, and
4. encourage the development of official language minority communities.

Provincial/territorial governments are responsible for: designing their PNP program and establishing the program requirements, recruiting and nominating the immigrants who will apply to their PNP, and monitoring, evaluating and reporting on their PNP.

The nomination allocation often does not meet with program demand and provincial labour market needs. For example, B.C.’s nomination allocation has been increased upon request, being set at 3,800 for 2013, 4,150 for 2014, 5,800 for 2015 and 6,000 for 2016. The provincial government requested an allocation of 9,000 nominations from the federal government for 2017, and has been approved for 6,000.

Further, projects of strategic importance to Canada have the potential to create a large surge in applications to the program, as experienced skilled overseas workers apply to immigration programs like the PNP to both train and work alongside Canadian workers for the construction and operations of the projects.

This inability to expand the labour pool to sustain and grow economies creates a risk of long-term stagnation/decline for some communities. Three solutions help to align opportunities with applicants and to mitigating regional disparities.

1. Presently, not all provinces/territories and territories are able to fully utilize their allocation. As has been done in the past, when it appears a full allocation may not be used, it makes practical sense that the forecasted unused allocation be transferred to another province/territory that is over-subscribed. This enables the provinces/territories and Canada to be responsive to global as well as regional conditions.
5. Provinces/territories already have innovative programs such as the provincial Health Match BC, which – through BC PNP – provides physicians and allied health care professionals with a direct and expedient route to obtain permanent residency status in Canada. There could be similar matching programs, such as for skilled technology workers, that could build on the momentum in key in-demand sectors and that can be distributed throughout the provinces/territories and Canada.

6. PNP applicants tend to cluster around high profile urban areas. For example, the vast majority of new immigrants in B.C. choose to live in the already capacity-stretched lower mainland. For example, since 2010, the Lower Mainland has received between 28,650 and 36,040 immigrants each year, while the rest of B.C. received between 2,906 and 2,283. Secondary migration is not specifically recorded, so it is unknown how mobile this population is over time. With such data, programs could be expanded/enhanced to attract applicants and/or landed immigrants to smaller centres in the province.

Recommendations

That the federal government work with provincial governments to:

1. Ensure PNPs’ annual nomination limit is aligned with labour requirements,
2. Allow unused allocations to be transferred between provinces/territories,
3. Develop streams for other sectors, such as technology, engineering, and skilled trades, and
4. Collect data on secondary migration patterns to support the attraction and mobility of immigrants to smaller centres throughout provinces/territories.

SUBMITTED BY THE GREATER VICTORIA CHAMBER OF COMMERCE

Co-sponsored by the Prince George Chamber of Commerce and Richmond Chamber of Commerce

THE HUMAN RESOURCES POLICY COMMITTEE SUPPORTS THIS RESOLUTION.
THE IMMIGRATION POLICY COMMITTEE SUPPORTS THIS RESOLUTION.
INTERNATIONAL AFFAIRS

39. 24-Hour Commercial Border Crossing Access

Issue
Transportation and logistics plays a critical role in our economy, as it supports a variety of industries across the country. It is in the best interest of Canada to expand trade linkages with the United States through transportation crossings and corridors that link Canada to the United States to facilitate a growing trading market. A renewed effort is needed to eliminate the obstacles that continue to prevent the expansion of commercial port facilities.

Background
Canada and the U.S. enjoy one of the most prosperous relationships in the world, with a staggering volume of bilateral trade totaling $886 billion (CDN) in 2015\(^\text{116}\) as well as close to 400,000\(^\text{117}\) people crossing our shared border each day.

Total trade to the United States by province was as follows for 2016\(^\text{118}\):

<table>
<thead>
<tr>
<th>Province</th>
<th>Total Exports to US</th>
<th>Total Imports from the US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ontario</td>
<td>$206,516</td>
<td>$189,243</td>
</tr>
<tr>
<td>Alberta</td>
<td>$68,041</td>
<td>$16,386</td>
</tr>
<tr>
<td>Quebec</td>
<td>$57,067</td>
<td>$23,770</td>
</tr>
<tr>
<td>British Columbia</td>
<td>$21,253</td>
<td>$19,651</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>$12,871</td>
<td>$7,562</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>$9,732</td>
<td>$4,097</td>
</tr>
<tr>
<td>Manitoba</td>
<td>$9,189</td>
<td>$15,269</td>
</tr>
<tr>
<td>Newfoundland &amp; Labrador</td>
<td>$4,972</td>
<td>$1,286</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>$3,649</td>
<td>$1,032</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>$926</td>
<td>$30,087</td>
</tr>
</tbody>
</table>

*Value in millions of Canadian Dollars*

Even with this important trading relationship and the importance of border services and customs via all modes of transport, a current disparity in the relationship between trade, population, gross domestic product and the number of border crossing in each province currently exists across our country. Ontario, Canada’s largest provincial exporter to the U.S. has 13 24-hour border crossings, while Alberta, the second largest, only has one.

\(^\text{118}\) Statistics Canada & US Census Bureau - Trade Data Online: [https://www.ic.gc.ca/](https://www.ic.gc.ca/)
<table>
<thead>
<tr>
<th></th>
<th>24-Hour Crossings</th>
<th>Total Crossings</th>
<th>Population (2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>British Columbia</td>
<td>8</td>
<td>19</td>
<td>4,751,600</td>
</tr>
<tr>
<td>Alberta</td>
<td>1</td>
<td>6</td>
<td>4,252,900</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>2</td>
<td>12</td>
<td>1,150,600</td>
</tr>
<tr>
<td>Manitoba</td>
<td>3</td>
<td>16</td>
<td>1,318,100</td>
</tr>
<tr>
<td>Ontario</td>
<td>13</td>
<td>14</td>
<td>13,983,000</td>
</tr>
<tr>
<td>Quebec</td>
<td>21</td>
<td>30</td>
<td>8,326,100</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>12</td>
<td>18</td>
<td>756,800</td>
</tr>
</tbody>
</table>

In addition to limited hours, another barrier to our border crossings is a lack of an Electronic Data Interchange (EDI) at key ports of entry, which facilitates the electronic transmission and interchange of cargo, release and accounting data issued by customs brokers.

It is critical that we encourage the government to remove any barriers or encumbrances on imports and exports of our key sectors between Canada and the U.S. and work to improve international trade by removing pressure and congestion on our 24-hour commercial ports and corridors. Additionally, we must ensure that we can expedite legitimate and vital cross-border trade and travel through the implementation of efficient and effective security and technology measures.

Transportation access is fuel for economic development. Regions with flexible, efficient transportation networks can access product markets, suppliers, vendors, workers and customers more efficiently and more cost effectively than those that do not. Investment leads to trade, as companies’ activities increasingly become part of the global value chain, necessitating not only clear and open investment rules, but also ensuring that goods and services produced in our region can be transported easily to market. To be part of this chain, Canada and the United States must not only be open to these cross-border opportunities, but also must ensure that the goods and services produced have easy access to markets in both countries and internationally.

It is in the best interest of Canada to expand trade linkages with the United States through transportation crossings and corridors that link Canada to the United States to facilitate a growing trading market. A renewed effort is needed to eliminate the obstacles that continue to prevent the expansion of 24-hour commercial port facilities and promote this as access to our north-south trade corridors.

**Recommendations**

That the federal government:

1. Accelerate dialogue with U.S. counterparts to provide support for border initiatives and ensure that the hours and services of our border crossings consistently match the U.S. in both traveler and commercial services.

2. Ensure that provinces with high volumes of bilateral trade and corridor traffic have access to sufficient commercial border services and that all provinces have more than a single 24-hour full service commercial port of entry.

3. Ensure border crossings are equipped with efficient and effective security and technology measures, such as full Electronic Data Interchange (EDI) equivalency.
40. Canada’s Trade Policy Harmful to Canadian Business

Issue

Since 2009, the long-standing Canadian trade balance shifted to deficit as imports value increased more than exports. The United States is by far Canada’s largest trading partner, accounting for about 75% of exports and 66% of imports as of 2015 (Trading Canada). Canada is also experiencing high levels of trade deficits with China and Mexico. In order to restore trade balance, Canada needs a new proactive international trade policy that works for businesses.

Background

Canada has experienced a 15-year slump in exports, among the worst track records within developed economies (Financial Post December 5, 2016). According to Statistics Canada, Canada’s trade record on current accounts basis is negative $30 Billion. The year 2016 was among the worst performing years for the country’s trade balance.

Canada is one of the most trade-dependent nations in the world. Even so, trade as the percentage of GDP has fallen from a record 84% in 2000 to about 66% in 2016. The country’s export growth rate is averaging just below 1% in volume terms since 2000, the worst in the Group of 20 and second-worst among developed economies. During the same period, Canadian exports as a share of GDP fell by 14 % to about 31%.

A particular source of the overall trade imbalance is the trade relationship with China and Mexico. While the bilateral trade flow was balanced until the mid-1990s, with a modest flow going in each direction, Canada developed a large and chronic trade deficit with China, quintupling between 1999 and 2008, reaching over $30 Billion. The deficit then paused during the financial crisis of 2008, but since 2013 the deficit has surged again. From 2012 to 2015 Canada’s exports to China grew only by less than $1 billion per year, but imports from China grew by $15 billion. Canada’s merchandise trade deficit with China reached $45 billion by 2015, and it continued to grow throughout 2016. (Jim Stanford, rabble.ca, September 2, 2016). For every dollar worth of exports to China, Canada imports about $3.25. Also worrying for Canada is the nature of our trade with China. While China’s trade with Canada is overwhelmingly in manufactured goods, Canadian manufactured goods and commodities only roughly constitute half of our exports to China.

Canada is also experiencing a significant trade deficit with Mexico. The 2015 merchandise trade deficit was measured at $24 billion. According to Statistics Canada, the overall trade deficit with Mexico over the past 5 years amounts to almost $55 billion.

According to available data, Canada is struggling to improve its international trade balance and its 15-year exporting slump. While the largest trade imbalances are with China and Mexico, Canada’s overall international trade performance, including the two-way trade with the U.S., is a threat to long-term economic stability. Canada’s trade with the U.S. was more than eight times our trade with the European Union, more than 12 times our trade with China, and more than 36 times our trade with Japan.

With the election of Donald Trump as U.S. president, Canada’s trade with the world’s largest market may be at risk. The business community has reasonable fears that electoral positions of the Trump administration will potentially
kick start a global chain reaction of protectionism, the reversal of advantageous aspects of our trade agreements and Canada’s ability to compete in foreign markets.

Our business community must be aided by more proactive trading strategy at both the federal level. Policy development must prioritize boosting the ability of our businesses to export, compete within global trade regulations and as a principle they must enjoy equal privileges afforded to imported goods. Canada must take active steps to address the growing bilateral imbalance with China, Mexico and other countries that have been sustained over a number of years and it must attach conditions favourable to Canada on both trade and Foreign Direct Investments.

The business community is looking for immediate actions that will take a closer look at our industrial strategy, our international trade standing and that would produce a detailed plan for addressing any deficiencies that have been identified as critical in improving our trade performance. Concurrently, the governments must also facilitate the current and future participation of Canadian goods within global supply chains. For example, within the NAFTA agreement, sectors including auto and resource based manufacturing rely on efficient transportation of goods within North America.

Canada can only prosper if we embrace and improve our international trade competitiveness and this must be an urgent priority for the Canadian government.

Recommendations

That the federal government:

1. Create a strong and proactive plan to improve Canada’s trade performance, by increasing the export capacity of our industries, including the manufacturing, automotive and tech sectors. This plan should be adjusted periodically if Canada’s trade performance is not meeting benchmarks.

2. Increase and expand the scope of incentives and export programs aimed at helping small to medium sized companies reduce the time, cost and risk of exporting.

3. In the model of the Trade Estimates Report by the U.S., conduct an annual inventory of the most important foreign barriers affecting Canadian exports of goods and services, foreign direct investment by residents, and protection of intellectual property rights. Such an inventory will improve awareness and transparency of these trade barriers and allow the business community to collaborate towards improving competitiveness.

4. Collaborate with the Provincial and Territorial Governments and business stakeholders to address the large trade imbalances with our key international trade partners, including China and Mexico, improve the attraction and movement of workers and expanding market access through new agreements that make sense (e.g. The 2017 Canada-European Union Comprehensive Economic and Trade Agreement).

SUBMITTED BY THE WINDSOR-ESSEX REGIONAL CHAMBER OF COMMERCE

Co-sponsored by the Greater Kitchener Waterloo Chamber of Commerce, London Chamber of Commerce, Hamilton Chamber of Commerce, Greater Kingston Chamber of Commerce, and Thunder Bay Chamber of Commerce

THE INTERNATIONAL AFFAIRS COMMITTEE DOES NOT SUPPORT THIS RESOLUTION. THEY DID, HOWEVER, PROVIDE FEEDBACK TO THE AUTHORS RECOMMENDING SUBSTANTIAL CHANGES. SOME, BUT NOT ALL OF THE COMMITTEE’S COMMENTS WERE TAKEN INTO ACCOUNT. THE COMMITTEE IS OF A VIEW THAT THIS POLICY RESOLUTION IS UNFOCUSED AND THE RECOMMENDATIONS ARE TOO HIGH-LEVEL. THEY ARE CONCERNED ABOUT THE TONE AND LANGUAGE, AS IT COULD UNDERMINE THE CCC’S CREDIBILITY WITH THE FEDERAL GOVERNMENT. THE COMMITTEE ALSO BELIEVES THAT THE RESOLUTION’S BACKGROUND DOES NOT PRESENT A
CONSTRUCTIVE APPROACH TO IMPROVING CANADA’S INTERNATIONAL TRADE COMPETITIVENESS. THEY DO, HOWEVER, SUPPORT RECOMMENDATION 3 AS A SUBSTANTIAL AND NEEDED POLICY ASK.

41. Securing North American Steel Production and Products Through a Unified Position on Section 232 of NAFTA

Issue

The United States review of Section 232 of the Trade Expansion Act of 1962 and the potential result of the investigation of the Steel Industry as a “core industry” and “critical element” to U.S. national security poses to have a crippling effect on the Canadian steel industry and the 22,000 direct jobs that it generates.

“Steel is critical to both our economy and our military. This is not an area where we can afford to become dependent on foreign countries.”

— President Trump

Background

On April 20, 2017, the Trump Administration announced the initiation of an investigation under Section 232 of the Trade Expansion Act of 1962 to assess the impact of steel imports on U.S. national security.

If the Trump administration acts without similar and coordinated action from Canada, at minimum the position of steel importation from non-market economies as a threat to our national economy, Canada stands to be the recipient of those steel imports, previously destined to the U.S. market. The resulting economic impact would be devastating to many communities throughout Canada.

The “Section 232” investigation reflects another step towards implementation of the Trump Administration’s assertive “America First” international trade agenda, and provides further indication of the president’s intent to use all available mechanisms to promote robust trade enforcement. The presidential memorandum announcing the investigation characterizes the U.S. steel industry as a sector in crisis, plagued by excess capacity that largely originates from “foreign government subsidies and other unfair practices.”

Under Section 232, Secretary of Commerce Wilbur Ross will have 270 days to determine whether steel is being “imported into the United States in such quantities or under such circumstances as to threaten to impair the national security.” Based on the Commerce Secretary’s findings, the President must issue a report to Congress and may take such actions as he deems necessary to “adjust” steel imports “so that such imports will not threaten to impair the national security.”

Regarding the Investigation Pursuant to Section 232 (B). What it will include is consideration of, “one, the domestic production needed for our projected national defense requirements; two, the domestic industry’s capacity to meet those requirements; third, the related human and material resources; fourth, the importation of goods in terms of their quantities and use; fifth, the close relation of national economic welfare to national security; sixth, the loss of skills and investment, substantial unemployment and decrease in government revenue; and finally, the impact of foreign competition on specific domestic industries and the impact of displacement of a domestic product by excess of import.”

Consistent with his objectives. “Steel imports, despite the activities that we’ve already had in countervailing duties and anti-dumping, have continued to rise, and they’ve continued to rise despite repeated Chinese claims that they were going to reduce their steel capacity when instead they have actually been increasing it consistently.”
Steel, the memorandum indicates, is a “core industry” and a “critical element” of the U.S. manufacturing and defense industrial base. However, according to the memorandum, existing trade enforcement tools, including antidumping and countervailing duty (“AD/CVD”) orders currently imposed on steel imports, have not been sufficient to mitigate the detrimental impacts of “unfairly traded imports” on U.S. steel producers.

Without executive action, the current circumstances may create a national security risk for the United States “by undermining the ability of American steel producers to continue investment and research and development, and by reducing or eliminating the jobs needed to maintain a pool of skilled workers essential for the continued development of advanced steel manufacturing.”

Canada has been a participant in addressing global steel issues, the Previous U.S. Action on Global Steel Issues by the Obama Administration also sought to address global steel trade issues. Last November, government officials discussed steel issues with their Chinese counterparts during the Joint Commission on Commerce and Trade (“JCCT”) meetings in Washington, D.C. A press report of that November 21-23 meeting states that “[e]xcess capacity and structural problems in steel and other industries is a global challenge which requires collective responses.” Pursuant to these JCCT discussions, the Global Forum on Steel Excess Capacity was launched in December 2016.

Even before the JCCT, U.S. agencies had engaged in fact-finding with respect to global steel trade issues. In April 2016, U.S. agencies convened public hearings concerning “Policy Recommendations on the Global Steel Industry Situation and the Impact on U.S. Steel Industry and Market.” The United States has also engaged internationally on steel capacity issues. On April 11, 2016, the U.S., Canada, and Mexico released a joint statement calling for effective and immediate commitments to address “global steel excess capacity.” Shortly thereafter, on April 18, 2016, the Belgian government and the OECD hosted a meeting in Brussels of senior officials and private sector representatives from the U.S., China, and around 30 other countries to address excess capacity in the steel sector. The United States has issued 125 (26 outstanding) disputes at the WTO and Canada to a far less degree, with currently none outstanding.

TIME IS OF THE ESSENCE

Within 270 days, the Department of Commerce must issue a report to the president summarizing its findings from the investigation and recommended actions.

- In announcing the investigation, President Trump suggested that the duration would likely be shorter: “we’ll be back over a period of the next 30 to 50 days, [...] and maybe sooner than that.” Secretary of Commerce Wilbur Ross has confirmed that the investigation will proceed on a compressed timeline, stating that it will be “expedited.”

- Following the report from Commerce, the President has 90 days to determine how to respond to any findings that imports threaten national security.

- The President is empowered to take a variety of actions in response to such findings, including setting tariffs, quotas, tariff rate quotas, or other exclusion orders.

- There is no limit to potential tariffs that may be imposed.

Implications for Canada are severe.

- The Trump administration’s emphasis on trade enforcement and increased willingness to seek flexibility in tariffs will require companies reliant on U.S. exports to seek alternate domestic sources of goods.

- Operating companies may need to budget for changes in suppliers and vendors, and investors should closely examine the import profiles of target companies.

- While the investigation does not target a particular country, the impact is likely to be felt most strongly with respect to steel from China, especially steel that has been further manufactured into value-added products in third countries such as would be the case with Canada. Indeed, the plurality (28) of the 152 steel-related AD/CVD orders in place have been imposed on Chinese steel products.
• Sourcing from China or exporters in third countries that rely on Chinese steel in particular will continue to entail heightened risk of elevated duties and U.S. import compliance concerns, in addition to the existing Foreign Corrupt Practices (“FCPA”) and other international risks that often accompany business in China.

• While the current investigation relates to steel imports, the presidential memorandum notes that steel is one of several “core industries,” including aluminum, vehicles, aircraft, shipbuilding and semiconductors.

• Operating companies and sponsors doing business with a nexus to these sectors should similarly consider how the Trump administration’s international trade priorities may affect their bottom line.

Canadian and US trade relations are the key to deriving the future benefits of steel production in North America. Benefits that are both equally and highly desirable by communities in which production, fabricating and manufacturing businesses are located.

Communities are made from the people that live in them, the significant loss of economic opportunity is dramatically altering the shape of the communities that rely on steel for good paying jobs and the influence these families have on the community. Loss of people with leadership qualities, intellectual capacity to create innovation in both public and private sectors, and that establish strong middle class values and beliefs system: Engineers, Trades people, Operators, Entrepreneurs, and Innovators. These folks bring capacity to create vibrant and sustainable community, as well as capacity for charitable and not for profit organizations to thrive and fill in the gaps where government services are not offered.

These effects are not unlike the effects of the dramatic drop in oil prices and the impacts felt across not just the western provinces but across North America. With steel and the associated products entering our markets, products that are created by jurisdictions that are defined as non-market economies by the World Trade Organization communities, are resulting in decimated domestic production, jobs and economic prosperity.

Between Canada and the United States wages in the steel industry are relatively comparable, as are other costs of production on a relative basis, the carbon footprint of steel production in both countries is also comparable. The relative market share of each other’s market generally reflects the size and capacity of each countries market. In some cases, non-market countries of origin actually have a greater share of the US market than does Canada, as is such the case with China.

Canada and the US share many similar trade concerns related to steel and time is of the essence to ensure that the trade relationship between Canada and the United States is not collateral damage from US “Buy America” policies. With the initiation of the investigation pursuant to Section 232 (B) of the Trade Expansion Act the US, Canada has 270 days or less in which to ensure the future of the steel industry and many of its related businesses.

Recommendations

That the federal government:

1. Identify steel as a “core industry” and a “critical element” of the national economy.

2. Communicate the need for an immediate and coordinated response to importation of non-market economy produced steel and associated products and by-products.

3. Under NAFTA section 232 stress that free and full access to each other’s market is the key to avoid reciprocity of a “Buy America” trade stance.

4. Stress to all levels of US Government that a disruption to Canadian markets creates uncertainty in the US market.

5. Substantially increase penalties, and determine penalty amounts based on the value of the goods under consideration, administered through the Administrative Monetary Penalty System (AMPS) to commercial clients for violating CBSA’s trade and border legislation
6. Immediately give Canadian Border Services Agency the ability to invoke Retroactivity to Date of Filing.
7. Publicly announce the enforcement of Retroactivity to Date of Filing.

SUBMITTED BY THE SAULT STE. MARIE CHAMBER OF COMMERCE

Co-sponsored by the Windsor-Essex Regional Chamber of Commerce and the Hamilton Chamber of Commerce

THE INTERNATIONAL AFFAIRS COMMITTEE DOES NOT SUPPORT THIS RESOLUTION. THE COMMITTEE STATED IT WOULD BE INAPPROPRIATE FOR THE CCC TO ADVOCATE FOR INCREASED TRADE PROTECTIONISM ON THE BASIS OF NATIONAL SECURITY. THE COMMITTEE ALSO NOTED THAT RECOMMENDATIONS 6 AND 7 WERE NON-COMPLIANT WITH TRADE LAW. LASTLY, THE COMMITTEE WAS UNABLE TO SUPPORT A RESOLUTION THAT CALLED FOR ONE SECTOR TO BE IDENTIFIED AS A CORE INDUSTRY AND CRITICAL TO THE NATIONAL ECONOMY WHILE OTHER SECTORS WERE NOT.

42. The Crucial Necessity to Negotiate a Renewed Softwood Lumber Agreement – Supplemental to the 2016 Policy “The Need for a Renewed Softwood Lumber Agreement”

Negotiating a renewed softwood lumber agreement with the United States is an imperative and vital necessity to Canada’s forest industry and overall economy. Having the Canadian government work in conjunction with provincial/territorial governments and related forestry and lumber industry associations, such as the British Columbia Lumber Trade Council and the Forest Products Association of Canada, is a key strategy towards securing a successful agreement. In 2015, the value of Canada’s forest exports increased by 6.3% over 2014, rising to $32.7 billion from $30.8 billion. On the wood product side, the U.S. housing recovery continued to drive Canadian softwood lumber exports. In 2015, softwood lumber exports totalled $8.6 billion, a 3% increase over 2014. The value of wood panel exports increased by 18%, to $2.68 billion with significant increases in all panel types, especially plywood (29%) and fibreboard (28%). Exports of Canadian forest products, 2005-2015 Statistics Canada. Merchandise trade data. (April 20, 2016)
In 2015, direct employment in the Canadian forest industry, as measured by Statistics Canada’s System of National Accounts, increased by 1.5% from 2014 levels, to 201,645 jobs. The job gains are in line with other positive indicators, such as increasing forest sector contribution to Canada’s gross domestic product (GDP) and financial metrics. But employment did not improve in all forest sub-sectors: employment in the pulp and paper sector decreased as a result of poor market conditions for newsprint and other paper products, which has caused several mill closures. Within Canada, wood product manufacturing and forestry and logging employment is concentrated in BC and Quebec. Statistics Canada.¹¹⁹

The Canadian forest sector provides well-paying jobs for thousands of Canadians, many of them in rural and indigenous communities, and contributes taxes for important services across the country. As an integrated sector, it is made up of many interconnected and interdependent sub-sectors so it can make the most efficient use of all the fibre harvested.

One of these is the value-added or secondary wood manufacturing sub-sector. The value-added sub-sector includes innovative and entrepreneurial companies across Canada. In alignment with the aforementioned Statistics Canada Systems of National Accounts statistic, is its 2015 Labour Force Survey which reported that the wood product manufacturing sector had 148,817 jobs, leading the remaining three sub-sectors (forestry and logging; pulp and paper manufacturing and support activities for forest industry) which had a combined total of 110,333 jobs.¹²⁰

The previous Softwood Lumber Agreement expired October 2015. A new agreement must be in place or there will likely be a protracted and aggressive trade action on Canadian lumber similar to what was experienced before the last agreement which was in effect from 2006 to 2015.

The U.S. Lumber Coalition is expected to ask for export duties starting in Q2, 2017. It is anticipated that these duties could be in the 25 to 30% range. The softwood lumber dispute is designed to impact commodity, structural, construction lumber as it is a dimensional/structural lumber concern.

Within the lumber industry, high value, specialized products remain a key component of exported lumber. These value-added, specialty products consist of finger-jointed lumber, decking, siding, plywood, OSB (oriented strand board) and veneer; cabinets and components; household, commercial and outdoor furniture; windows and doors; architectural millwork; log homes and packaged homes; pallets, boxes, poles and posts; musical instruments; shakes and shingles and wood crafts. Although the key focus of this dispute is not about high value, specialized products, these products still represent an integral component of any future softwood lumber agreement and should not be downplayed or overlooked. The high value producer position is consistent with industry messaging being given to the federal negotiators. An additional duty on high value products could be devastating to those companies that have invested in and have created a business that extracts maximum value possible from the public resource.

**Recommendation**

That the federal government work closely with provincial/territorial governments to carry through and include the high value (value added) product recognition as part of any negotiated settlement.

**SUBMITTED BY THE GREATER WESTSIDE BOARD OF TRADE**

¹¹⁹ CANSIM table 383-0031: Labour statistics consistent with the System of National Accounts (SNA), by province and territory, job category and North American Industry Classification System (NAICS). (June 17, 2016)

¹²⁰ Labour Force Survey


*Note*: Employment—includes jobs held by people employed directly in the following industries: forestry and logging, industries involved in support activities for forestry, pulp and paper product manufacturing, and wood product manufacturing. Data are sourced from Statistics Canada’s Labour Force Survey (LFS). The LFS data are used to capture the level of self-employment in the forest sector.

THE INTERNATIONAL AFFAIRS COMMITTEE SUPPORTS THIS RESOLUTION ON THE CONDITION THAT IT SECURES SUPPORT FROM ALL PROVINCES, OR AT LEAST THOSE THAT HAVE MEANINGFUL FORESTRY PRODUCTS TRADE WITH THE UNITED STATES. THE COMMITTEE MEMBERS BELIEVE THE ISSUE NEEDS TO BE EXPANDED TO ENCOMPASS A NATIONAL INTEREST – NOT JUST BRITISH COLUMBIA’S – AND THAT THE CCC’S OVERARCHING OBJECTIVE SHOULD BE TO ADVOCATE FOR UNFETTERED ACCESS TO THE U.S. MARKET FOR ALL OF CANADA’S FORESTRY PRODUCTS.

43. Canada-China Trade Tariff Gap

**Issue**

Canada’s trade deficit with China is widening amid a slowing of raw materials exports to China, while Canadians continue to import $50 billion a year of Chinese products.

According to Industry Canada, the 2012 trade deficit with China was $31.7 billion, four times the deficit a decade ago.

**Background**

While China exports manufactured goods, like electrical machinery, furniture and footwear, to Canada, it imports mainly raw materials. Currently the top Canadian exports to China by value are wood pulp, oil seeds and grains, ores, mineral fuels and oil.

The Chinese market for many Canadian-made manufactured goods is being blocked by a high tariff wall, which makes the cost of these products prohibitive for Chinese consumers.

MO851, a Montreal-based maker of luxury leather goods, has opened a boutique in Beijing, hoping to cash in on the huge Chinese consumer market with a taste for luxury goods. For example, a bag that retails for $465 in Montreal costs 90 per cent more in Beijing due to tariffs, taxes and luxury taxes. 121

Riversong Guitars in Kamloops, BC states that a guitar that retails for $1000.00 in Canada has a landed cost of $1430 in China with tariffs, freight and agency fees. These guitars with exchange rate and luxury taxes would retail for approximately $1925 CAD or Yen $9867.

On the other side, Chinese products face no such tariffs as when they are imported to Canada. They are using similar production products and materials and have much lower labour costs.

Canada and China have been trading partners for decades and even more so now with the globalization of the world economy. In order for Canadian companies to be able to compete in the Chinese market fairly, as Chinese companies compete in the Canadian market, the playing field must be levelled.

**Recommendation**

That the federal government works with the Canadian business community and relevant stakeholders to develop a trade agreement with China.

THE INTERNATIONAL AFFAIRS COMMITTEE DOES NOT SUPPORT THIS RESOLUTION. THE COMMITTEE’S VIEWS WERE THAT THE RESOLUTION DID NOT CONTRIBUTE TO THE TRADE POLICY DEBATE NOR THE CCC’S ADVOCACY WORK AS THE GOVERNMENT WAS ALREADY TAKING ACTION ON THE POLICY RECOMMENDATION TO CONSULT WITH STAKEHOLDERS ON CANADA-CHINA TRADE. THE ISSUE OUTLINED IN THE RESOLUTION’S BACKGROUND, CONCERNING CHINA’S LUXURY TAX, WAS SEEN AS TOO NARROW IN SCOPE FOR THE CCC TO ADVOCATE AS PART OF OUR ANNUAL RESOLUTIONS PROCESS. HOWEVER, THE CCC COULD RAISE THIS ISSUE THROUGH THEIR ONGOING ENGAGEMENT IN GLOBAL AFFAIRS’ STAKEHOLDER GROUPS IN TRADE NEGOTIATIONS.

44. Renegotiate a NAFTA Suited for Modern Business and Trade

Introduction

NAFTA is Canada’s single most important international free trade agreement. On May 18, 2017, the United States formally notified the U.S. Congress of its intention to initiate negotiations related to NAFTA with Canada and Mexico.

Canada must be prepared to renegotiate a NAFTA that reaffirms our commitment to free and open trade and that reflects the needs of modern business.

Background

According to the US Chamber of Commerce the value of NAFTA is $1.3 trillion (US) annually, impacting 125,000 American businesses and 15 million jobs.

U.S. goods and services trade with Canada totaled an estimated $627.8 billion in 2016. Exports were $320.1 billion; imports were $307.6 billion. The U.S. goods and services trade surplus with Canada was $12.5 billion in 2016.122

This trade agreement is critical for all three NAFTA partners, affecting each and every Province, Territory and State across North America.

In recent months, NAFTA has been oversimplified to emphasize trade deficits in what is too often portrayed as isolated bilateral import-export product exchanges. This view is misguided. North America’s trade flows in fact demonstrate the extent of our highly integrated and globally competitive supply chains.

78% of imports from Canada to the United States are raw materials, parts and components and services used to make other goods and services in the United States. In a wide range of instances those raw materials, parts and components are moved up the value chain, sold domestically and/or exported abroad, including back to Canada.

Canadian inputs represent around 3% of the value of US exports to the rest of the world while U.S. inputs represent 10% of the value of Canadian exports to the rest of the world.

The above figures attest to the valuable contribution that international trade, regional and global, has to job creation, sustaining the livelihoods of millions of Canadians, Americans and Mexicans.

122 Office of the United States Trade Representative, Executive Office of the President
There is little doubt that NAFTA needs to be modernized. Our smart phones, nowadays crucial to day to day business, did not even exist when the agreement was originally signed. GPS and internet-enabled cars did not either. Correspondingly, the calculation methods for NAFTA’s rules of origin are no longer suited for today’s trade.

More and more, business is impacted by the rapid growth of digital trade and trade in services.

“…the economy has undergone a radical transformation in the nearly 25 years since the North American free-trade agreement was signed... Cross-border flows of goods, and even services, have slowed in recent years. But data-based trade is exploding. Cross-border data flows already contribute more to the global economy than trade in goods, according to a recent McKinsey Global Institute study.”

A new NAFTA must reflect the needs of modern business exchange. Moreover, it can serve as a reaffirmation of North America’s commitment to free and open trade. A blueprint for multilateral trade agreements two decades ago, NAFTA can once again provide that standard for trade in the 21st century.

**Recommendations**

That the federal government:

1. Ardently opposes any move toward greater protectionism within NAFTA.
2. Work to modernize NAFTA, recognizing modern business practices and the important contributions of the knowledge economy to Canada’s GDP and exports;
3. A new NAFTA should seek more, not less trade liberalization among the NAFTA partners.
4. Look to relieve administrative burdens to North America’s businesses, with regulatory cooperation and trade facilitation being two important areas for improvement.

**SUBMITTED BY THE REGINA & DISTRICT CHAMBER OF COMMERCE**

**THE INTERNATIONAL AFFAIRS COMMITTEE SUPPORTS THIS RESOLUTION.**

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45. Carbon Pricing: An Urgent Need to Balance Competitiveness for Future Sustainability

Issue
Industry has long recognized the need to reduce carbon emissions, and have consistently applied new research in effort to minimize environmental impacts. However, some industries, particularly Emissions-Intensive and Trade-Exposed (EITE), will be put at a competitive disadvantage from carbon pricing. The provincial and federal governments have identified (EITE) industries as mining, smelting and refining, pulp and paper, iron and steel, cement, lime and gypsum as well as chemicals and fertilizers. Several reports – including work done by the Eco fiscal Commission and the Alberta Government have argued that EITE will require measures to remain competitive.

Background
On December 9, 2016 the Government of Canada announced the “Pan-Canadian Framework on Clean Growth and Climate Change” which outlined a national strategy to combat climate change and reduce carbon emissions. It lists carbon pricing as the chief method of reducing Canada’s carbon emissions. This report lists measures that are already underway to reduce GHG emissions that include:

- Federal measures for increasing energy efficiency of equipment in buildings;
- Ontario’s commitment to join the Western Climate Initiative cap-and-trade systems
- Alberta’s coal phase-out, carbon levy, and oil sands emissions cap;
- Quebec’s regulations for new high-rise buildings; and,
- British Columbia’s low carbon fuel standard”

Due consideration must be given to the measures that many provinces have already put into motion, particularly considering the additional effects that raising the benchmark of carbon pricing to $50 per tonne by 2022 may have on their economies. With that in mind, we urge the Canadian government to refer back to the guiding principles of the Pan-Canadian approach to carbon emissions that states that “pricing policies should minimize competitiveness impacts and carbon leakage, particularly for emissions-intensive, trade-exposed sectors”.

Provinces have the opportunity to adopt an output-based allocation system whereby facilities should be allowed to emit a certain amount of greenhouse gases free of charge from a carbon price. This approach protects low emission industries from competitiveness impacts that could shift production to other jurisdictions. Free emissions may be determined based on product-specific emissions benchmark. Benchmarks may be set relative to high-performing industry peers or competitors who produce the same or similar products.

Canadian industry must compete with imports of product from outside of the country where there is no carbon pricing mechanism in place. Canadian jurisdictions will be paying one of the highest costs for carbon anywhere in North America, yet, all manufactured products that are imported are not subject to the costs of their carbon footprint. This gap could lend to a competitive disadvantage for local producers and carbon leakage where the GHG emissions

are merely shifted elsewhere. As an example, after the B.C. government implemented a price on carbon, imports of cement products rose from 6% to 42% between 2008 and 2014.\textsuperscript{126}

Tariffs could be applied, for example, to imports from other jurisdictions based on the carbon content of the imported products. Given Canada’s constitutional division of power, such border adjustments could not be implemented by a single province, but it would require involvement by the federal government. In practice, border adjustments could invite reciprocating taxes from other jurisdictions or challenges under international trade law\textsuperscript{127}. Even if successfully implemented, they could be costly for Canada in terms of reduced trade\textsuperscript{128}. However, for specific emissions that fall under provincial jurisdiction, some form of border adjustment could nonetheless be practical. Imports of electricity into Quebec, for example, are subject to that province’s cap-and-trade system, thus ensuring that coal-fired electricity generation outside the province is not advantaged relative to cleaner generation within Quebec. If Hydro Quebec imports such electricity from other provinces or U.S. states, it must have sufficient permits to account for the associated GHG emissions. The measure is constitutionally possible because of pre-existing provincial regulatory authority over imported electricity\textsuperscript{129}.

One way that the federal government could help mitigate competitive impacts of carbon pricing would be by applying a border adjustment and thereby level the playing field.

**Recommendations**

That the federal government work with the provinces and territories to:

1. Support the opportunity to supplement an output based allocation system with measures that establish a threshold of no-cost emissions based on industry and product specific benchmarks.

2. Ensure that the various proposed carbon output based allocation systems are further supported by a mechanism that relieves industry of carbon costs until such a time as competing jurisdictions implement comparable pricing with solutions and that relief be applied now.

3. Introduce a border adjustment to be applied to imports from other jurisdictions based on the carbon content of the imported products in order to preserve the competitiveness of Canadian products and prevent carbon leakage.

**SUBMITTED BY THE SPRUCE GROVE & DISTRICT CHAMBER OF COMMERCE**

THE NATURAL RESOURCES AND ENVIRONMENT COMMITTEE DOES NOT SUPPORT THIS RESOLUTION. CARBON LEAKAGE IS A SERIOUS ISSUE FOR CANADIAN BUSINESS, AND THE COMMITTEE FULLY SUPPORTS THE RESOLUTION’S INTENT TO FOCUS ATTENTION ON THE POTENTIAL COMPETITIVE IMPACTS OF CLIMATE POLICIES. HOWEVER, THE COMMITTEE WAS UNABLE TO COME TO A CONSENSUS ON THE PROPOSAL FOR A CARBON BORDER TAX, AS MEMBERS HAVE DIFFERING OPINIONS ON WHETHER THIS SPECIFIC POLICY WOULD BE AN EFFECTIVE WAY OF ADDRESSING CARBON LEAKAGE.

\textsuperscript{126} https://www.biv.com/article/2015/12/lifting-carbon-tax-freeze-could-burn-bc-industries/
\textsuperscript{129} www.carbontax.org/nuts-and-bolts/border-adjustments/
46. Let the Provinces Decide on Transitioning to a Low-Carbon Economy

Issue
Different provinces are taking different approaches with respect to carbon. For example, Ontario, Quebec and Nova Scotia have implemented or have plans to put into place Cap and Trade systems. British Columbia and Alberta have implemented carbon tax coupled with tax cuts, rebates and exemptions for certain industries (farm fuels, etc.). All other provinces and territories are currently working out the details of their own approach to carbon pricing, with Saskatchewan focusing on alternative measures to reduce greenhouse gas emissions. In sum, this diversity of programs reflects the diversity of views, regional economies and approaches.

Background
Under the Pan-Canadian Framework for Clean Growth and Climate Change, the federal government has proposed a national carbon pricing system with two components:

- A benchmark that sets a minimum price on carbon that provincial carbon pricing systems must meet. The benchmark begins at $10 a ton in 2018 and rises to $50 a ton in 2022. It also determines that provincial carbon pricing systems must cover approximately the same range of industries as the British Columbia carbon tax;
- Should a province fail to implement a system that meets the benchmark, the federal government will impose a carbon pricing backstop: a proposed federal carbon tax on fuels sales that applies only to that province.

It is important for the Canadian government to recognize the complex nature of emissions and environmental regulations across the country and across the world. Provincial economies have different components and different competitors that require different solutions.

Regulatory alignment with our key competitors in the U.S. is needed in order to maintain middle class jobs and an economy that can fund healthcare, education and infrastructure.

It is worth noting that Canada has one of the cleanest electricity system in the world, with 80% of our power generated by non-emitting sources. Competitive jurisdictions such as in the U.S. are still using sizeable quantities of coal to power their grid. In fact, states like Ohio are upwards of 50% of coal to power their grid. According to the U.S. Energy Administration (https://www.eia.gov/tools/faqs/faq.php?id=427&t=3), coal is nearly one third of the energy mix and combined with natural gas account for nearly 2/3 of U.S. energy production. It is also worth noting that electricity costs in competitor states such as Ohio are about 1/3 the cost of Ontario.

The Canadian government needs to recognize the diversity of environmental priorities and regulations and let the provinces decide how best to administer their provincial economies while at the same time pressure other jurisdictions to produce cleaner power.

Recommendations
The Canadian Chamber of Commerce urges the Government of Canada to:

1. Let the provinces decide on how best to approach transitioning to a low carbon economy and refrain from imposing the federal carbon pricing benchmark and backstop.
2. In Provinces and Territories where a carbon pricing mechanism has been established, encourage and support cost mitigation programs/policies for affected businesses.

SUBMITTED BY THE WINDSOR-ESSEX REGIONAL CHAMBER OF COMMERCE
THE NATURAL RESOURCES AND ENVIRONMENT COMMITTEE DOES NOT SUPPORT THIS RESOLUTION. CONCERNS ABOUT THE COMPETITIVE IMPACT OF CLIMATE POLICIES, IN PARTICULAR HOW GOVERNMENT POLICY CAN HELP PREVENT CARBON LEAKAGE, ARE CRUCIAL AND THE COMMITTEE SUPPORTS THE RESOLUTION’S INTENT IN RAISING THE ISSUE. HOWEVER, MANY COMMITTEE MEMBERS FELT THAT A FEDERAL ROLE IN CARBON PRICING REGIMES WOULD BENEFIT BUSINESS BY PROVIDING CONSISTENCY ACROSS JURISDICTIONS AS WELL AS PREDICTABILITY. ACCORDingly, THE COMMITTEE COULD NOT SUPPORT RECOMMENDATION 1 OF THIS RESOLUTION.

47. Species at Risk: Canadians Working Together to Strike a Balance

Issue
Woodland caribou are a threatened species in Canada. By October 2017, the federal government will require impacted provinces and territories to develop caribou range plans to restore and protect 65 percent of their habitat. This is a dramatic increase in habitat protection, and will have a significant impact on industries that operate in the ranges, the communities they support, and the Canadian economy. Currently, range plans are evaluated based on ecological or environmental criteria, and do not provide for a socio-economic impact analysis prior to submission to the federal government.

Background
In 2003, Woodland caribou were federally listed as a threatened species in the Species as Risk Act (SARA). Under the federal “Recovery Strategy for the Woodland Caribou,” all provinces and territories are required to produce range plans that outline how 65 percent of boreal woodland caribou habitat will be restored to undisturbed habitat and maintained as such over time, and how the land and activities within the range will be managed for habitat protection. These range plans are due by October 2017. The range plans are intended to support a landscape where species at risk and industrial activity co-exist.

Forestry allocations, by way of land and volume based tenures, are present in every boreal woodland caribou range. As the range plans are being developed, it is clear that there is potential for sustainable timber supply in each region to be significantly impacted. For example, according to a 2015 Montreal Economic Institute analysis of the economic impacts of implementing the recovery strategy in Quebec, the forest industry would lose 2,931 jobs and $367 million of economic activity.

The combination of additional species at risk plans, as well as a new structure retention directive and other government policies, all have the potential to decrease wood supply, increase costs and result in lost mill production or even closures. Carbon pricing systems place an additional burden on the forestry sector.

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130 Forest Products Association of Canada, http://www.fpac.ca/, Provinces and territories impacted directly are: British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Newfoundland, Northwest Territories and the Yukon.


Even if all logging in the caribou’s range of distribution completely ceased, it is entirely possible that downward population trends would continue because of factors like climate change, forest fires, insect epidemics, and hunting.\textsuperscript{133} Indeed, as noted by Natural Resources Canada, climate change has already altered the geographical range of certain tree species. This affects where and how caribou use the forest. In the Northwest Territories, for example, warmer weather, declining snowfall and permafrost thaw have been observed. More ice-on-snow events make travel and foraging difficult for boreal caribou.\textsuperscript{134} Forestry activities are but one factor among many others.

Range plans developed under the current federal process are evaluated based on ecological or environmental criteria, as the process does not allow for a socio-economic analysis to be conducted concurrent to plan development; rather, this analysis occurs after plan submission to the federal government. As such, range plans submitted to the federal government are missing key social and economic considerations about impacts to industry, local municipal governments and Canadian communities and families – considerations that, if known earlier, could lead to different, more balanced solutions.

Forestry, and other industries such as oil and gas, mining, and hydroelectric – also situated in caribou ranges – are a vital source of jobs for Canadians as well as economic activity in our communities and our provinces. Canada’s 347 million hectares (ha) of forest (nearly nine percent of the world’s forest) not only support local economies, but help to maintain a healthy environment, clean water, diverse wildlife habitat and a backdrop for tourism. The forest sector in Canada employs over 230,000 people, operates in over 200 communities from coast to coast, and provides a wide range of economic, social and environmental benefits to Canadians.\textsuperscript{135} In 2015, production in the forest sector contributed $22.1 billion—or 1.2% — to Canada’s nominal gross domestic product (GDP).\textsuperscript{136} The industry is committed to the protection of the environment and wildlife species, and has already invested millions of dollars into research and measures around the protection of caribou.

An additional concern is that the current process takes a one-species approach. A multi-species approach, such as the strategy being deployed in Southern Saskatchewan, recognizes that these species do not exist in isolation of one another and, as such, makes for a more practical and efficient path for planning.\textsuperscript{137}

The Canadian Chambers of Commerce firmly believes that endangered species can co-exist successfully with industry, development and land use. We are confident that by adopting a collaborative approach drawing from the expertise of a range of stakeholders across the country, Canada will be able to strike a balance between the protection of critical (extirpated, endangered, and threatened) species, and the viability and sustainability of Canadian industry, jobs and communities.

**Recommendations**

That the federal government:

1. Complete a socio-economic impact assessment prior to listing the species and in conjunction with a scientific assessment being conducted.

2. Ensure stakeholder interests are understood and considered, and inform the development of the plan and its implementation. Stakeholders include all those impacted, including, but not limited to: industry, ENGO’s, First Nations and Metis, municipal governments and community-based organizations.

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\textsuperscript{135} Forest Products Association of Canada, [http://www.fpac.ca/](http://www.fpac.ca/)


3. Consider a multi-species approach to planning.
4. Include climate change projections within range plans.

SUBMITTED BY THE GRANDE PRAIRIE & DISTRICT CHAMBER OF COMMERCE

THE NATURAL RESOURCES AND ENVIRONMENT COMMITTEE SUPPORTS THIS RESOLUTION.

48. Improving Federal Environmental Assessment Processes

Issue
As it is currently structured, the Canadian Environmental Assessment Act 2012 (CEAA) is creating considerable regulatory duplication and delays, which complicate the federal environmental assessment (EA) process and pose a risk to the attraction of new investment. However, many of the changes recently proposed by a government-appointed expert panel to reform the CEAA by 2018 threaten to exacerbate these issues and further hamper the ability of industry to navigate the EA process with reliability and predictability.

Background
The economic prosperity resulting from Canadian natural resource development – estimated at nearly one-fifth of the nation’s GDP and 1.7 million jobs138 -- is dependent on industry’s ability to pursue new projects; for decades, these have been subject to environmental assessments (EAs) at the provincial/territorial level as well as at the federal level through the Canadian Environmental Assessment Act (CEAA). Coordination of assessments required at both levels has been problematic for most of this period, with the need for two separate and often duplicative processes resulting in considerable regulatory overlap, delays and uncertainty that have in many cases led to weakened project economics, fragmented consultations, and reduced business competitiveness.139140

CEAA 2012 reforms
In an attempt to address these challenges, the federal government introduced a series of changes to the CEAA in 2012 aimed at attempting to harmonize the provincial-federal regulatory overlap and shorten the duration of the overall process through the introduction of specific timelines. However, some elements of these reforms have instead had the opposite effect: since its implementation, the mining industry has seen a duplication of provincial processes, federal intrusion into provincial jurisdiction, and a deterioration in federal and provincial coordination and among federal government departments and agencies. Combined, these have resulted in “inefficient and costly impacts to project economics.”141

138 Natural Resources Canada, “10 Key Facts on Canada’s Natural Resources”, October 2016
The 2012 legislative amendments also exacerbated the growing delays associated with EAs.\textsuperscript{142} While the process introduced specific timelines, it also added various means to stop and extend timelines within the process itself, which have further complicated the federal processes’ ability to align with provincial processes; in practice, this – along with a significant decline in federal scientific support for EAs\textsuperscript{143} – has in fact lengthened the overall duration of federal EA processes.\textsuperscript{144}

**Expert panel recommendations 2017**

It is against this backdrop that the Government of Canada is looking at further reforming the federal EA process via legislation likely to be introduced 2018, to be informed in part by the recommendations of an expert panel as released April 2017. As a whole, the recommendations suggest a significant overhaul of the system, and generally threaten to further complicate matters by encouraging greater intrusion into provincial/territorial jurisdiction by expanding the scope of effects to be considered, increasing the number of projects that would be subject to a federal EA, and introducing additional delays to the process.

These delays will be further increased through panel recommendations that urge rolling back a 2012 change to the EA review process that restricts public hearing participation to “interested parties,” a designation that applies to those who are directly affected by the proposed project or who have specific and relevant knowledge. This ensures that project-specific reviews are focused on the individual merits of said projects by the appropriate stakeholders, rather than enabling potentially tangential discussions of broader policy topics such as climate change or resource development in general by unaffected or obstructionist parties.

However, some of the panel’s recommendations stand to have a positive impact: in particular, the recommendation to create a public database of all data collected for EAs stands as an opportunity to improve public confidence in the process by providing greater transparency. This library of assessment data would also allow for successes and failures to be better understood amongst industry peers, thereby allowing for greater industry practices, and improve the use of EAs as effective planning tools.\textsuperscript{145}

Additionally, the panel’s recommendation to improve Indigenous peoples’ capacity to participate in the process is crucial, given the fundamental importance of promoting good relationships and understanding between industry and Indigenous communities, and the need to ensure that the economic benefits of natural resource development are shared. Frequently inadequate funding or expertise to meaningfully participate in EA reviews have posed many barriers, however, resulting in many instances of limited involvement and a resulting lack of confidence in the process.\textsuperscript{146} Addressing these issues at the government level would appropriately reflect the Crown’s responsibilities within this process and would complement industry’s ongoing efforts to proactively develop meaningful, open, and effective relationships.

**Related federal reforms**

It's also important to consider the impact of additional reviews the federal government is also conducting on other legislation directly tied to EA projects in Canada: the *Fisheries Act*, the *Navigation Protection Act*, and the National Energy Board. Each set of reforms is being handled as a separate process with disparate sets of recommendations. Given the considerable overlap in the mandates of these panels, and the potential impact that each could have on the EA process, it is crucial that the federal government ensures that any efforts to introduce changes to any and all of these elements does not result in duplicative or contradictory regulation, and does not complicate industry’s ability to navigate the federal EA process.

\textsuperscript{143} Ibid.
\textsuperscript{144} Ibid.
Recommendations

That the federal government:

1. Develop a framework fully supporting a “one project, one assessment” approach, that recognizes equivalency when appropriate, for projects that trigger environmental assessment requirements at both the federal and provincial/territorial levels.

2. Respect provincial/territorial jurisdiction by maintaining the current scope of effects considered within federal environmental assessments, and preventing new federal environmental assessment requirements from being created for categories of projects already captured by provincial/territorial assessment requirements.

3. Improve timelines and reduce duplication for environmental assessments by:
   a. enhancing coordination with provincial/territorial governments,
   b. working with industry to identify potential efficiencies, and
   c. adequately resourcing federal scientific support for provincial/territorial governments and federal departments as required throughout the process.

4. Make all information generated during environmental assessments accessible to the public through an online library or registry, which should also provide information about post-assessment monitoring and enforcement.

5. Ensure Indigenous peoples have the capacity to participate in the environmental assessment project review process by enhancing funding for participation and by developing strategies to build longer-term capacity within communities.

6. Engage potentially impacted Indigenous communities as early in the process as possible and jointly determine desired outcomes for consultation and participation.

7. Retain the Canadian Environmental Assessment Act 2012 definition of “interested parties” of public hearing participants as being those directly affected by a given project or those with relevant information or expertise.

8. Coordinate efforts to reform the Canadian Environmental Assessment Act with ongoing efforts to reform the National Energy Board, Fisheries Act, and Species at Risk Act so as to ensure appropriate integration between the various reforms, avoid duplicate or conflicting regulatory changes, and prevent harm to Canada’s investment environment.

SUBMITTED BY THE TIMMINS CHAMBER OF COMMERCE

Co-sponsored by the St. John’s Board of Trade, the Calgary Chamber of Commerce, the Edmonton Chamber of Commerce, the Greater Sudbury Chamber of Commerce, the Sault Ste. Marie Chamber of Commerce, and the Thunder Bay Chamber of Commerce

THE NATURAL RESOURCES AND ENVIRONMENT COMMITTEE SUPPORTS THIS RESOLUTION.

THE INDIGENOUS AFFAIRS POLICY COMMITTEE SUPPORTS THIS RESOLUTION.
49. Use of Carbon Tax Revenues to Incentivize Businesses and Municipalities reducing GHG Emissions

Background
Prime Minister Justin Trudeau announced a national “floor price” on carbon that would require all provinces and territories to have some form of carbon pricing by 2018. Putting a price on carbon is meant to give people and companies an incentive to look for lower emission options to save money. The price can come in the form of a specific tax or levy, like the minimum $10 per tonne the federal government has set for 2018, or a more indirect cap-and-trade system.

British Columbia introduced a carbon tax in 2008 and it now stands at $30 a tonne, adding an extra 6.67 cents to each litre of gasoline and 7.67 cents to each litre of diesel. In August, the province said it would stick to that price until other jurisdictions catch up. Alberta announced last November it will have a $20-per-tonne carbon levy in place next year, rising to $30 a tonne in 2018. For both provinces, the tax applies to gasoline, diesel, natural gas and propane. Quebec joined California in a cap-and-trade carbon market in 2014, and Ontario is set to start trading in the same market next year. Cap-and-trade systems set economy-wide limits on emissions and then establish a carbon market, within which industries are allotted permits for emissions that they can buy and sell, with the costs passed on to consumers.

Increase in GST Revenues due to the Carbon Tax
The carbon tax applied on fuel also attracts the federal general sales tax which is expected to generate a significant additional revenue (Ref. 1) for the federal government worth millions of dollars. The federal government stands to raise as much as $280 million in revenue off provincial carbon taxes in Alberta and B.C. in the next two years despite claims carbon taxes would be revenue neutral for Ottawa. Both Prime Minister Justin Trudeau and Environment Minister Catherine McKenna have long insisted Ottawa would collect no revenue from the carbon price the federal government is requiring the provinces and territories impose by 2018. However, a new report from the Library of Parliament shows federal coffers stand to benefit financially when the five per cent GST is applied on top of carbon taxes built into the prices of goods and services such as gasoline or utilities.

Financial Incentives for Businesses and Municipalities to Reduce GHG Emissions
There is currently a lack of any specific financial support for small and medium sized businesses that comprise 75 per cent of the Canadian economy. Depending on their size and economic sector, businesses can incur significant costs when reducing GHG emissions, including expenses associated reviewing their energy use and establishing plants to change to their equipment, vehicles and processes. Likewise, Municipalities need direct financial incentives from the federal government to help accelerate reduction in GHG emissions.

Although, we see carbon taxation as a measure that will help reduce carbon emissions, we believe that additional financial incentives are required to meet the emission targets committed by Canada in the 2016 Paris Convention.

Recommendations
That the federal government:

1. Use the GST revenues from the carbon tax to provide significant financial incentives to businesses and municipalities that are proactively reducing GHG emissions. This will help accelerate the reduction of GHG emissions nationwide now as well as in the longer term.

2. Identify industry sectors with a higher share of emissions within the nation to which the financial incentives using the carbon tax GST revenue can be extended.

SUBMITTED BY THE SURREY BOARD OF TRADE
THE NATURAL RESOURCES AND ENVIRONMENT COMMITTEE SUPPORTS THIS RESOLUTION.

Reference:

50. Modernizing the National Energy Board

Issue
The federal government mandated an expert panel to consult various parties interested in the modernization of the National Energy Board (NEB). The panel’s consultations were held during the winter of 2017. On May 15, 2017, the expert panel published its report, which is now subject to a comment period. The revision of the NEB mandate gives the government an opportunity to develop a coherent communication strategy for large energy transport projects.

Background
The NEB’s mandate is to promote the safety and security of Canadian energy infrastructures and markets. It acts in the Canadian public interest. Its main function is to regulate the construction and operation of interprovincial oil and gas pipelines as well as power lines between provinces. Its regulatory surveillance mandate also applies to more than 73,000 kilometers of pipelines across the country and almost 1,400 kilometers of power lines.

The NEB is a recognized authority on energy infrastructures and it examines projects leading to a national dialogue on energy, due in part to the economic advantages and the trade and job creation opportunities they propose.

The revision of its mandate must be an opportunity to re-examine and tighten the criteria for participation in its consultation process.

Updating investment project evaluation procedures should also be an opportunity for the government to rigorously limit the power of the government or the opposition to delay decisions. This power creates uncertainty and increases risk for investors.

These changes would offer guarantees to investors who would be more willing to invest appropriate resources for economic development projects.

Recommendations
That the federal government:
1. Re-examine the role and decision-making criteria of project assessment bodies, in order to update them according to new economic realities.
2. Ensure that the NEB’s authorization scheme is known, standardized, coherent and, mostly, predictable;
   a. That it minimizes the number of intermediaries the promoters must contact within various ministries and organizations and avoids duplicating existing processes;
   b. That it guarantees access to credible data based on fact that do not take into account ideological and minority positions;
c. That it makes it possible to support promoters through the life cycle of the project;
d. That it does not focus on the Canadian government’s social engagements and fight against climate change within federal authorization procedures for particular projects.

SUBMITTED BY THE FÉDÉRATION DES CHAMBRES DE COMMERCE DU QUÉBEC

THE NATURAL RESOURCES AND ENVIRONMENT COMMITTEE SUPPORTS THIS RESOLUTION.

51. A National Competitiveness Strategy for Canada’s Natural Resources Industries

Issue
The federal government should coordinate with provincial and territorial governments and indigenous peoples to support the competitiveness of Canada’s natural resource industries.

Background
Canada’s natural resource industries – forest product, metals and minerals, agriculture, fisheries and energy – are the cornerstone of Canada’s economy. Directly, these industries account for 12% of Canada’s GDP, but this figure understates the true impact of this sector. Including businesses that transform resources into commodities or transport natural resource goods and the impact of natural resources rise to almost one fifth of GDP. Often the main source of income for Canadians in remote areas, the resource sector’s rich supply chains also support jobs in industries important to Canada’s major urban centers, such as finance, engineering, and other professional services.

Given natural resource industry’s crucial importance to Canada’s prosperity, governments must actively work to ensure a competitive regulatory and policy environment to attract investment. There are three key barriers to competitiveness that are challenging businesses across the resource industries.

1. An uncertain regulatory system: The federal government is currently in the process of reviewing its major environmental assessment processes with new legislation expected in 2018. For the energy and mining sector, creating one process that leads to certain results and complies with the principal of one project, one review will be crucial to attracting investment.

2. Escalating costs of doing business: Businesses face a range of government-imposed costs, many of which are necessarily to achieve important social priorities. The challenge is that governments are not taking a holistic view of these costs or their impact on Canada’s competitiveness. This is particularly concerning given the introduction of climate pricing policies, which will disproportionately impact some types of natural resource producers. Working with the provinces and territories to design climate policies with a minimal impact on competitiveness, as well as taking a pan-governmental view of the cost of doing business, will be required to help Canada move forward on addressing climate change without crippling industry.

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147 Statistics Canada. Table 379-0031 - Gross domestic product (GDP) at basic prices, by North American Industry Classification System (NAICS), monthly (dollars)
148 Statistics Canada Table. Table 379-0031
3. **Inadequate infrastructure:** In several areas of Canada, particularly the north, a lack of transportation infrastructure impeded development of promising natural resource projects. Investment in rail, pipelines, ports and highways are necessarily to connect Canada’s resource wealth to the markets that need them in a timely manner. Some of the several billions in federal infrastructure funding being made available must go towards supporting trade corridors that underpin Canada’s status as a trading nation.

These four issues are not the responsibility of any single government, but will require coordination between federal and provincial/territorial governments to address.

**Recommendations**

That the federal government work with the province and territories to establish a national strategy for the competitiveness of Canada’s natural resource industries. This strategy should include:

1. Ensuring that regulatory efficiency and the principal of one project, one regulator remain core to any new federal environmental assessment legislation and processes.

2. Conducting a Pan-Canadian assessment of the costs of doing business in Canada and working with provinces to find areas to reduce costs.

3. Launching discussions on competitiveness impacts of the Pan-Canadian Framework on Clean Growth and Climate Change with provinces, business and other stakeholders before 2020.

4. Ensuring that trade corridors and northern infrastructure are priority areas under new federal infrastructure programs, including the infrastructure bank.

**SUBMITTED BY THE NATURAL RESOURCES AND ENVIRONMENT COMMITTEE**

**52. Fair Competition Among Canada’s Certified Forests in Green Building**

**Issue**

Many governments across the country have adopted the US Green Building Council and Canada Green Building Council’s *Leadership in Energy and Environmental Design* (LEED) rating system to evaluate the environmental impact of a building project. The certified wood credit in LEED’s rating system, however, only offers certified wood credits for Forest Stewardship Council (FSC) certified wood and excludes all other certifications, including Canada’s two other forest certification programs: the Sustainable Forestry Initiative (SFI) and the Canadian Standards Association (CSA). Because this gives FSC a monopoly on sustainable wood in any building that seeks the LEED credit for certified wood, action by the federal government can level the playing field for responsibly-managed certified forests in Canada.

**Background**

Forest certification provides independent assurance that forest products are legally sourced from sustainably managed forests. Canada leads the world in forest certification. Seventy-five percent (75%) of Canada’s managed forest lands are third-party certified to one or more schemes, compared to only 10% of the world’s forests.
Canadian forest managers certify their lands to one of three internationally recognized forest certification programs – Canadian Standards Association (CSA), Forest Stewardship Council (FSC) and Sustainable Forestry Initiative (SFI). All three certifications set high thresholds that forest companies must clear – above and beyond Canada’s tough regulatory requirements. The three programs have subtle differences, but all promote principles, criteria and objectives that are viewed as the basis of sustainable forest management around the world.149

Many forestry experts, including the Forest Products Association of Canada (FPAC) and the Competition Bureau of Canada recognize these certification standards and their role in promoting responsible forestry. The Canadian Council of Forest Ministers issued a statement on forest certification standards in Canada, noting that “Governments in Canada accept that these standards [CSA, FSC and SFI] demonstrate and promote the sustainability of forest management practices in Canada.”150

*Canada’s forests and green building practices*

Due to rising concern about the environment, there is a growing interest in green building practices. Green building rating systems help determine a structure’s level of environmental performance. The LEED rating system, developed by the US Green Building Council (USGBC), was adopted by the Canada Green Building Council in 2004. LEED has made positive contributions by promoting green building design and energy efficiency. This system, however, does not recognize all credible forest certification standards equally.

As such, approximately two-thirds of forests in Canada that are third-party certified to credible, internationally recognized standards for sustainable forest management are not eligible for the certified wood credit under the LEED standard.

As a result, Canadian builders, architects and designers cannot source our own responsibly-managed CSA- or SFI-certified wood for use in building projects for which they seek to earn the LEED certified wood credit. Moreover, with 60% of FSC’s global supply coming from outside of Canada and the U.S., many Canadian building professionals may have to source offshore FSC-certified wood to earn this credit.

*Green building and our economy*

Natural resources play a key role in Canada’s economy. Within our national economy, the gross domestic product (GDP) of the Canadian forest products industry is approximately $24 billion – more than motor vehicles, aerospace, chemical, mining and rail transport.151 The forest and paper sector provides Canadians and the world with superior forest and paper products made of wood fibre sourced from responsibly-managed forests. These sustainable practices by the industry protect the environment, conserve forests, protect jobs and strengthen local communities.

Green building programs used in new construction or renovations can improve energy efficiency, reduce waste and deliver long-term cost benefits in buildings. Within North America, there are a number of green building programs that are inclusive of credible, third-party forest certifications (including CSA, SFI and FSC).

Using taxpayer dollars in green buildings promotes sustainable development and reduces the economic and environmental costs of the building. However using green building programs that exclude more than two-thirds of responsibly managed forest in Canada limits economic growth: it creates an unfair competitive landscape for Canada’s forests, and it unintentionally sends a message to building professionals across the country and the globe that Canadian forests are not sustainably managed.

By equally promoting and supporting all of Canada’s certified forests, the Government of Canada will:

- Promote competition and continual improvement among green building standards.
- Promote fair competition among wood products grown or manufactured in Canada’s responsibly managed forests.

149 Forest Products Association of Canada, [http://certificationcanada.org/english/what_is_certification/](http://certificationcanada.org/english/what_is_certification/)


151 Based on 2011 data.
• Advance Canada’s forest industry in the global marketplace.
• Protect jobs and enhance the viability of Canada’s resource-based communities.

It is imperative that the federal government advocate for equal credit for all three of Canada’s forest certifications in all green building programs in Canada. This resolution, however, also recommends a more immediate solution – specifying the use of third-party certified wood products for all wood materials in green buildings in Canada. This solution is very attainable and will have an immediate positive impact on the forest industry by equally promoting all of Canada’s certified forests.

**Recommendations**

That the federal government:

1. Continue to support the use of green building principles and criteria in the construction of new federal buildings, renovations, additions or such projects funded by the federal government (in whole or in part).
2. Promote fair competition in Canada’s forest industry by advocating that all green building programs in Canada give equal credit to all credible, third-party forest certifications, including CSA, SFI and FSC.
3. Encourage and educate designers and material specifiers to specify “third-party certified wood products” for all wood materials, acknowledging that the credit available within the LEED rating system may not be achieved.
4. Require all construction of new federal buildings, renovations, additions or such projects using wood and funded by the federal government in whole or in part, if pursuing LEED certification, not pursue MR Credit Certified Wood, but otherwise continue to require funded projects using wood products certified by SFI, FSC or CSA, until such time as LEED recognizes these other third-party certification standards.

CO-SPONSORED BY THE PARKSVILLE & DISTRICT CHAMBER OF COMMERCE AND THE GRANDE PRAIRIE & DISTRICT CHAMBER OF COMMERCE

THE NATURAL RESOURCES AND ENVIRONMENT COMMITTEE HAS DECIDED NOT TO COMMENT ON THIS RESOLUTION DUE TO A LACK OF EXPERTISE ON THE ISSUE.

53. Protecting Canada’s Fresh Waters from Zebra and Quagga Mussels

Quagga and zebra mussels pose a serious and costly threat to aquatic ecosystems, salmon populations, tourist destinations, hydro power stations and other infrastructure facilities throughout Canada. Native to Eastern Europe and Western Asia, quagga and zebra mussels have already caused millions of dollars in damage to the Laurentian Great Lakes area and have cost the North American economy billions of dollars to control. The damage these species cause is diverse; among other things, quagga and zebra mussels:

• Disrupt native ecosystems by altering food webs, concentrating pollutants in their wastes, and inducing bird and fish kills;
• Attack infrastructure by clogging water intakes and distribution systems, and by damaging pumps and hydroelectric power generating facilities;
• Injure tourism (and tourists) by fouling beaches with razor sharp shells and decay odour; and
- Hurt marine industry by impairing the structural integrity of steel and concrete (such as are found in marinas and port facilities), and causing damage to watercraft.

Zebra and quagga mussels typically migrate from one body of water to another on or in watercraft, but can also be transported on boat trailers, fishing gear, recreational equipment and float planes. In addition to adults that attach themselves to hard surfaces, larvae, which are invisible to the naked eye, are easily transported to new waters in ballast tanks and bilges. Once introduced to a body of water, there is no known way of eradicating zebra and quagga mussels. Their unwelcome presence is permanent, and the damage they cause perpetual.

The advance of these species reached the lakes and waterways of Western Canada in 2013, specifically in Manitoba, and invasive mussel species continue to hitchhike westward through the United States reaching Montana just last year. Provinces in central Canada, including Manitoba, Ontario and Quebec, are constantly battling to contain and remediate the damage caused by invasive mussel species in their waters.

The federal government has already taken commendable action since the Canadian Chamber of Commerce first adopted a policy position on this issue in 2014. By enacting the Aquatic Invasive Species Regulation, the government has provided a full suite of regulatory tools to prevent the introduction of aquatic invasive species into Canadian waters and to control and manage their establishment and spread, once introduced.

The federal government has begun to train some Canada Border Services Agency agents to recognize and inspect potential carriers of zebra and quagga mussels. However, anecdotally reports suggest that border inspections and enforcement remains inconsistent, and therefore inadequate.

There is more that can be done. As was the case with legislation, Canada should follow the lead of the United States, and provide matching federal funds for provincial inspection stations. Our federal government should also do more to ensure that invasive mussels do not cross our national and inter-provincial borders, and should take on a larger role in inter-governmental efforts to stop the spread of invasive mussels.

If the federal government does not act to neutralize the threat of invasive mussels, the cost of zebra and quagga mussels infesting western Canadian waters is likely to be in the hundreds of millions of dollars over the next decade. Virtually every industry that interfaces with freshwater will be affected, including the pacific salmon fishery, hydroelectric power generation, tourism, and marine shipping. The federal government must act forcefully to stop zebra and quagga mussels from causing severe damage to the Canadian economy.

**Recommendations**

That the federal government:

1. Fully engage in the Pacific NorthWest Economic Region’s Invasive Species Working Group to help implement the recommendations in the framework for Advancing a Regional Defense Against Dreissenids in the Pacific Northwest.
2. Institute mandatory inspections of all watercraft entering Canada from the United States.
3. Establish full-time seasonal inspections at major provincial crossings in Banff and Jasper National Parks.

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153 Damages from an infestation of Lake Okanagan has been estimated at $42 million per year (Self, J., Larratt, H. 2013. Limiting the Spread of Aquatic Invasive Species into the O kanagan. Prepared for the Okanagan Basin Water Board and the Glenmore-Ellison Improvement District., available online [http://www.obwb.ca/fileadmin/docs/2013_obwb_ais_report.pdf](http://www.obwb.ca/fileadmin/docs/2013_obwb_ais_report.pdf)); damage to BC generally has been estimated more conservatively at $21 million annually (Robinson, D. et al. 2014. Preliminary Damage Estimates for Selected Invasive Fauna in B.C. Prepared for Ecosystems Branch, B.C. Ministry of Environment.); damage to Alberta has been estimated at more than $75 million annually (Neupane, A. An Estimate of Annual Economic Cost of Invasive Dreissenid Mussels to Alberta. ESRD. November 2013)
4. Support provinces that are already mussel-infested (Quebec, Ontario and Manitoba) to develop and implement a containment-at-source strategy for invasive mussels.

5. Match provincial spending on invasive mussel inspection stations dollar for dollar.

6. Prioritize research and education in relation to invasive-mussel prevention, containment, control and eradication methods.

SUBMITTED BY THE KELOWNA CHAMBER OF COMMERCE

This is a 2014 resolution falling off the books.

THE NATURAL RESOURCES AND ENVIRONMENT COMMITTEE SUPPORTS THIS RESOLUTION.

54. The Importance of Expanded Oil Pipeline Infrastructure to the Economy

Issue

Energy and its related products are a significant part of Canada’s annual exports. Along with metals and mineral products, they represent the largest positive annual contribution to Canada’s balance of trade. Through development of expanded pipeline infrastructure, such as Trans Mountain Expansion Project (TM EP), Canadian oil resources can create exceptional opportunities for Canada’s small and medium-sized enterprises (SMEs), serve as an important source of near-term and long-term job creation and generate lasting benefit for the province, municipal governments and their communities. TM EP’s benefits include thousands of short-term and long-term jobs, economic activity and tax revenue to support communities and government programs.

Background

It is clear that our oil pipeline infrastructure has national economic significance. This infrastructure is critical to the Canadian economy, with the ability to transform Canadian oil producers from price takers to price makers in international markets. Due to the lack of infrastructure to markets other than the U.S., Canadian producers are forced to sell their products at a discounted price, which can cost our economy up to $50 million a day.154 This price differential, which takes away potential tax revenues that could be used to provide services for the people of Canada, should be a concern for everyone.

The $7.4 billion Trans Mountain Expansion Project is a key to unlocking that wealth. Through the expanded pipeline, oil producers gain increased access to tidewater, and see their product transported to new markets that would pay world rather than domestic prices.155 Despite a fallback in oil prices, the NEB estimates oilsands output will double between 2015 and 2020, demonstrating the ongoing need for the Project.

155 Referenced by Kinder Morgan Canada
TMEP will generate $3.3 billion in labour income across Canada. Aboriginal residents stand to benefit from consideration for hiring and the initiation of an Aboriginal employment and training program to increase access to Aboriginal employment opportunities to meet the demands of projects such as Trans Mountain.

The project will generate large demands for goods, services and workers, with an emphasis on local hiring, procurement, and sourcing. In addition to direct construction work for British Columbians, there are indirect or supply chain job opportunities across the country in:

- Rail transportation;
- Marine transportation;
- Equipment rental and leasing;
- Truck transportation;
- Steel products;
- Transportation support activities;
- Computer services;
- Engineering;
- Machinery and equipment wholesalers.

In December of 2013, Kinder Morgan applied to the National Energy Board (NEB) to expand its existing Trans Mountain pipeline system, increasing daily capacity from 300,000 barrels to 890,000 barrels. Following a 29-month review, the NEB concluded that the TMEP is in the Canadian public interest and recommended that the federal Governor-in-Council approve the expansion. The NEB’s review was rigorous, involving a record 404 intervenors and more than 1,200 commenters, resulting in 157 conditions to address: public safety; economic benefits; local job creation; emergency preparedness and emergency response; Aboriginal interests; environmental protection; safety; and the marine tanker transport routes.

On November 29, 2016, the Government of Canada accepted the NEB recommendation, noting that Canada needed to expand the markets for its oil products and saying that the Trans Mountain Expansion Project “will make that possible.”

On January 11, 2017, the Province of British Columbia announced that the Project had received its environmental certificate from the BC’s Environmental Assessment Office subject to 37 Conditions and has met the Requirements for British Columbia to Consider Support for Heavy Oil Pipelines, known as B.C.’s 5 Conditions.

Through the extended pipeline, oil producers gain increased access to tidewater, and see their product transported to new markets that would pay world rather than domestic prices. Despite a fallback in oil prices, the NEB estimates oilsands output will double between 2015 and 2020. This demonstrates the ongoing need for the Project.

Economic benefits generated during construction and 20 years of operations from the Trans Mountain Expansion Project include:

- $46.7 billion in federal/provincial taxes, including $19.4 billion to Alberta and $5.7 billion to B.C.;
- $23 billion and $45 billion in GDP effects for B.C. and Alberta respectively;
- 800,000 person years of work for Canadians from project development and operations;
- excluding construction, 7,600 jobs per year (e.g. 1,100 full time marine sector jobs in the Lower Mainland due to an increase from one tanker call per week at Westridge Marine Terminal to one per day);
- $3.3 billion in labour income across Canada from project development.
The Trans Mountain Expansion Project is important and timely. The economic benefits are substantial and will be available to fund core government projects and services including health care, education, roads and infrastructure, as well as support local economic activity in municipalities and Aboriginal communities along the route. Operators of small and medium businesses can also expect to benefit from the economic expansion the Project creates.

**Recommendations**

That the Federal Government, working with the Government of British Columbia and the Government of Alberta:

1. Continues to support the Trans Mountain Expansion Project to ensure that the project meets its commitment to deliver jobs and economic benefits and fulfills its regulatory requirements during the construction and operation of the pipeline; and

2. Engages Chambers and other organizations from communities hosting the pipeline to maximize opportunities for Canadian businesses during construction and operation of the project, including increased opportunities for First Nations participation.

**SUBMITTED BY THE BC CHAMBER OF COMMERCE**

**THE NATURAL RESOURCES AND ENVIRONMENT POLICY COMMITTEE SUPPORTS THIS RESOLUTION.**
55. A Focus on a National Youth Entrepreneurship Strategy

**Issue**

Given persistently high rates of youth unemployment in Canada, recently measured at 12 percent, preparing Canadian youth to follow an entrepreneurial path is not only an acceptable choice, but also a strategic decision. Not enough of the available programs in Canada that introduce youth to career pathways, focus on developing practical entrepreneurial skills. It will take the combined support and involvement from all sectors, including businesses, to address the need for more support to develop Canada’s future business owners.

**An example of what can be done in Canadian Communities**

Surrey is a young, rapidly growing city with one third of its population under the age of 19. While this is a source of strength, it creates strains in key areas such as programs and services, housing and the job market. Vital Signs 2015, a Coast Capital Savings sponsored survey of Surrey youth aged 12 to 24, showed that older youth overwhelmingly felt they had not received adequate life skills training in their elementary and secondary years and were unsure of their ability to successfully transition out of school into stable fulfilling employment. Statistics show that youth unemployment and underemployment is rising and entry-level wages do not cover the cost of living.

The Surrey Board of Trade (SBoT) has focused on entrepreneurial strategies for youth for the past 10 years, and in 2016 launched a Youth Entrepreneurship and Advocacy Action Plan led by a team of youth and business leaders. The goal of the Action Plan is to combat unemployment, promote entrepreneurship and improve economic prospects for Surrey youth through targeted services, events, programming and mentorship. Part of the action plan is to work with PowerPlay Young Entrepreneurs, a curriculum-based program for grades 4-8 classrooms. Each student creates a real business by developing a business plan, product and marketing materials. Students develop practical entrepreneurial skills such as creativity, critical thinking and communications that can support them in all areas of life. They also discover that entrepreneurship is a viable career path.

Surrey Board of Trade also leads a PowerPlay program called Project Enterprise in secondary school classrooms. Similar to the elementary program, students develop real social enterprises and discover their ability to be change makers and redefine success in business from an exclusive focus on profits to one that prioritizes people, the planet and profits.

A real-world approach to learning within the school setting and supported by businesses helps young people develop an entrepreneurial mindset that is needed in a highly competitive marketplace. Together the Surrey Board of Trade and PowerPlay Strategies have created a model that can be easily adopted in other Canadian communities.

**Supporting the Current Workforce**

With half of all owners of small and medium-sized business in Canada retiring in the next decade and youth unemployment more than double the rate of older age groups, youth entrepreneurship is an opportunity to create jobs for young people and others, generating tax revenue, and producing the products and services that will play a vital role in our economic success. Governments and corporations need to incubate entrepreneurial talent.

On a global scale, there are 73 million people between the ages of 15 and 24 who are currently unemployed: 15 to 18 per cent of youth in Brazil, Russia and the USA; 21 to 23 per cent of youth in France and the United Kingdom; and, 30

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156 The national youth (15-24) unemployment rate for May 2017 was 12% http://www.statcan.gc.ca/daily-quotidien/170609/dq170609a-eng.htm
to 52 per cent of youth in Italy, Spain and South Africa. These unemployment figures are set to climb higher, according to findings from the G20 Youth Entrepreneurs’ Alliance.\textsuperscript{157}

Giving young people a real opportunity to gain control over the direction of their lives can reduce the crippling malaise and hopelessness that permeates communities with vast numbers of unemployed youth. With basic business education and access to microloans, the economic ecosystem of whole communities can change drastically: small businesses create local jobs and keep capital circulating in communities.\textsuperscript{158}

The United Nations Conference on Trade and Development (UNCTAD) developed a Policy Guide on Youth Entrepreneurship.\textsuperscript{159} The report builds on previous work by UNCTAD and recognizes the specific needs of young people. In summary, the five recommendations include\textsuperscript{160}:

1. **Optimize the regulatory environment** – Ensure that regulations do not in themselves present barriers, the recommendations are to balance regulation and standards with development objectives, introduce transparency and ease of access through “one stop shop” bundling of business registration, etc. Overall, the purpose is to simplify regulations where it makes sense.

2. **Enhancing entrepreneurship education and skills development** – The recommendation is to begin introducing entrepreneurship awareness from the beginning of the school experience. (Similar to the program that SBOT uses, educational programming from kindergarten through to post-secondary, would provide experiential, hands-on training that incorporates external mentors and would include a variety of opportunities including trades, apprenticeships, innovation, and other extra-curricular programs. Some of this has been included in the language for the new BC K-12 curriculum; however, there is opportunity to expand.)

3. **Facilitating technology exchange and innovation** – Information and communication technologies (ICT) are critical for any new business venture, and is a particular challenge for marginalized young people (socio-economic barriers, remote locations, etc.). Incubators, research and development labs, knowledge hubs, education-industry collaboration and business mentorship are but a few ways that ICT challenges can be overcome. An appropriate policy would also include a mechanism to facilitate youth-led businesses connecting with potential clients/customers.

4. **Improving access to finance** – Challenges such as age restrictions and low financial literacy levels can be overcome by developing youth-friendly financial products, including flexible loans or a credit bureau, increasing financial inclusion, and recognizing public-private partnerships as a means of collateral for a start-up. Business mentoring should be seen as an invaluable resource for young entrepreneurs and should be encouraged.

5. **Promoting awareness and networking** – The hardest challenge for a young entrepreneur is to overcome negative attitudes and to connect with a supportive environment to foster their development. Businesses, along with governments, can jointly elevate the value of entrepreneurial programs, encourage and support peer networks, utilize media platforms to celebrate success, and to promote investments. Much of this is incorporated in the SBoT programs described above.

The recommendations through the UN report encompass provincial, territorial and federal jurisdictions and will require collaboration between those governments and businesses to ensure that the business owners and employers of tomorrow are given the best tools to succeed.

\textsuperscript{157} G20 Young Entrepreneurs’ Alliance https://www.g20yea.com/
\textsuperscript{158} http://business.financialpost.com/entrepreneur/fp-startups/the-incoming-government-should-be-looking-to-entrepreneurship-to-cut-youth-unemployment/?__lsa=6793-e31d
\textsuperscript{160} Ibid, P.11
Recommendation

That the federal government work with provincial and territorial governments to create a comprehensive national youth entrepreneurship strategy, using best practices such as those recommended by the United Nations Conference on Trade and Development (UNCTAD) Policy Guide.

SUBMITTED BY THE SURREY BOARD OF TRADE

THE HUMAN RESOURCES POLICY COMMITTEE SUPPORTS THIS RESOLUTION.
THE SME POLICY COMMITTEE SUPPORTS THIS RESOLUTION.

56. Addressing Entrepreneur Mental Health

Issue

The degrading mental health of employees and entrepreneurs is threatening the well-being of the nation’s economy. Exposure to excessive stress, which contributes to anxiety and depression, is impacting productivity while further depleting the entrepreneurial spirit. Despite a greater focus on entrepreneurship by government, investors and academia, overall rates of new business formation have been falling since the 1980s\textsuperscript{161}, and only 51 per cent survive past five years\textsuperscript{162}.

Background

Entrepreneurs create the vast majority of new jobs, pull economies out of recessions, introduce useful products and services, and create prosperity. Despite their importance to the country, entrepreneurs deal with elevated levels of stress, anxiety and depression due to the high stakes of starting a new business. A recent study\textsuperscript{163} by Bluteau DeVenney showed that 72 per cent of entrepreneurs live with some form of mental illness, 40.5 per cent of respondents reported their mental health had worsened since becoming entrepreneurs and 47.3 per cent reported a decline in their overall health. It also identified the stress of starting and building a business caused negative impacts in the personal relationships and social lives of 74.5 per cent of respondents. Entrepreneurs are 3.5 times as likely to experience mental illness and five times as likely to contemplate suicide as the general public.

According to the Canadian Mental Health Association, the economic burden of mental illness in Canada is estimated at $51 billion per year\textsuperscript{164}. This includes health care costs, lost productivity, law enforcement, corrections and reductions in health-related quality of life. There is a measurable impact on the economy as individuals with a mental illness are much less likely to be employed. Unemployment rates can be as high as 70 to 90 per cent for people with the most severe mental illnesses. In any given week, at least 500,000 of employed Canadians are unable to work due to mental health problems. Also worthy of note is the cost of a disability leave for a mental illness is about double the cost of a leave due to a physical illness.

\textsuperscript{163} Mindset: The Intersection of Entrepreneurship and Mental Health by Bluteau DeVenney and Company, January 2017.
\textsuperscript{164} http://www.camh.ca/en/hospital/about_camh/newsroom/for_reporters/Pages/addictionmentalhealthstatistics.aspx
“The working environment for the entrepreneur is one of unhealthy stress, tension and strain. The resulting pressure affects the mindset of the entrepreneur to the point of creating poor mental health conditions,” Michael DeVenney, Bluteau DeVenney. “There is a strong stigma attached to mental illness in entrepreneurship, under a veil of ‘never let them see you sweat.’ The stigma leads to suffering in silence and amplifies the potential for significant problems.”

Entrepreneurs self-identify with the business, which often contributes to success, but can cause dangers when businesses don’t meet expectations. By setting unrealistic growth targets of 20% or more, their confidence and entrepreneurial spirit is damaged. The average small- and medium-sized business grows on average of three percent, with potential to grow by 7.2% as reported in a study by Industry Canada.

Federal Budget 2017 proposes to invest $5 billion over 10 years to support mental health initiatives. Through this funding, it is anticipated access to mental health support will be improved for as many as 500,000 young Canadians under the age of 25 who cannot currently receive even basic mental health services. While recognizing the need within that age bracket, it is also essential to provide improved access to mental health supports for entrepreneurs to support growth in Canada’s economy.

Recommendations

That the federal government:

1. Develop a national strategy on mental health that would involve the creation of a “Centre of Excellence” dedicated to research, prevention and treatment of mental illnesses supported by academia, government, health professionals and private business.

2. Collaborate with the provinces/territories and municipalities to stimulate awareness and increase supports for entrepreneur mental health, such as the development of employer/employee and mentorship programs to educate and identify mental health issues within the workplace, as well as raising awareness of treatment or support options to improve outcomes, which will increase the economic potential of all citizens and entrepreneurs.

3. Establish accountability criteria for health-care funding investments with the provinces/territories to ensure funds earmarked for mental health are used responsibly providing the greatest impact possible, reducing wait times and “red tape” for those in immediate need.

4. Examine the existing Employment Insurance system to ensure it meets the mental health needs of entrepreneurs.

SUBMITTED BY THE TRURO & COLCHESTER CHAMBER OF COMMERCE

Co-sponsored by the Pictou County Chamber of Commerce, the Atlantic Chamber of Commerce, the Strait Area Chamber of Commerce, and the Annapolis Valley Chamber of Commerce

THE HUMAN RESOURCES POLICY COMMITTEE SUPPORTS THIS RESOLUTION.

THE SME POLICY COMMITTEE SUPPORTS THIS RESOLUTION.
57. Enabling and Protecting the Next Generation of Entrepreneurs

Issue
While there is no minimum age for owning shares in a business, individuals under the age of majority (19-years of age in Canada) cannot incorporate, meaning they can’t sign contracts or legal documents on behalf of the company, and they cannot be an officer or director of their own company. These youth must rely on multiple guardians, parents and/or trusted advisors willing to do so on their behalf. By limiting the ability for budding young entrepreneurs to guarantee certain protections for their ideas and businesses, these restrictions are at odds with the provincial and federal emphasis on promoting entrepreneurship and small business as an economic driver.

Background
Today’s youth are an increasingly likely group for entrepreneurship as they look towards self-employment as a viable career option. With a significant chunk of future businesses starting out of apartments, basements, or garages at a very young age, particularly as technology facilitates the accessibility and ease with which individuals can start their own company, there is a need to ensure that Canada stays at the forefront of the industry and opens doors where possible for innovation to thrive.

Taking their cue from the Mark Zuckerbergs of their generation, more and more entrepreneurial-minded youth are taking risks to start their own companies. In B.C., at the age of 16 based out of Burnaby, Milun Tesovic established himself as one of Canada’s youngest entrepreneurs by starting the online music website Metrolyrics, which soon became the #1 online lyrics website in the world with 126 million page views per month and eventually sold to American media conglomerate CBS. But first, he had to bring onside a trusted family friend as a business partner because he couldn’t legally do it on his own. At the age of 15, Albert Cherng started the Tech Easy Foundation, a non-profit society that provides technology education for seniors. Albert recently received the BC Youth Social Innovation Award and Tech Easy has helped over 1000 senior citizens across 40 communities and recruited over 200 high-school volunteers. Yet in order for all this to take place, Albert had to convince his parents to start and govern a society on his behalf. How many other brilliant youth are we excluding by not making a more accessible and protected mechanism for youth to create great organizations such as these?

In a survey conducted by EY, 65% of young people aged 18-25 indicated their desire to start their own business.165 The 2017 Expert Panel for the Federal Government’s Youth Employment Strategy (ages 15-29) found an increasing trend towards recognizing entrepreneurship as a viable career path. In order to help our youth succeed as entrepreneurs, there is a growing movement of initiatives and organizations supporting youth entrepreneurship projects in high school and elementary. These programs create real-world projects for youth to help them learn entrepreneurial skills and competencies at an age when they readily develop curiosity, courage, an ability to overcome fear of rejection, critical and creative thinking, resiliency, and more. Examples in Canada include Young Entrepreneur Leadership Launchpad (YELL Canada), Junior Achievement, Tinypreneur, PowerPlay, and StartupSkool. Combined with recent shifts towards project-based learning for students, we will see more youth designing business ideas at a young age and hungry to get them going in real life. This is a problem that organizations like YELL Canada come across frequently, with innovative and visionary 15-19 year olds hungry to start a business, but feeling frustrated because they can’t do so.

Despite the growing momentum, youth under the age of majority can’t incorporate, and are limited from participating in the strategic direction, governance, and management of a company. The only option they have is through limited participation as a shareholder (where they pick their own boss and directors), or by registering as a sole proprietorship (usually after the age of 15) and taking on full liability and risk. Workarounds leave youth exposed to various risks and/or decrease their ability to set the direction of a company. Parents can become a director

but they may lack the requisite understanding of how the business works, in which case a professional who does understand the business would need to be brought on board. But either option leaves youth and their ideas vulnerable due to a lack of IP/patent protection and the risk that the company is stolen, sabotaged, or participation is hindered. The option of not incorporating or operating as a sole proprietorship under the age of majority is similarly challenging, since, without the ability to enter into contracts, other business owners and customers are dangerously exposed financially and legally.

Evidently, it is time to come up with a viable solution that allows business owners under the age of majority to participate meaningfully in their own company while also ensuring that the proper protections are in place for these youth and the general public. There are a number of options that could be considered:

- Establishment of a national foundation or shared-platform entity that assumes sign-off responsibilities for all activities while temporarily absorbing a youth-led organization or initiative until full transfer is given to the youth upon reaching the age of majority (e.g., the shared platform process pioneered by Tides Canada Foundation that temporarily absorbs new projects that cannot yet support a full stand-alone charitable structure);
- Separate incorporation structure under the Corporations Act for a full or partial youth-led corporation (e.g., Community Capital Corporation in B.C.);
- Provision for up to a certain percentage of board of directors seats to be controlled by youth under the age of majority;
- Lowering the age of majority for incorporation with certain levels of oversight and protection put in place; OR
- Trustee takes on a proxy role as director or signing officer until such time as the youth reaches the age of majority.

Despite a growing emphasis on spurring entrepreneurship and creating opportunities for Canadian youth, self-employment among individuals aged 15-24 stood at 11,400 in 2015, representing a decline of 9.5% from 2010 levels. If more billion dollar companies are to be started by young entrepreneurs here in Canada, and if we want to retain young entrepreneurial talent, we need to ensure our youngest and most ambitious youth are given the tools and protections to succeed.

Recommendations

That the federal government, working with the provincial government:

1. Create a vehicle to allow entrepreneurs under the age of majority to legally participate in the management and governance of a company;
2. Investigate options to ensure the appropriate level of protections are put in place for youth and the public, with an emphasis on working with insurance providers on D&O insurance options;
3. Based on level of participation and protection (if not full participation), a mechanism to transition at age of majority.

SUBMITTED BY THE BC CHAMBER OF COMMERCE

THE HUMAN RESOURCES POLICY COMMITTEE SUPPORTS THIS RESOLUTION.

58. RCMP the Line of First Defence and Resource of Last Resort

Issues
It is a fact that RCMP costs are the highest line item cost in most municipal budgets across the northern half of Canadian provinces. These costs have become onerous on small communities and at the same time the members in small town detachments are overwhelmed and overworked, resulting in RCMP detachments that can no longer provide a safe community that allows businesses to operate without threat.

In order to seek a solution as to how we can support RCMP detachments we need to examine a number of factors contributing to the stresses on the RCMP today.

Financial Resources
Putting more money into the system would help but cannot be sustained by the municipalities given the funding system that exists in the country today.

Communities are expected to make the following contributions to the overall cost of the RCMP services.

Rural and unincorporated areas pay less than 50% of the cost, small towns (5,000 to 15,000) have to pay 70% of their costs and communities over 15,000 have to pay 90%. The remainder is paid for by the provincial/territorial and the federal governments.167

Weaknesses in this formula include:

- Municipalities support the RCMP by taxing property. These taxes become a huge drain on property owners and hence businesses, especially in towns where there is no industrial base. This is not sustainable.
- This formula does not address the actual policing capacity needed in a community.
- There is no equality in who pays how much. Unincorporated areas only have to pay 50% of their policing costs. There is no desire for rural areas to amalgamate with adjacent larger communities as the tax hike for policing is so high.
- An integrated detachment then has to track costs for three different agencies.
- The RCMP has seen a growing protest across the country amidst calls for fair compensation, with Mounties speaking out against the pay discrepancies between RCMP and municipal forces.

In Northwest British Columbia where the First Nations population is about 40% there is only one member assigned as a liaison person to address First Nations issues. The federal government needs to ensure that our First Nations have the support they require. When your region’s population is 40% First Nations having members specifically focused on First Nations issues and relationships is important.

Productivity

Enforcing the rule of law is fundamental to sustaining the safety of our communities. Rising costs have to be examined to determine that delivery of the service that is expected of the RCMP today is done in a productive manner. Examination of in-house bureaucratic requirements needs to take place and the interaction of the RCMP and social services need to be more closely harmonized and streamlined.

In the northern half of the province, staffing levels have not changed for many years. In the interim, demands on staff time have increased exponentially; more paperwork, more training to meet new standards, but particularly more time spent to fulfill the social needs of our changing communities.

Examining the productivity of the force is necessary.

This productivity is eroded by a myriad of forces, such as the tangled contractual system between federal, provincial, municipal, rural models of delivery and funding.

Role of the RCMP in communities today

What was in the past a role to be played of enforcing the law has now expanded to support the social needs of a community. There is an expectation today that the RCMP are to be there for those of our society who desperately need support but have fallen through the cracks of the myriad of unintegrated social service agencies.

Due to a lack of resources devoted to the social sector, in particular social services targeting mental health, the RCMP have become the resource of last resort when people cannot find support from social services, medical systems, or the courts. The RCMP are there to deal with the cases that no one wants. To do this they require increased funding and staffing.

This departure from the intended purpose of the RCMP, which was enforcing the law, has put stress on the members and has demanded time away from the job they were meant to do. It has reduced productivity and at the same time overwhelmed the already limited resources they have at hand.

The two responsible agencies are the corporate RCMP themselves in that they have not supported the men and women on the street who live through these struggles on a daily basis and the Provincial Government who have not recognized that such a crucial service to the health of our communities needs their continued and urgent support.

Without adequate funding, productivity gains, support for the members as they do their jobs, how can we expect the RCMP to meet such demanding challenges today such as the opioid crisis?

Many reports, as posted on the RCMP website have been written about this situation. It is time that concrete steps are taken to correct it.

Recommendations

That the federal government:

1. Conduct a thorough analysis to ensure that funding of the RCMP is adequate, fair and equitable for rural, municipal and First Nations communities; and

2. Together with the RCMP and the provincial/territorial governments, work diligently and with urgency to examine and alleviate those issues that are impacting on the productivity of the Force as well as the wellbeing of their members.

SUBMITTED BY THE TERRACE AND DISTRICT CHAMBER OF COMMERCE
THE INDIGENOUS AFFAIRS POLICY COMMITTEE SUPPORTS THIS RESOLUTION.

59. First Nations Land Title Initiative

Issue
An antiquated and cumbersome land “ownership” system for Indigenous lands has limited the ability of First Nations to leverage the value of their property, hindering them from achieving their full economic potential and highest and best use of their lands. With many municipalities and regions looking for opportunities for developable lands, this inability to fully utilize potential partnerships with First Nations is hindering the growth of business.

Background
There are a number of issues hindering the ability of Indigenous communities in accessing the available potential of their lands. Firstly, First Nations are constrained by high transaction costs, nearly four to six times higher than on non-First Nation lands. These high transaction costs arise because the legal and administrative framework to facilitate investment on First Nation land is largely missing. Whereas the legislative and administrative frameworks for federal and provincial governments have evolved responsively over the last 140 years, the Indian Act has remained virtually unchanged.

Secondly, with respect to land tenure, the current methods for securing title on First Nation lands and the Indian Lands Registry are inadequate and they do not provide sufficient title certainty. This is true regardless of who invests (First Nation and non-First Nation) and regardless of the type of investment (commercial or residential). The consequences of poor land title have been profound. Land certainty is the bedrock of the investment and financial markets. Its absence has deterred investment and greatly lowered land values on First Nation lands. It has resulted in valuable lands being put to very low value uses, as low as 10% of comparable land governed by a Torrens based system.

During the last 30 years, First Nations have begun to legislate their way back into the Canadian economy. It started in 1988 with the first change to the Indian Act ever led by a First Nation – the Kamloops amendment. This allowed First Nations to collect property tax on their lands. Once First Nation governments derived revenues from economic activity, they began to pursue more economic activity on their lands. This meant pursuing other legislation to fill the legal and administrative gaps created by the Indian Act which include:

- The First Nations Land Management Act
- The First Nations Goods and Services Tax Act
- The First Nations Fiscal and Statistical Management Act
- The First Nations Oil and Gas Management Act and
- The First Nations Commercial and Industrial Development Act

Missing in these legislative initiatives is an institutional framework to improve First Nation land tenure certainty.

For several years First Nations, the federal government, and the First Nations Tax Commission (FNCT) have worked on developing land title legislation under the Indigenous Land Title Initiative (ILTI). This initiative is designed to enable First Nations who wish to choose this option to move beyond the debilitating Indian Act land tenure system, to a more modern Torrens-based system which facilitates certainty and economic growth. Continued support from the federal government and eventual passage of the legislation for interested First Nations will lead to greater First Nation integration in the market economy.
The FNTRC estimated in 2011 that based on 68 BC First Nations opting into ILTI over 15 years, $3.8 billion in increased real estate values, 27,000 FTEs in new employment opportunities, 2,700 new homes built, approximately $240 million in property and sales tax revenues, and about $160 million in infrastructure will be generated. According to the FNTRC, this will result in a $1.1 billion reduction in the cost of poverty.

**Summary**

Conditions of the First nations Land Title Initiative (FNLT) would be as follows:

- The FNLTI will allow First Nations to opt-in to a land title legislative framework as an alternative to the Indian Act following a positive vote of its membership;
- Participating First Nations will have the option to hold legal title to the land currently held by the Crown as “reserves” under the Indian Act, and will have the power to enable all types of land tenure, including, if they choose, individual ownership without any loss of jurisdiction over the land;
- Participating First Nations will have expanded jurisdiction to implement a Torrens title system and to manage, develop, and protect their lands;
- A ready-to-use legal framework of regulations and sample laws will allow FNLT First Nations to implement the legal framework for their jurisdictions efficiently and effectively;
- The ITLI will have a profound impact in stimulating investment, reducing poverty, and strengthening First Nation participation in regional economies; and
- First Nations (including T’kemlups te Secwepemc, Shuswap, Skowkale, Aitchlitz, Klahoose, Upper Nicola and others) have passed Band Council resolutions of support for the initiative.

**Recommendations**

That the federal government collaborate with First Nations to develop:

1. Land Title Initiative legislation in which they would have the option to adopt to improve land tenure certainty for their undisputed lands; and
2. Systems to support First Nations choosing to opt into the legislation.

SUBMITTED BY THE KAMLOOPS CHAMBER OF COMMERCE

THE INDIGENOUS AFFAIRS POLICY COMMITTEE SUPPORTS THIS RESOLUTION.

**References**

60. Supporting Canadian Agri-Food to Meet Global Demand

**Issue**

Targeted and coordinated support between the federal government, Canadian provinces and the private sector is required for optimal productivity across the Canadian agri-food industry.

**Background**

A February 2017 report from the Advisory Council on Economic Growth\(^{168}\) and a subsequent April 2017 document from the Canadian Agri-Food Policy Institute/Public Policy Forum\(^{169}\) both recognized significant short and long-term prospects for the national agri-food sector.

The Advisory Council believes that while public policy should promote growth in all areas of the economy, certain sectors possess “untapped potential” that require specific actions to address on-going barriers. These obstacles generally include excessive regulations, unnecessary interprovincial trade barriers, inefficient subsidies, inadequate trade-enabling infrastructure, and skilled labour shortages.

The Canadian agri-food sector has immense global economic potential originating from leading domestic research facilities, stable private sector organizations, a growing global middle class, and changing consumer trends to higher-value foods. These factors provide the potential for Canada to become a global leader in safe and sustainable food production into the 21st century.

Canadian agri-food, defined broadly, is one of Canada’s largest employers and economic engines contributing 2.1 million jobs and 6.7 percent of GDP. Exports have averaged annual growth of 9.5 percent during the past five years and Canadian companies operate in relatively favourable domestic business and economic conditions. Organizations have access to capital, inputs, and strong research/development capabilities in a network of institutions across Canada.

According to the Advisory Council on Economic Growth, global food demand is expected to increase 70 percent by 2050. The world needs to produce as much food in the next 45 years as the previous 10,000. A significant share of this increasing demand will originate from emerging markets where some three billion people are expected to enter the middle class from 2010 to 2030 and consume considerably more protein.

Global markets are looking for food produced through safe and environmentally sustainable methods. Land degradation, water scarcity, urban sprawl, climate change and political/economic instability could present challenges for many countries to produce food for domestic requirements and importing from nations such Canada becomes a necessity.

In March of 2017, the Public Policy Forum and The Canadian Agri-Food Policy Institute conducted a series of meetings across Canada to formulate recommendations for making the national agri-food sector a global leader. The April 2017 report from these meetings recommended that:

  a) The federal government should establish an Agri-Food Growth Council to move the highly diverse industry from its many silos and galvanize around a growth agenda;

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\(^{169}\) Canada as an Agri-Food Powerhouse. Strengthening our Competitiveness and Leveraging our Potential. The Canadian Agri-Food Policy Institute and Public Policy Forum. April 2017
b) A regulatory system should be constructed to formulate science-based, risk-based and balanced regulations. Current rules are out of date and unnecessarily impede investment, innovation and competitiveness;

c) Improved alignment and modernized regulations are required for increased innovation and research capacity;

d) Canada must pursue preferential trade agreements with high-potential markets in Asia. Currently, we lack deals with three of our five highest potential markets – China, India and Japan.

The Advisory Council on Economic Growth has also proposed that:

a) The Federal government should establish nation and sector-wide goals for growth;

b) Canada’s share of global agricultural exports should increase from 5.7 percent to 8 percent and food exports from 2.8 percent to 5.6 percent;

c) Exports of technology/equipment should be increased from $3 billion to $5 billion over ten years. The increase would be achieved by transferring the advanced manufacturing expertise of other domestic economic sectors;

d) R&D efforts should be focused on areas with promising commercial applications.

Recommendations

That the federal government:

1. In cooperation with the provinces/territories, construct a science-based, risk-based and balanced regulatory regime across the national agri-food sector;

2. Establish an Agri-Food Growth Council to formulate a national agenda for growth;

3. Ensure alignment with the provinces, post-secondary institutions and other related agencies to optimize research capabilities and maintain consistency with domestic and global priorities;

4. Increase exports of food processing technology through advanced manufacturing processes applied in other sectors of the Canadian economy.

SUBMITTED BY THE GREATER KITCHENER WATERLOO CHAMBER OF COMMERCE

Co-sponsored by the Tillsonburg Chamber of Commerce

NONE OF THE EXISTING COMMITTEES HAVE EXPERTISE IN THIS SUBJECT AREA, SO THIS RESOLUTION WAS NOT REVIEWED BY A POLICY COMMITTEE.

61. Improving Regulatory Processes to Support the Growth of Agribusiness

Issue

Current federal legislation does not allow for meat, poultry, eggs, dairy products, fruits and vegetables to cross provincial/territorial borders, or to be exported out of Canada unless these products are processed in a federally licensed facility.
Background
The new Safe Food for Canadians Act will expand this to include all foods shipped out of each province/territory. The Canadian government claims that this is required to ensure that Canada fulfills its commitments under current world trade agreements. The Safe Foods for Canada Action Plan presents an opportunity to not only improve food safety in Canada but to improve the environment in which food processors in Canada operate within.

Currently, implementation of Canadian Food Inspection Agency (CFIA) regulations and licensing requirements is cost prohibitive to many small to mid-sized processors, and therefore constitute a major barrier to interprovincial/territorial and international trade, particularly for Small and Medium Enterprises (SMEs). Furthermore, the processor’s share of these costs is excessive when compared to costs incurred by their competitors for similar services in other jurisdictions, notably in the USA. This places Canadian processors at a potential disadvantage to some domestic and foreign competitors.

SMEs advise that current CFIA food safety regulations are outdated and need to be revised to remove unnecessary regulations that lack adequate scientific validation of enhancing food safety outcomes, but constitute significant impediments to sound business interests. CFIA inspection and testing services have inadequate capacity and prevent significant volumes of trade from occurring. There is also a need to minimize duplication of administration costs between provincial/territorial and federal regulators.

Facility construction requirements, along with steep inspection, licensing and testing fees all constitute major obstacles for processors that want to trade interprovincially or internationally. Unified provincial/territorial standards and regulations, with increased accessibility to federal licensing would be of significant financial benefit to small and medium sized processors that want to increase their business through interprovincial/territorial or international trade. Easy to implement, cost-competitive, and uniform food safety standards and regulations, for both interprovincial/territorial and export markets, are required, without compromising food safety standards.

With the current CFIA modernization in progress under the Safe Food for Canadians Act (SFCA), it is important to protect the competitive advantage of Canadian businesses by reducing these barriers to trade and business growth opportunities. This is especially important with the impending impact of the Comprehensive Economic and Trade Agreement (CETA) that will put Canadian and European processors in direct competition.

Canadian processors trading interprovincially/territorially or internationally operate at a disadvantage to international competitors. For example, the United States Department of Agriculture Food Safety and Inspection Service (USDA FSIS) does not levy licensing and inspection fees on their food processing plants (up to the first 40 hours per week). As a comparison, the Province of Alberta charges $4 per hour for the first 7.25 hours per day. CFIA inspection stations cost from $9,855 per year for one red meat station to $16,218 per year for a poultry station. If an abattoir is processing more than 25 cattle/hogs per hour or 28 birds per minute, they must purchase an additional table. There is also the requirement to pay for inspection fees and various tests for Listeria, Salmonella, and E.Coli.

Before food products are imported into Canada, the CFIA conducts an initial inspection of the processing plant from which these products originated, and then conducts random inspections of the imported products. This same oversight and outcome-based approach should be applied to all interprovincial/territorial and international trade.

Interprovincial/territorial trade of agriculture and food products comprises a major portion of the Canadian agrifood business. From 2000 to 2005, interprovincial exports of agricultural and food products were higher than Canada’s agri-food exports to the United States. Interprovincial exports of agri-food products rose by 20% during this period, increasing from $21 billion to $25 billion in value. During this period, the value of agri-food exports to the United States was between $16 billion and $20 billion.53

While the exact cost of interprovincial/territorial trade barriers caused by differing food regulations is not known, the Standing Senate Committee on Banking, Trade and Commerce estimates that internal barriers to trade cost Canada’s gross domestic product in the range of $50 billion to $130 billion\textsuperscript{172}. While much of this loss can be attributed to the limited potential customer base, there is also a 55% overlap of administrative and regulatory service between Canada and Alberta\textsuperscript{173}.

Despite numerous efforts to reduce interprovincial/territorial trade barriers such as the Agreement on Internal Trade (AIT) and regional trade agreements such as the New West Partnership Trade Agreement (NWPTA), the Atlantic Procurement Agreement (APA), the British Columbia – Alberta Trade, Investment, and Labour Mobility Agreement (TILMA), and the Agreement on the Opening of Public Procurement for Ontario and Quebec (AOPPOQ), the problems persist and are an obstacle to the growth and profitability of Canadian businesses.

**Recommendations**

That the federal government work collaboratively with provincial/territorial and federal inspection agencies to effect positive changes to food safety outcome inspections, enabling processors to compete more efficiently in both domestic and international markets:

1. To support a single industry food-safety outcome that can be implemented with consistency and cost effectiveness across Canada by the provinces/territories, with each provincial/territorial regulator subject to Canadian Food Inspection Agency oversight.
2. The food safety regulations need to be reviewed for relevancy and modified/broadened if current criteria are unnecessarily restrictive and insensitive to sound business interests.
3. The implementation must be consistent and cost-effective throughout the food distribution chain, without compromising Canada’s reputation for high food safety standards
4. To encourage the Canadian Food Inspection Agency and provincial/territorial agencies to shift away from a rules-based regulatory regime to an outcomes-based food safety discipline.
5. Reassess inspection and regulatory costs and how they are allocated, to enable processors to trade across provincial or national borders, without being at a competitive disadvantage.

**SUBMITTED BY THE RED DEER & DISTRICT CHAMBER OF COMMERCE**

This is a 2014 resolution falling off the books.

NONE OF THE EXISTING COMMITTEES HAVE EXPERTISE IN THIS SUBJECT AREA, SO THIS RESOLUTION WAS NOT REVIEWED BY A POLICY COMMITTEE.


62. Revisit the 30-Year Old Health Act to Address Looming Crisis

Issue
The Canada Health Act is now more than 30 years old and the impact of changing demographics and funding relationships warrants fundamental change before it is too late.

Background
There is no more ingrained symbol of our national identity than universal health care. The majority of Canadians cannot remember a time when medical care was not intended to be universal, portable, comprehensive, publicly-funded, and accessible.

Times have changed since 1966 when Medicare was conceived and 1984 when it was consolidated under the Canada Health Act, most notably in the form of an older population and access to new life-saving therapies. The baby boomer cohort is now reaching retirement, promising additional strain on an illness care system that has increased exponentially in cost, now in some cases, representing more than 40% of provincial program expenditures.

Over the past 50 years, the health system in Canada has changed. It is no longer universal, completely comprehensive, nor 100% publicly funded and it is more and more difficult to access on a timely basis. The perennial response to address problems in the system has been to increase funding, a solution that is blatantly unsustainable and threatens the fiscal stability of many provincial governments.

To achieve sustainability requires that healthcare be affordable in relation to public finances. And affordability is a function of both the price and demand for services. The price of services is actively managed on our behalf by government, but must be done better. A critical development that should concern both citizens and politicians is the explosion in demand for continuing care of seniors that is inevitable in the coming decades. It is clear that we need to manage access to our healthcare system and deliver services more efficiently.

Further increasing health budgets is not a solution and in fact exacerbates the situation, allowing system managers to avoid the use of efficiency measures. In 2010, the OECD declared that Canada as a whole “wasted” $40.6 billion of the $136.9 billion that the public sector spent on health174. An essential first step to managing patient-flow and costs is the acceptance of accountability measures.

A renewed CHA will need to define and focus on the drivers of increasing health costs and implement measures to manage service usage. For example, a large percentage of emergency room services are employed in providing primary care. One option to improve the appropriate use of services would be to expand access to primary care in community health centres175 beyond normal business hours, diverting patients to comparable care at a fraction of the cost. Increasing home care resources could free up hospital beds that are currently occupied by individuals who lack support services.

In support of actively managing system costs, our governments need to recognize that as a nation we are paying some of the highest costs in the world for drugs. For instance, New Zealand has a much smaller population than Canada, but negotiates brand-name drug prices that are about 40 per cent lower and generic drug prices that are 90 per cent lower than Canadian prices because it buys medications as a country. Initiatives such as the Council of the Federation’s Pan-Canadian Pharmaceutical Alliance176 need to be expanded to maximize the benefits available through bulk purchasing.

175 Community Health Centres https://www.aohc.org/community-health-centres
Governments need to recognize that a solution is required now before the system implodes. We need to fix the public system by employing private sector rigor. Creation of a parallel private system will neither reduce costs nor control demand, only add to inflation and siphon resources from the public system.

**Recommendations**

That the federal government in partnership with provinces and territories

1. Review, renew and restructure the Canada Health Act 1984 to reflect a modern application to a modern Canadian society, expanded treatment options, and a changing relationship between its Federal/Provincial/Territorial partners. A renewed agreement would recognize the fact that a sustainable illness-care system should include some elements of private sector services and include a health services deductible based on an income test.

2. Develop accountability measures, defined and designed to reduce or eliminate inappropriate or excessive use of health services in the Canadian system. There must be however no barrier to access and defined exceptionality to reduce exposure to catastrophic cost.

3. Collaborate on purchasing and regulation to reduce prescription drug costs in an effort to ensure that all patients can benefit from the full therapeutic effects of pharmaceutical treatment, irrespective of income levels or province of residence.

SUBMITTED BY THE ATLANTIC CHAMBER OF COMMERCE

NONE OF THE EXISTING COMMITTEES HAVE EXPERTISE IN THIS SUBJECT AREA, SO THIS RESOLUTION WAS NOT REVIEWED BY A POLICY COMMITTEE.

63. Creating a New Pharmaceutical Industry in Canada

**Issue**

A thriving pharmaceutical industry is growing poppies for medicinal use in the United Kingdom, Europe, and Australia - but not in Canada. The adoption of this industry not only presents a large diversification opportunity for the Canadian agricultural sector, but offers long term employment and growth opportunities across multiple sectors. The barrier to the establishment of this industry in Canada is an amendment to the Narcotic Control Regulations passed in June of 2016 that prohibits the commercial production of poppies in Canada regardless of their end use.

**Background**

A new variety of poppy with high levels of thebaine can be used to produce prescription drugs such as oxycodone and codeine, and does not contain the narcotic properties of traditional poppies.

With thriving pharmaceutical industries growing poppies for medicinal use in the United Kingdom, Europe, and Australia, Canada - as a major importer of these products - has not been involved in the growing of poppies. Additionally, Canada is the only G7 country that does not grow or process the raw materials for pharmaceutical processing. With Canadians purchasing over $600 million in prescription medications derived from poppies in 2011, Canada has an opportunity to change this.
In 2014 alone, Alberta saw domestic exports in excess of $121 billion\textsuperscript{177}. Of this figure, the U.S. accounts for 90.2%, or $109.5 billion of Alberta’s exports\textsuperscript{178}. Under trade agreements such as the North American Free Trade Agreement, this industry has the potential to serve a market in the U.S., in excess of $5 billion thereby increasing net exports from Canada as a whole.

There are a number of provinces in our country that have the ideal growing conditions for a high thebaine content poppy crop. As such, this crop has the opportunity to provide several regions with a new industry through a diversification of the agricultural sector which will also promote continued long-term job creation and stability.

**Rationale for Domestic Growth**

There are numerous reasons why the Federal government should amend the Narcotic Control Regulations and encourage the growth of this industry.

1. Thebaine, or \textit{codeine methyl enol ether}, is an opiate alkaloid which is one of the primary ingredients in a suite of essential pharmaceuticals which are heavily relied on in the modern medical industry. Thebaine can be industrially converted into such essential medical compounds as oxycodone, oxymorphone, nalbuphine, naloxone, naltrexone, buprenorphine, and etorphine. By cultivating and processing thebaine in Canada we can secure a domestic supply for our medical industries, which would shelter Canada from international shortages or supply interruptions.

Opponents will argue that the global distribution of poppy production sufficiently protects against supply shortages, however their conclusions are based on a myopic view that assumes supply interruptions will only be due to local weather or environmental factors, or regionally isolated geo-political disruptions. The history of the first half of the 20th century should serve as sufficient warning that much larger disruptions can and do happen periodically on a global scale, and wisdom would dictate that Canada should plan to secure a domestic source of these vital compounds against global trade disruptions on the scale experienced between 1914 – 1945. Moreover, other global environmental catastrophes beyond our ability to prevent offer additional imperatives for securing a domestic supply of key pharmaceuticals, including such uncertain factors as agricultural disruptions from climate change, or extreme geological, solar, and object-impact events.

2. As the world’s largest producer of thebaine poppies, supplying nearly half the world’s demands, Tasmania grosses in excess of $100 million per year and the return to growers is estimated at between $70 to $90 million Australian dollars annually\textsuperscript{179}. In fact, Australia as a whole produces nearly 90% of the world’s supply of raw thebaine in a safe and economically viable fashion. With a similar economy and social structure, Canada’s entry into this market could create a substantial economic carve-out that would drive economic growth and diversification for the Canadian agricultural and medical production industries, while also decreasing our trade deficit. Following Australia’s example, we could become a prime, safe, and ethical producer.

3. The majority of drugs manufactured from thebaine poppies are imported to Canada from American companies\textsuperscript{180}. Given the current protectionist attitudes prevalent in Washington, it is reasonable to assume that were an acute drug or supply shortage to occur, American pharmaceutical companies would focus on supplying American interests first. The development of a thebaine-based pharmaceutical industry here in Canada would protect our citizens against such a situation.

4. The cultivation of thebaine poppies in Canada would be an easily achievable accomplishment for the Government of Canada in pursuit of their goals surrounding economic diversification, innovation, and key sector growth. This


\textsuperscript{179} Tasmanian Government Submission to the Legislative Council Select Committee Inquiry into Tasmanian Poppy Industry – November 2012

\textsuperscript{180} Proposed Canadian Strategy for Self Sufficiency in Pharmaceuticals Derived from Opium Poppies. Lethbridge, API Labs Inc., 2014.
industry has the added advantage that it simultaneously breathes new life and vigour into multiple industries, including agriculture, pharmaceuticals, advanced manufacturing, and scientific research, and it opens up new opportunities for innovation research at the crossroads of diverse disciplines.

It is critical for the federal government to allow the private sector to innovate and find new, value-added opportunities by using our soil, water, processing factories, and research scientists. Promoting the success of public-private partnerships in the growth and diversification of the agricultural market will contribute to a long-term sustainable economy.

The Canadian Chamber of Commerce supports the creation of a cluster of biological science industries that would match farm commodities with biotechnical research. This approach has the potential to stabilize the foreign exchange fluctuations that negatively affect the international competitiveness of many agricultural and manufacturing sectors.

Recommendations

That the federal government:

1. Amend the relevant section of the Controlled Drugs and Substances Act - Narcotic Control Regulations, to allow for the commercial cultivation, gathering, and production of opium poppies for the development of a domestic pharmaceutical industry.

2. Facilitate the creation of a new pharmaceutical industry by communicating to the federal Minister of Health that when reviewing applications for approval, the Minister recognizes the potential of farming and processing of high-level thebaine poppy in Canada for the pharmaceutical industry; and that these applications be expeditiously reviewed and approved by Health Canada and the Canadian Food Inspection Agency to help diversify the Canadian economy.

3. Engage, invest in, and provide support to this new emerging industry as part of the long-term strategy for the economic diversification of Canada.

SUBMITTED BY THE LETHBRIDGE CHAMBER OF COMMERCE

NONE OF THE EXISTING COMMITTEES HAVE EXPERTISE IN THIS SUBJECT AREA, SO THIS RESOLUTION WAS NOT REVIEWED BY A POLICY COMMITTEE.

64. Encouraging and Supporting More Women on Corporate Boards

Issue

Canada continues to lag the rest of the developed world in terms of gender diversity in our corporate boardrooms. Some reviews have found as many as 45% of Canada’s publicly-traded companies have no women on their boards and overall representation of women on boards is as low as 12%. However, while the business case may be clear, most Canadian firms have made small progress in welcoming more women into these positions and there are policy solutions which could help facilitate this needed change.

181 Catalyst, Gender Diversity on Boards in Canada, (Ontario, Canada: Queen’s Printer for Ontario, 2016)
182 CSA Multilateral Staff Notice 58-308, Staff Review of Women on Boards and in Executive Officer Positions -Compliance with NI 58-101 Disclosure of Corporate Governance Practices, (September 28, 2016)
Background

The predominance of research regarding this issue suggests that companies which have more female board directors perform better, with greater gender diversity on boards being linked to everything from better returns on equity, higher stock prices, to overall better financial returns.\(^\text{183}\)

Studies have found board gender diversity to be “empirically associated with higher returns on equity, higher price/book valuations and superior stock price performance,”\(^\text{184}\) and that “companies in the top quartile of gender diversity were 15 percent more likely to have financial returns that were above their national industry median.”\(^\text{185}\) The business case for having women on corporate boards is clear and their continued under-representation is likely costing us economically; it should be a priority to encourage and support more women to serve on boards.

Ensuring Existing Comply-or-Explain Regulations are included in the new Cooperative Capital Markets Regulatory System

In recent years, securities regulators in eight provinces and three territories adopted amendments to National Instrument 58-101 Disclosure of Corporate Governance Practices that require “reporting non-venture issuers” annually disclose the number and proportion of women occupying board and executive positions, as well as disclose their corporate policies regarding:

- term limits for the directors on its board or other mechanisms of board renewal
- the identification and nomination of women directors
- whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board
- whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments
- whether the issuer has adopted a target regarding women on the issuer's board and in executive positions\(^\text{186}\)

Companies which do not have such policies must explain why they have not been adopted, a regulatory model known as “Comply-or-Explain.” Comply-or-Explain regulations are able to shed light on the issue of gender diversity and encourage behavior change by the business community by forcing discussion and consideration of the issue. One review of the impact of the new comply-or-explain regulations found that more than half of all issuers “have adopted formal policies addressing the representation of women on the board” and that this was “a good example of disclosure rules driving corporate behavior.”\(^\text{187}\)

Currently, the governments of Canada, Ontario, Saskatchewan, New Brunswick, Prince Edward Island, Yukon and British Columbia are working together to jointly establish a Cooperative Capital Markets Regulatory System which will feature a single capital markets regulatory authority. The federal government should take a leadership role and


\(^{184}\) Credit Suisse Research Institute, The CS Gender 3000: Women in Senior Management (Zurich, Switzerland: Credit Suisse Research Institute, 2014);


\(^{186}\) A “reporting issuer” means a company whose securities are publicly-traded and has issued securities/stocks/shares. A “non-venture issuer” is a reporting issuer that has its securities listed/quoted on any of the Toronto Stock Exchanges, a US marketplace or any marketplace outside of Canada/US. In Canada, “venture issuers” tend to be junior companies listed instead on the TSX Venture Exchange or the Canadian Stock Exchange.

\(^{187}\) Torys LLP, Women in the C-Suite: Can Securities Law Advance Gender Equality? (June 16, 2015)
ensure that comply-or-explain regulations regarding gender diversity on boards and in executive positions are included and integrated into this new regulatory system and this progress is not lost.

**Requiring the Consideration of Women for Board Vacancies**

While comply-or-explain regulations have had some positive impacts and have driven corporate behavior in the right direction, the results have been admittedly limited.

In its September 26, 2016 review of the regulations, the Canadian Securities Administrators found that while “the number of women on boards has increased in all size categories of issuers” the actual improvements were modest with a 1% increase in the number of total board seats occupied by women in 2016 compared with 2015 (to 12%) and a 6% increase in the number of issuers with at least one woman on the board (to 55%) compared with 2015.\(^{188}\)

One major reason for the lack of women on boards is the recruitment process; male board members and male executives search their often male-dominated networks for potential candidates, potentially perpetuating the gender gap. Mandating that companies actively consider women for board vacancies would lead to companies to broadening their searches, getting creative in their recruitment efforts, and going beyond traditional networks to find candidates.

Requiring targets for women at the consideration and interview stage of board nominations would ensure that women are being considered fairly while **still requiring they demonstrate the skill and merit necessary to receive a directorship**. This targeted action would help achieve better gender diversity results without the potential negative impacts of actual gender quotas placed on board appointments/elections.

The existing comply-or-explain regulations require the disclosure of how women are represented in the director identification and selection process. However, following the comply-or-explain model, this only requires companies to describe whether they have a policy on women representation on the board or explain why they do not have one. It does not mandate such a policy exist nor does it require the policy to have any specific targets or objectives.

Canada could implement regulations requiring companies to have a policy regarding the representation of women in the director identification and selection process, and require such policies mandate that at least one qualified woman is fully considered for all board vacancies. Such consideration should be required to be meaningful, conducted in good faith, and include any requisite interview or assessment process.

Regulations such as these would have the benefit of forcing a change in mindset in Canada’s boardrooms and would be a catalyst for progressive changes in corporate governance rules and in greater gender diversity outcomes. Through such regulations companies would also be encouraged to reflect on their own hiring/advancement policies and potentially identify barriers to women’s advancement which prevent them from being considered for board positions currently.

Such a requirement could again be included in the regulations of the **Cooperative Capital Markets Regulatory System** currently being created. In addition, the federal government could include this requirement of consideration of women for board vacancies by reporting non-venture issuers in the Canada Business Corporations Act via amendments such as those being considered in **Bill C-25, An Act to amend the Canada Business Corporations Act, the Canada Cooperatives Act, the Canada Not-for-profit Corporations Act, and the Competition Act** which is currently at the report stage in the House of Commons.

\(^{188}\) CSA Multilateral Staff Notice 58-308, Staff Review of Women on Boards and in Executive Officer Positions -Compliance with NI 58-101 Disclosure of Corporate Governance Practices, (September 28, 2016)
Recommendations
That the federal government:

1. Ensures that “comply or explain” requirements, similar to the amendments to NI 58-101 “Disclosure of Corporate Governance Practices” regarding Gender Diversity and Term Limits, are included in the Cooperative Capital Markets Regulatory System.

2. Advocate for inclusion in the Cooperative Capital Markets Regulatory System of regulations that mandate reporting non-venture issuers have board recruitment policies that require at least one qualified woman is fully considered for all board vacancies. Such consideration should be meaningful, conducted in good faith, and include any requisite interview or assessment process.

3. Amend the Canada Business Corporations Act to include similar regulations that mandate reporting non-venture issuers have board recruitment policies that require at least one qualified woman is fully considered for all board vacancies. Such consideration should be meaningful, conducted in good faith, and include any requisite interview or assessment process.

SUBMITTED BY THE BURNABY BOARD OF TRADE

NONE OF THE EXISTING COMMITTEES HAVE EXPERTISE IN THIS SUBJECT AREA, SO THIS RESOLUTION WAS NOT REVIEWED BY A POLICY COMMITTEE.

65. Attracting International Tourists to Benefit Canada’s Regions and SMEs

Tourism is a growing industry around the world and an essential part of Canada’s economy, accounting for $127.3 billion or 6.3 per cent of national GDP in 2016. 189 99.9% of Canada’s tourism businesses are SME’s. 190 It is of serious concern, therefore, that Canada has had trouble attracting international tourists in recent years. The success of this important sector and its SME operators depends on a strong Canadian brand that it is the mandate of Destination Canada to market internationally. The global tourism market place is extremely competitive with each country investing heavily to attract international tourists. Making it easier for tourists to travel to Canada is also important.

Background
The global tourism market continues to increase and is forecasted to reach 1.8 billion international tourist arrivals worldwide by 2030. 191 Many jurisdictions are vying for market share because the sector ‘provides significant potential for economic growth and development’. 192

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Revenue generated from international travellers represents new dollars for the Canadian economy and the primary growth opportunity for the Canadian tourism industry. Domestic travellers spend on average $149 per trip, while international travellers spend $1,651 per trip on average.193 Dependence on the domestic market is a concern given the limited growth potential available from Canada’s relatively small population. In 2012, 81% of Canada’s tourism revenues came from the home market, leaving significant potential to expand sales to international travellers.194

The Barriers

The global tourism marketplace is increasingly competitive. Despite increases in tourist arrivals in 2015, Canada’s market share has dropped from 8th in 2000 to 18th in 2015 for overall visitation globally, and the travel deficit will continue to weaken if some key gaps are not addressed.195 We’ve seen year-over-year visitation declines for six of the past ten years when the aggregate global change in visitation only declined once in 2009.196 This performance is at odds with Canada’s renowned natural beauty, vibrant cities, unique history, and cultural attractions.

One reason for this marked decline in competitiveness was the significant decrease in investment in tourism through cuts to the budget of the former Canadian Tourism Commission (CTC), now Destination Canada. Attracting international tourists depends on the strength of the Canadian brand abroad, but Canada’s local communities and SMEs often do not have the capacity to market themselves outside of Canada. Destination Canada therefore coordinates branding and marketing activities with provincial, regional and city Destination Marketing Organizations (DMOs) and the private sector to drive visitation to Canada. The tourism industry strongly supports Destination Canada and the well-researched strategies it employs. In 2013, the CTC produced a return on investment of 38:1 on its core marketing activities.197

Despite the proven success of tourism marketing, the CTC’s core funding declined by almost 50 per cent from a high of nearly $100 million in 2001 to $58 million in 2013/2014.198 This has since improved, with Budget 2016 proposing to provide $50 million to Destination Canada over two years starting in 2016-2018. Budget 2017 also made temporary funding of $37.5 million permanent starting in 2018-2019. Yet funding for Destination Canada has not been restored to the CTC’s 2001 levels at a time when international tourism is growing and Canada is facing increased competition from both traditional and exotic market entrants.

The gradual restoration of funding may be starting to pay off already. Canada’s travel deficit shrunk in 2015 for the first time in over a decade (the travel deficit reflects the difference between spending by Canadians outside the country and spending by international visitors to Canada).199 Additional investment in tourism by increasing the Destination Canada’s budget would provide the long-term stability needed to enhance its marketing and sales strategies, encourage further partner contributions, and implement phased campaigns that would help meet the national tourism revenue target.

The Way Forward

Canada urgently needs to continue taking action to improve its attractiveness as an international tourist destination. Expanded investment in tourism marketing abroad will help Canada’s regions and SMEs compete on an even footing with other markets. Furthermore, given the natural alignment between Destination Canada and Global Affairs Canada’s (GAC) globally-oriented mandates, Destination Canada should be moved from Innovation, Science and Economic Development Canada (ISED) to GAC as a means to maximize international marketing results.

Recommendations

That the federal government:

1. Increase Destination Canada’s budget to $120 million in the 2018/19 budget cycle.

2. Review the market efficiencies between Destination Canada, provincial/territorial and local/regional organizations in order to maximize the returns on total funds invested.

3. Move Destination Canada from Innovation, Science and Economic Development Canada to Global Affairs Canada to ensure a better focus on tourism as an export commodity.

SUBMITTED BY THE WHISTLER CHAMBER OF COMMERCE

Co-sponsored by the BC Chamber of Commerce

This is a 2014 resolution falling off the books.

THE SME POLICY COMMITTEE SUPPORTS THIS RESOLUTION.
TRANSPORTATION AND INFRASTRUCTURE

66. Supporting Bill S-229: Underground Infrastructure Safety Enhancement Act

Issue
Over the years, pipelines and other underground utilities have been built throughout the country on public and private land. Unfortunately, there is no one over-arching data-base or geo-located comprehensive inventory that has tracked the location of these pipes — both actively used and long abandoned. Senator Grant Mitchell has put forward a bill to require registration of underground infrastructure on federal grounds, to assist in building that necessary inventory for the safety of future users and developers who may need to dig in such areas.

Background
Senator Grant Mitchell introduced Bill S-229, the Underground Infrastructure Safety Enhancement Act on September 29, 2016. After being studied by the Senate Energy, the Environment and Natural Resources Committee, the bill had Third Reading in the Senate on May 2, 2017. The bill has now moved to the House of Commons. Lloyd Longfield, Member of Parliament (Guelph) is now the sponsor of the bill in the House.

The purpose of the bill is to require owners and/or operators of underground infrastructure (pipes carrying a range of materials, cables, ducts, services, etc.) that is federally regulated or located on federal land to register the location of same with a notification system, such as the One Call program that exists in BC. Currently, registration of underground infrastructure is predominantly voluntary. There are over $30 Billion of pipelines in the Lower Mainland carrying oil, water, sewage and more with no common map of all the pipes. Metro’s Greater Vancouver Water District (GVWD) and the Greater Vancouver Sewerage and Drainage District (GVS&DD) are good resources for One Call as is FortisBC. However, not all owner/operators have registered their infrastructure and accidents happen, as in 2007 Burnaby/Chevron pipeline incident.

The bill proposes:

- Owner/operators register all underground infrastructure, even historically unused systems
- Require those undertaking work resulting in ground disturbance on federal land or in the vicinity of federally regulated underground infrastructure to first place a locate request with a notification system
- The notification centre would be required to inform registered owners/operators of the underground infrastructure in the vicinity of the excavation of the proposed ground disturbance
- In response, Owners/operators would be required to respond to the notification by either:
  - Marking on the ground the location of the underground infrastructure
  - Providing an accurate and clear description of the location of the underground infrastructure in relation to the proposed ground disturbance; or

200 https://www.bconecall.bc.ca/
201 Provincially regulated pipelines in BC (BC Oil and Gas Commission) and Alberta (Alberta Energy Regulator) are required to register with BC One Call and Alberta One Call respectively (roughly since 2006 and 2010). NEB regulated pipelines are required to register with a One-Call centre, where those centres exist, since June 2016. Despite that, awareness to “Click” (or call) Before You Dig remains low in some areas and near hits continue to occur due to the lack of a locate request.
Providing an “all clear”; meaning the proposed ground disturbance activity is safe to proceed without any of the above.

• Various necessary amendments to related Acts.

Further, the bill proposes:

• The notification centre be a non-profit corporation that would be a single point of contact for registration, requests and notifications

• The Minister may appoint a “Damage Prevention Organization” within individual provinces to be the notification centre for that province under the proposed act

• Ministry pay each provincial government specified amounts for the contracting of a non-profit organization to be the notification centre for that province

Subsequent sections of the bill detail the contract and the roles of various government agencies (federal and provincial), plus the amendments to the various Acts for alignment purposes.

Benefits

There is broad support from industry associations for Bill S-229 including the Canadian Common Ground Alliance, Canadian Gas Association, Canadian Energy Pipeline Association and the digging community represented by the Canadian Construction Association.

The bill would:

• Enforce registration of all infrastructure on federal property, with incentives for private owners (large) to register as well

• Provide incentives for provincial governments to support a non-profit notification corporation to be that conduit of information (e.g., BC One Call Corporation)

• Foster collaboration across industry and various government agencies to ensure infrastructure is registered and notification is responsive

• Provide a comprehensive inventory and geo-location of infrastructure both current and historic.

With the concerns raised of cross-Canada pipelines, this would help assuage fears of inadvertent leaks due to not knowing where utilities are under ground. Further, by creating non-profit entities that will be self-funding, this alleviates the burden.

Recommendations

That the federal government support Bill S-229: Underground Infrastructure Safety Enhancement Act.

SUBMITTED BY THE SURREY BOARD OF TRADE

THE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE SUPPORTS THIS RESOLUTION.

THE NATURAL RESOURCES AND ENVIRONMENT COMMITTEE SUPPORTS THIS RESOLUTION.
67. Keep Pacific Gateway Business Moving

Issue

BC is Canada’s Pacific Gateway, the preferred gateway for Asian trade to North America and the world. A unique alliance of government and the private sector ensures seamless and reliable movement of containers, bulk and breakbulk, and air cargo. Transportation is a key support for economic growth and development, and that’s why it is singled out for special focus in the 2012-2020 Pacific Gateway Transportation Plan. More than any other sector, it serves the dual purpose of generating direct employment and underpinning job creation, development and progress throughout BC. While significant progress has been made in some parts of that strategy, a major deficiency exists in B.C.’s Fraser Valley which requires re-consideration of priorities from the Provincial and Federal governments.

Background

From semi-trucks and trailers hauling freight, to logging and industrial trucks serving the resource industries, to smaller trucks serving local businesses, trucking supports our economy and helps to maintain a high quality of life for all British Columbians. The trucking industry accounts for 2 percent of BC’s GDP, employs about 40,000 people, and is larger than other major industries, including forestry, pulp and paper, and oil and gas. There is tacit acknowledgement of the importance of our industry to BC’s economy in the 10-year plan, which embeds a trucking strategy.

Each year, more than $3 billion in goods are trucked between our gateway ports and the rest of Canada, and over one million trucks cross to/from the U.S. via the three Lower Mainland border crossings. For many communities and transportation stakeholders, increasing the economic efficiency and safety of the commercial trucking industry is critically important.

In 2015 the provincial government presented its 10-year Transportation Plan - BC on the Move that looked to initiate design for the construction of six-laning on Highway 1 from Langley to Abbotsford. Construction of a new Port Mann bridge, widening of Highway 1 to 200th Street and addition of the South Fraser Perimeter Road had already been completed. Consultation recently wrapped up this spring on a $59-million project in Langley to build a new interchange at 216th Street and widen the highway between there and 202nd Street. Construction on that project is expected to take 18 months.

On March 28, 2017 the BC government announced commitment of $113 million in its share of funding for Phase 2, a federal-municipal project to six-lane the highway from 216th Street to 264th Street. The full project is estimated to be $235.5 million and the provincial government is seeking funding from the Government of Canada and the Township of Langley. Design work is expected to start in the fall of 2017.

The 2016 Census indicated that Abbotsford’s population grew by 5.9% in the last five years, above the national and BC average. Abbotsford’s neighbours have been growing quicker with Mission up by 6.6% and Chilliwack up by 7.5%. Lower housing prices, compared to Metro Vancouver, will continue to bring even more population growth in the future.

A recent report on industrial land supply in the Lower Mainland, completed for the City of Abbotsford, indicated that strong BC provincial economic performance has helped drive development and leasing interest in the region. However, a lack of new supply has created a very supply-constrained market characterized by extremely low vacancy rates. Conversion of industrial land in Metro Vancouver to residential use also added to this shortage.

204 [http://www2.gov.bc.ca/gov/DownloadAsset?assetId=6BDC5827613C454E81820AE9792CCB72&filename=bconthemove.pdf](http://www2.gov.bc.ca/gov/DownloadAsset?assetId=6BDC5827613C454E81820AE9792CCB72&filename=bconthemove.pdf)
205 [https://abbotsford.civicweb.net/filepro/documents/?preview=51140](https://abbotsford.civicweb.net/filepro/documents/?preview=51140)
The Fraser Valley has long represented a primary supply of industrial zoned land and the scarcity of land options in Metro Vancouver and rising values in recent years have accelerated the migration of industrial owner-occupiers eastward toward more affordable options in the Fraser Valley. The Abbotsford market is among the fastest growing with an annual inventory growth of 6.4% and Chilliwack is at 4.8% compared to Surrey (4.2%) and Langley (3.1%).

Meanwhile, ministry stats show both the amount of traffic and number of accidents on the Hwy. 1 corridor through Abbotsford is only getting worse. Traffic is growing at 1.4 per cent per year, and the increased congestion is slowing median traffic speeds, which can drop to 60 km/h near intersections during peak periods. Figures provided by the Insurance Corporation of BC (ICBC) show the number of crashes has risen from a low of 140 in 2011 to highs of 190 in both 2012 and 2013 (the most recent year Abbotsford figures were available) – an average of roughly one crash every two days. ICBC statistics for the Lower Mainland overall indicate that from 2013 to 2015 crashes increased by a further 18%. 206

Completion of the South Fraser Perimeter Road, replacement of the Port Mann Bridge, adjacent improvements to Highway 1 to 200th Street and the recently announced Phase 2 construction will have all put an increased burden on Highway 1 in the Fraser Valley. While the highest priority of need is the improvement in the section from 264th Street to Whatcom Road, consideration needs to be given to future needs to extend the six-laning to Hope where Highway 1 provides an entry to three main provincial highway routes.

Highway 1 congestion, accidents and daily stoppages and delays have become a way of life for commuters, students and business traffic on the Highway 1 section between Langley and Abbotsford. Alternative routes are limited to local rural and residential roads or the two-lane Fraser Highway, which is already highly congested and not suitable for commercial traffic.

While commuters get a lot of the media attention it is important to remember that the movement of goods and services from the Pacific Gateway is a critical part of the economy in the rest of Canada. Commercial trucks account for approximately 8.5 per cent of the total traffic on the Abbotsford section of the Trans-Canada Highway. 207 With the increasing volume of cargo through Port Metro Vancouver, continued growth of the Vancouver Airport and the migration of logistic facilities eastward into the Fraser Valley the demands by commercial traffic on current Highway 1 road infrastructure are reaching crisis proportions.

BC’s economy depends on a safe, reliable and efficient transportation network. It’s only a short leap of logic from that statement to recognition that a strong and healthy BC economy relies heavily on a vibrant, thriving, efficient trucking industry to keep that economy moving.

Recommendations

That the federal government work with the provincial government to:

1. Recognize the priority of the Fraser Valley portion of Hwy. 1 as a major economic enabler and establish a higher priority timetable for necessary widening and upgrades from 264th Street in phases to Whatcom Road in Abbotsford and then to Hope.

2. Ensure that a funding commitment is made by both levels of government to ensure timely project completion.

3. Revise and update the Pacific Gateway Transportation Plan to reflect the shifting base of industrial and commercial activity into the Fraser Valley.

SUBMITTED BY THE ABBOTSFORD CHAMBER OF COMMERCE

Co-sponsored by the Greater Langley Chamber of Commerce and the Chilliwack Chamber of Commerce


THE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE SUPPORTS THIS RESOLUTION BUT EXPRESSED SOME CONCERNS THAT IT IS NOT SUFFICIENTLY NATIONAL IN FOCUS.

68. Supporting New Investment in Infrastructure to Enhance Canada’s Asia Pacific Gateway Initiative

Issue

In 2007 the Government of Canada, in cooperation with the Government of British Columbia and the three Prairie Provinces, developed and embarked on an ambitious program of capital and legislative infrastructure investments to create the Asia Pacific Gateway Canada Initiative (APGCI). The investments were focused on the “Gateway” corridors linking the Port of Prince Rupert and Lower Mainland regions of British Columbia with the inland supply chain of Western Canada and the rest of the continent.

Over the past ten years the APGCI has been transformational towards enabling the growth of the economy for the benefit of all Canadians through increased and enhanced trade. As the Gateway Initiative is now a decade old it is time to reflect upon its successes; analyze its impacts (positive and negative; both intended and unintended); and, most importantly, encourage innovative and coordinated investments in various new potential strategic infrastructure, systems and marketing initiatives towards achieving continued growth, improvement and evolution of the APGCI. This notion is also supported by the Canadian Chamber of Commerce in its upcoming 2017 Infrastructure Report that identifies “insufficient coordination of public-private trade-enabling infrastructure investment in Canada’s vital Asia-Pacific transportation networks” as a problem affecting the capacity and efficiency of the Asia Pacific Gateway and Corridor.

Background

The APGCI sought to

- Boost Canada’s commerce with the Asia-Pacific region: China, India, Japan, South Korea and Southeast Asia;
- Increase the Gateway’s share of North America bound container imports from Asia; and
- Improve the efficiency and reliability of the Gateway for Canadian and North American exports.

These goals were to be achieved under development and implementation of key strategies within the following five priorities:

1. Build a global identity for Canada’s Pacific Gateway;
2. Strengthen trade and investment relationships;
3. Develop a world-class supply chain and gateway infrastructure;
4. Develop and attract a skilled labour force; and
5. Position the West Coast of Canada as North America’s Asia-Pacific destination.

According to Transport Canada, federal funds of $1.4 billion leveraged $3.5 billion in total project funding and the investments had a spinoff effect in private investments exceeding $14 billion.
2017 Proposed Resolutions | 127

To date, 47 strategic transportation infrastructure projects valued at more than $3.5 billion have been announced by the federal government in partnership with all four western provinces and other public and private sector partners. Specific examples in British Columbia include almost $6 billion committed to support the objectives of improving both the capacity and efficiency of the country’s transportation system, and advancing the competitiveness of the Canadian economy. Specific infrastructure investment examples include the South Fraser Perimeter Road and the Roberts Bank Rail Corridor.

Canada and participating Gateway provinces have also invested in non-capital improvements to enhance the Gateway. According to these governments: improvements have been identified and implemented to reduce policy, regulatory and financial barriers, to improve the business environment for trade growth, and to enhance freight operations at key facilities by way of company-level agreements, application of new technology and establishment of innovative operational practices. While investments towards achieving the strategic priorities of the Gateway were the direct catalyst for these improvements all businesses in all sectors have had the opportunity to receive the net positive results.

The APGCI continues to be a significant driver of economic growth throughout Western Canada. However, the growth rate has begun to slow and other challenges have arisen from its early success. This is evident in British Columbia which has started to become a victim of its own success related to unintended consequences of rapid Gateway-related growth. The growth has exacerbated the worsening and extremely expensive congestion problems in the Lower Mainland of BC. This congestion is being seen at shipping terminals, distribution centres and commuter roads. General examples of congestion related negative impacts include:

- Inefficient and ineffective delivery of imports from ship to shelf
- Increased wear and tear on already over-stressed municipal road networks
- Lost time to commuters in vehicles and public transit
- Worsening environmental impacts to air sheds and waterways
- Further threats to agricultural land from the insatiable appetite for expansion of road networks and industrial warehouse developments
- Real threat of the Gateway no longer being the “gateway of choice” in the Pacific region of North America as shippers lose confidence in our resiliency and ability to fulfill the needs of the supply chain
- Continued stifling of economic growth to the point of potential no real net gains

Furthermore, and even with the investments and success of APGCI to date, “Canada’s port infrastructure has slipped from 14th place in the World Economic Forum’s Global Competitiveness Index in 2010-11 to 21st place in 2014-15” according to Alex Brinkley. The looming threats to the Gateway’s continued positive contribution demonstrate that it is time the initiative be reinvigorated through strategic investments to catalyze its evolution. The Canadian Chamber of Commerce notes in its upcoming May 2017 Infrastructure Report, that: “despite the success and strong industry support for the initiative, no additional funding was provided for APGCI when a new a federal infrastructure framework was announced in 2013-14. The value of the program was reaffirmed in the 2016 report of the Canadian Transportation Act Review which found that, “the gateway approach of linking trade and transportation together in an integrated, multi-modal and public-private strategy was widely recognized as a Canadian best practice.”

Recommendations

As stated by the BC Chamber of Commerce in its submission to the Canada Transportation Act Review Panel: “The APGCI is a model of infrastructure investment that worked and the federal government should continue to use the APGCI to continue to build needed transportation infrastructure across western Canada.”

Therefore, this Resolution proposes that the Gateway be reinvigorated by the following action items:
1. That the following recommendation from Chapter 3, Linking Trade and Transportation, of the 2016 Canada Transportation Act Review (known as The Emerson Report) be implemented: “the Government of Canada renew the Ministerial mandate for Gateway and Corridor strategies in order to provide leadership on efforts to link trade and transportation and consider budgetary allocations to support investment in transport corridors”

2. That the Government of Canada review the past ten years of the APGCI and strategic investments to reinvigorate the Asia Pacific Gateway Canada Initiative from the perspective of leveraging opportunities outside of the existing corridor to provide resiliency, mitigate environmental impacts and create wider-reaching economic impacts.

3. That the Governments of Canada and British Columbia invest in key strategic infrastructure improvements and developments related to inland ports and multimodal hubs that offer opportunities to attract investment such as the proposed new Port Alberni Transshipment Hub (“PATH”) located south of Port Alberni BC.

4. That the Governments of Canada and British Columbia develop a reinvigorated and revitalized new APGCI Strategy to meet the evolved needs of the Gateway and international trade.

SUBMITTED BY THE ALBERNI VALLEY CHAMBER OF COMMERCE
Co-sponsored by the Greater Nanaimo Chamber of Commerce, and the Parksville and District Chamber of Commerce

THE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE SUPPORTS THIS RESOLUTION IN PRINCIPLE, BUT EXPRESSED SOME CONCERN ABOUT REFERENCING A SPECIFIC PROJECT IN RECOMMENDATION 3.

69. Empower Municipalities to Maintain Essential Infrastructure and Link Investments to Economic Growth

Issue
Municipally-owned infrastructure represents nearly 60% of all public infrastructure in Canada. It is the backbone of safe, healthy and prosperous communities in which businesses grow and prosper. Infrastructure investments must be sustainable and support the long term growth of our economy and quality of life.

Background
Research shows that modern, safe and efficient infrastructure, like roads, bridges and sewers, increases productivity and competitiveness. It gets us to work, helps us communicate and provides safe, clean drinking water.

In recent years the federal government has doubled its infrastructure investments to $10 billion in 2016 and 2017 and committed $20 billion to public transit, green and social infrastructure. Furthermore, in 2017 the government committed $35 billion over 11 years to the Canada Infrastructure Bank which would help fund new or transformative infrastructure projects that have the potential to generate revenue. These new projects are expected to create jobs and economic growth.

As more than half of Canada’s public infrastructure, valued at $1.1 trillion, is owned by municipalities, they will receive a large portion of this funding through partnerships, grants and loans. In distributing these funds, the federal
government has a responsibility to find the right balance between ensuring the funding supports the long term growth of our economy while meeting the needs of local communities.

According to the Federation of Canadian Municipalities, one third of municipal infrastructure is reported to be in fair, poor or very poor condition. Many smaller, more remote communities must choose between maintaining existing core infrastructure and building “incremental” or new, accelerated projects. While Asset Management Plans are helping communities identify their priorities, accessing funding that meets their needs can be a real challenge. Application-based funding programs are onerous, provide no guarantees and may not be applicable to smaller communities.

The Gas Tax Fund is an example of a successful funding program that is formula-based, permanent, predictable and reliable. The administrative burden is minimal and communities can use the funds on their priority infrastructure projects that may not directly align with federal priorities, but will benefit the local economy. This program should be expanded so that municipalities can tackle priorities as identified in their asset management plans.

At the same time, Canada needs a long term sustainable infrastructure plan that invests in productivity-enhancing projects and adopts and outcomes-based approach rather than a project-based approach. The new infrastructure demands coupled with the maintenance and future rehabilitation will further strain our resources. This will only be compounded by further population growth.

**Recommendations**

That the federal government:

1. Develop an infrastructure strategy that ensures that the criteria for Phase 2 funding is evidence based so that core infrastructure investments are linked to productivity performance and enhancement, economic growth and job creation;
2. Deliver an increased share of the existing federal infrastructure funding through programs like the Gas Tax Fund so municipalities can invest in local and evidence-based priority projects;
3. Recognize the many years of critical capital planning and prioritization work already undertaken by municipal asset management plans and work with both the provincial and municipal governments on a flexible approach by not imposing “incrementality” requirements for project eligibility;
4. Reduce red tape by discontinuing the requirement that municipalities apply for formula-based funding programs.

SUBMITTED BY THE OAKVILLE CHAMBER OF COMMERCE
Co-sponsored by the Sarnia-Lambton Chamber of Commerce

THE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE SUPPORTS THIS RESOLUTION.

**70. Protecting the National Economy by Managing the Lower Fraser River**

The Fraser River (the ‘River’) is a vitally important resource for the Greater Vancouver region, the province of British Columbia, and the entire country of Canada. Port activity on the Lower Fraser River rivals Canadian traffic on the St. Lawrence Seaway as well as supporting a myriad of other economic activities vital to the region and beyond.
The Lower Fraser River is crucially important to the 2.7 million people of the Fraser Valley and Metropolitan Vancouver, and is one of the prime economic generators in B.C., and a significant contributor to the national economy.

Port Metro Vancouver (PMV) is the largest port by tonnage in Canada, and its principal ocean gateway to the Pacific. Given that all of the developable port lands to accommodate PMV expected growth are on the River, it is destined to play an increasingly important role in overall port activity and future growth of the Canadian economy.

Although the Lower Mainland ports were amalgamated in 2008, if the Lower Fraser River port existed as a stand-alone port, it would still be a significant port for Canada. Prior to the amalgamation, the Fraser River Port Authority was the third largest port in Canada, based on domestic, export and import tonnage. The impact of the port function of the Lower Fraser is comparable in importance to the impact of Canadian traffic on the St. Lawrence Seaway both, in terms of tonnages and employment:

<table>
<thead>
<tr>
<th></th>
<th>Lower Fraser River*</th>
<th>St. Lawrence**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cargo (Million Tonnes)</td>
<td>25.7</td>
<td>36.5</td>
</tr>
<tr>
<td>Jobs (FTE’s)</td>
<td>52,900</td>
<td>63,000</td>
</tr>
<tr>
<td>Wages ($ Billions)</td>
<td>$2.62</td>
<td>$2.88</td>
</tr>
</tbody>
</table>

* The Lower Fraser River impact shown above is for 2008, prior to the amalgamation of the three regional port authorities into Port Metro Vancouver in that year; the St. Lawrence Seaway impact is for 2010
** St. Lawrence data covers Canadian cargo carried on the Montreal – Lake Ontario section of the Seaway and the Welland Canal between Lake Ontario and Lake Erie

In addition to the integral role to the operations of PMV, there are nine federal government Small Craft Harbours located on the Lower Fraser River. In addition to supporting the commercial fishing industry, these Small Craft Harbours enable a variety of fishing, aquaculture, recreation, tourism, shipping and other marine activities to occur.

Other Major Industries of the Fraser River:

- Fisheries: Commercial and sport fishing are key economic contributors
- Agriculture: The Fraser River valley and delta agriculture production in 2011 was $1.6 billion (the majority of the agricultural output for British Columbia)
- Forest Products: Approximately 47 forest industry facilities operate in and along the river

The Risk

The positive economic growth and development of the region seems unstoppable. However, the security of much of the agriculture and industrial lands, as well as the road and rail infrastructure that connects Canada to the port, are vulnerable to flooding primarily, as well as earthquakes.

Each year during the spring freshet, approximately 32 million m³ of sediment is transported by the River, with roughly 10 per cent of this material settling in the navigation channels of the lower reaches. To ensure continued navigation, and flood prevention, regular maintenance dredging is required. Dredging increases flow capacity which is a crucial flood prevention measure to keep the river below dyke levels during periods of increased flow.

In 2007 the River came perilously close to overtopping the dykes in the Fraser Valley during the spring freshet. Record snow packs on the mountains in the Fraser River catch basin began melting, and combined with heavy rainfall resulted in water levels not reached since 1972. If the dykes had been breached, a national railway and highway would have been cut off, impacting the movement of goods with the rest of Canada, resulting in significant economic losses.
Presently, the adjacent lands of the Lower Fraser River are home to over 50% of British Columbia’s population, and in the actual flood plain, $50 billion dollars’ worth of development, which are increasingly vulnerable to frequent extreme weather events that are projected to impact the River.

**Ensuring Future Prosperity**

According to recent studies, sea levels at the mouth of the River could rise in excess of one metre by the end of the century. In order to protect the businesses and livelihoods of those dependent on the river, residents and public facilities (including the highway and rail transportation infrastructure), an ongoing, coordinated program of investment in improved diking, dredging and other protective features is imperative. Preliminary estimates place the cost of this program during this century at nearly $9 billion for the tidal areas of the River and adjacent coastal reaches.

The Fraser River is tidal up to Mission, B.C. and these influences coupled with rising sea levels in the coming years pose the threat of storm surges, which could overtop and defeat the diking system. There is an urgent need to revitalize the dikes and increase their height to protect the tidal areas as well as the upstream agricultural lands.

In addition to the threats from sea level rise and potential earthquake damage, storm surge combined with high tides in El Nino years (and 2014 is one of those) could overtop existing flood protection infrastructure even without additional sea level rise.

The results could be severe. The economic damage of losing one or more of the rail links to the port, as well as the major highways through the valley would be significant to the national economy. Damage could be similar to that seen in New Orleans, and require lengthy reconstruction periods, likely costing in the billions of dollars, combined with billions in lost revenue. In order to mitigate this potential, we must act with some urgency to ensure the appropriate preparations are made.

**Coordinating the Administrative Challenge**

One of the main challenges to managing the Lower Fraser River is coordinating the many government and non-government stakeholders that maintain the River. There are currently 15 municipal governments and 29 first nations groups along the banks of the Lower Fraser. There are also over 20 Provincial and Federal ministries involved in the River’s administration.

As authority and oversight is vested with a myriad of various government departments, work on the Fraser River is often done in isolation and not part of a comprehensive and coordinated plan to address ongoing maintenance and safety requirements.

Resolving these issues will require long-term management and funding with substantial financial obligation. Plans and commitments need to be made that extend well beyond the political mandate of any currently elected government. Compounding the problem is the fragmentation which requires compromise among various jurisdictions and authorities.

All levels of government and other key stakeholders must come together to manage the Lower Fraser River as an interconnected system in which the interests of the economy, the population, navigation, public safety, and the natural environment are managed holistically as one system. This will require the leadership of the Federal Government, the ultimate authority over the river.

**Recommendation**

That the federal government ensure the continuous flow of commerce to and from the Asia-Pacific market, and ensure the sustainability of the Lower Fraser River, by taking a lead role in bringing together a task group of the relevant stakeholders, including provincial governments, to develop a collaborative strategy to address the long term
funding and management requirements, to maintain, protect and further improve the Lower Fraser River, which is
critical element in the national economy.

SUBMITTED BY THE RICHMOND CHAMBER OF COMMERCE

Co-sponsored by the Surrey Board of Trade, New Westminster Chamber of Commerce, Tri-Cities Chamber of
Commerce, Abbotsford Chamber of Commerce, Burnaby Board of Trade, Hope Chamber of Commerce, Delta
Chamber of Commerce, Greater Vancouver Board of Trade, and the Greater Langley Chamber of Commerce

THE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE SUPPORTS THIS RESOLUTION.

71. Port and Major Airport Share Capitalization

Issue

The Ministry of Finance is currently investigating the “share capitalization” of Canada’s ports and major airports, as
suggested in recommendations 9.3b and 10.3a of the 2016 Canada Transportation Act Review. This would change the
current ownership structure so they are owned by private shareholders and no longer operate as not-for-profit
commercial airports or quasi-commercial port authorities. Such a decision would have significant adverse effects on
the transportation sector, to the detriment of Canadian consumers, businesses, and local economies.

Background

Our critical transportation infrastructure connects businesses with opportunities around the globe and across the
country. It links visitors with tourism operators and helps students and professionals pursue educational and
business opportunities. Our ports and airports create hundreds of thousands of jobs, facilitate the movement of
people and capital, and ensure that Canadian products get to market. Therefore, their governance is of the utmost
importance to Canada’s business community.

As commercial entities, these pieces of critical infrastructure have already harnessed the efficiencies that come with a
privatization model. Our current ownership model is a successful “made in Canada” story that has facilitated
significant sustainable growth in our transportation industry.

However, a move towards a share capitalization ownership model, regardless of short-term capital inflows, would
jeopardize Canada’s long-term economic competitiveness and would significantly reduce their responsiveness to the
interests of the Canadian economy, public and business community. Such a move would drive up costs, and require
greater government oversight to regulate these newly minted private-sector monopolies.

We strongly urge the Federal Government to consider the negative potential impacts of share capitalization of
Canada’s ports and major airports, including higher costs, lower service levels, less capital investment, decreased
competitiveness, and the loss of control of a key economic driver and trade facilitator.

Major Airports

Currently, non-profit airport authorities operate Canada’s major airports. Their major capital investments have
already been paid for by passengers, airlines, and the airport authorities. If these airports are sold, it will essentially
amount to re-financing previous investment at a much higher cost in order to finance shareholder return and cost of
acquisition.
Through the process of commercialization in the 1990s, Canada’s airports have already reaped the benefits of privatization including; transferring capital and operating expenses from taxpayers to private operators; access to capital markets at relatively low rates of borrowing; market discipline and increased efficiency; customer service focus; and striving for innovation. Under the current governance system, Canadian passenger and freight services have thrived and recently globally ranked 16th out of 140 in terms of quality of infrastructure.208

Profits from airports would no longer be directly invested back into the entity and instead be used to pay dividends to shareholders, who would be incentivized to maximize profit margins and shareholder returns. These for-profit entities would also face changes to their ability to borrow money and make the necessary investments in long-term infrastructure.

The Federal Government continues to collect land and infrastructure lease payments and profit from the operation of passenger screening services. Due to fees, taxes, and charges, including after-tax fuel costs, Canadians face some of the highest air-travel costs in the world, negatively impacting our economic competitiveness. In 2013, Canada ranked 136th out of 140 in terms of competitive cost structure.209 Share capitalization does not offer a solution to this situation and would only exacerbate these issues and move future decision-making outside of the public interest.210

Australia has already gone through this process with its airports and it has been found that airports collect significantly more aeronautical revenue per passenger than before their airports were share capitalized, meaning that passengers and airlines are paying more to access the airports.211 Despite these increases in revenues, ratings of service quality have not substantially changed. The Australian Competition and Consumer Commission (ACCC) suggests that airlines and passengers in Australia have paid up to $1.6 billion too much for airport access due to this model.212 The chair of the ACCC, Rod Sims, recently claimed that while privatization often enhances efficiency and economic activity, the move toward share capitalization was “severely damaging” to Australia’s economy.213

Canada Port Authorities

Established under the Canada Marine Act (1998), Canada Port Authorities facilitate Canada’s trade objectives in a commercially viable way, ensuring goods and passengers are moved safely and efficiently, while protecting the environment and considering local communities. They also act as agents of the federal Crown to manage federal land, an important function of which is Indigenous consultation and engagement as well as project and environmental reviews under Canadian Environmental Assessment Act, 2012.

If ports were share capitalized, government would have to take on the regulatory and statutory functions currently under the responsibility of Canada Port Authorities. This would require a significant regulatory overhaul, and the overall process of privatizing such a monopoly would place a significant resource burden on the government.

Canada Port Authorities already operate in a quasi-commercial manner, and would have little to gain in terms of efficiency if they were to be privatized. Further, much of the revenue earned by port authorities is reinvested in infrastructure (in the case of Canada’s largest port, the Port of Vancouver, an average of $90 million per year). If privatized, a material proportion of that capital investment cash flow would likely be redirected to service debt and ultimately provide a financial return to private owners.

As Canada continues to develop its critical gateway infrastructure and tap into new markets, it is vital that the federal government make no decision that would jeopardize the long-term competitiveness of our ports and airports.

Recommendations
That the Federal Government:
1. Engage directly with stakeholders and industry experts before any further discussions regarding changes to the governance models of Canada’s major transportation infrastructure;
2. Maintain a competitive and responsibly governed transportation industry by retaining the current ownership model for Canada’s ports and major airports, wherever appropriate and refraining from forced share capitalization of these assets; and
3. Focus government attention on improving the competitiveness of our airports and ports cost structure, including appropriate funding programs to ensure safe and secure operation of our nation’s transportation infrastructure.

SUBMITTED BY THE GREATER VANCOUVER BOARD OF TRADE
Co-sponsored by the Atlantic Chambers of Commerce, Richmond Chamber of Commerce, Ottawa Chamber of Commerce, Calgary Chamber of Commerce, Prince George Chamber of Commerce, Nanaimo Chamber of Commerce, British Columbia Chamber of Commerce, Kelowna Chamber of Commerce, and Greater Westside Board of Trade

THE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE WAS DIVIDED ON THIS RESOLUTION AND COULD NOT AGREE WHETHER TO SUPPORT OR NOT.

72. Obsolescence of Canadian Icebreakers

Issue
Some vessels are stuck in the ice for more than the five-hour duration benchmarked by the Canadian Coast Guard (CCG), in certain cases for more than one week, because of the unavailability of icebreakers. The obsolescence of Canadian icebreakers could have important economic consequences and it must be addressed.

Background
Every winter, more than 1,500 merchant vessels of all types cross the Saint Lawrence River or the Saguenay to link aluminum smelters, mines, refineries and other types of plants with their sources of supply or their clients.

In 2013 and 2014, several vessels stayed stuck in the ice for more than the five-hour duration benchmarked by the CCG. In certain cases, the vessels were immobilized for more than one week because of the unavailability of icebreakers.

This is detrimental to businesses and communities waiting for inputs essential to their operations and survival or having promised to deliver their production to clients within the contractual time limits. For example, in 2014, a Rio Tinto Alcan plant was within 24 hours of running out of alumina. Similarly, in 2015, the CTMA Vacancier, linking the Îles-de-la-Madeleine and Prince Edward Island during the winter, was stuck in the ice for three days because no icebreaker was available.

Another example illustrates the consequences of our icebreakers’ obsolescence. In June 2017, the Canadian Coast Guard’s research vessel Amundsen had to interrupt a scientific expedition to the Arctic on climate change to perform
its icebreaker function. Because of this, the University of Alberta had to cancel the first leg of the $17 million research project involving 40 scientists from five universities across Canada.

Canada’s icebreaker fleet is obsolete. The average age is 36 years, and the CCG has already extended its life expectancy. This obsolescence jeopardises the provision of icebreaking services. Poor service on the part of icebreakers could have important economic and social consequences for the industries and communities involved, whether the Saguenay region, the Côte Nord area or the Îles-de-la-Madeleine.

In the long term, the possibility of reduced accessibility of ports or mobility of vessels in the gulf, on the river or the Saguenay will harm Québec’s reputation and its capacity to attract major industrial investments. Projects such as Arianne Phosphate’s apatite mine at Lac à Paul or GNL Québec’s natural gas liquefaction plant depend on the reliability of maritime transport. The risk of icebreaker unavailability could cause promoters to reconsider important investments.

The Canadian government does not seem to properly manage the risk of unavailability. Despite its stated intention to build new icebreakers, no new vessel will be built before ten years. Until then, the CCG intends to extend the useful life of its fleet again with a maintenance and refurbishment program. According to the Deputy Commissioner of Operations of the CCG, “in fact, the fleet is very reliable”. But is it reliable enough? In view of the recent experience, there are grounds for doubt.

A fundamental mission of the State, with regards to economic development, is to offer businesses quality transportation infrastructures. Icebreaking services on maritime routes are a good example of this mission, all the more so as the services are financed by its users.

Recommendations

That the federal government:

1. Meet the interim needs of the CCG while awaiting the construction of new vessels by ensuring that its next budget includes enough money to allow the CCG to raise the availability level of the Saint Lawrence River icebreaker fleet so that the actual service level meets the standard.

2. Secure the icebreaker services of European countries, an interim solution relatively fast to deploy.

SUBMITTED BY THE CHAMBRE DE COMMERCE ET D’INDUSTRIE SAGUENAY-LE FJORD

Co-sponsored by the Fédération des chambres de commerce du Québec

THE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE SUPPORTS THIS RESOLUTION.

73. Reduce Costs to Improve Canadian Aviation Competitiveness

High fees and government taxes on the Canadian aviation industry represent significant challenges for Canadian businesses, governments and citizens and have resulted in an uncompetitive travel and tourism industry. This has led to lost GDP and government revenue, and the decision made by millions of Canadians to seek cheaper flight options at U.S. border airports.
The Canadian Chamber of Commerce has listed ‘uncompetitive travel and tourism strategies’ as one of the Top 10 Barriers to Competitiveness for two consecutive years. The Conference Board projects that certain policy improvements could bring two million or more passengers per year back to Canadian airports, along with over $1 billion in Canadian GDP, 10,000 direct jobs, and approximately $200 million in tax revenue.

Background

Until the early 1990’s, Canada’s airports were managed by the federal government with taxpayers responsible for all capital investments and operational costs not covered by airport charges. During this time, the annual cost to taxpayers for operations alone was $135 million a year (with minimal investment in facilities).

Today, major airports in Canada are operated by not for profit, non-share capital corporations that are fully responsible for self-funding all operating and infrastructure costs and must invest any profits back into the airport.

Under this system, the federal government retains legal title to the land and collects payments from airports in the form of ground lease payments or ‘airport rent’.

Since 1992, this model has resulted in airports paying the Government of Canada $4.4 billion for ground lease payments and investing more than $19 billion in airport improvements with virtually no funding from taxpayers. In 2013 Canada’s airports paid $291.72 million in airport rent to the federal government.

Passengers in Canada also pay an Air Travellers Security Charge (ATSC), which ranges from $14.96 on a domestic round trip to $25.91 on an international round trip, making security screening part of the “user pay” model. ATSC revenue is growing annually due to an increase in passenger volume. According to Transport Canada, ATSC revenues for 2014-15 are projected to have grown by $132 million since 2010-11. However, the Canadian Air Transport Security Authority’s budget was frozen in 2010 in order to “balance” aviation security costs. As such, there are growing concerns about the future financial stability and resourcing of security screening at Canada’s airports resulting in longer and longer security lines and wait times for passengers.

Meanwhile, over the years the federal government has continued to off load costs onto the aviation sector, including in areas traditionally delivered by government in other countries around the world, such as regulatory compliance costs for certain infrastructure improvements (e.g. Runway End Safety Areas), the aforementioned ‘user pay’ approach to security screening, and the imposition of various taxes and levies that take money out of the system. This, of course, adds to airline ticket prices and other airport-related charges to consumers, not to mention costs associated with the movement of cargo. This inhibits Canada from becoming a true Gateway into North America.

Cost Structure

Canada’s airports and airlines have been severely impeded in their efforts to compete for the cost-conscious air travel consumer with their well-funded U.S. counterparts largely because of the fees imposed on the industry by the federal government. As a result, the Canadian aviation industry’s cost structure poses a burden on travellers where it matters most – their wallets: 21% of Canadians say they travel to U.S. airports, where the cost of a ticket can be between half and three quarters the price at home and that number is growing rapidly.214

The high cost of aviation in Canada renders Canada’s air transport sector less competitive relative to other countries. In fact, out of 140 countries the World Economic Forum’s 2017 Travel and Tourism Competitiveness Report ranks

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Canada 68 out of 136 countries in ticket taxes and airport charges and 97th in overall travel and tourism price competitiveness.\textsuperscript{215}

According to the Canadian Air Transport Security Authority’s (CATSA) 2015-16 budget, they forecast that half the passengers at Canadian airports would wait longer than 15 minutes for screening, whereas airports like London Heathrow and Hong Kong International screen 95 per cent of passengers within five minutes. “Canada is dramatically behind global best practices,” the CGCC report says. “Better transit would free up roads for high-value commercial goods, reduce greenhouse gases and contribute to increased air-passenger traffic and economic development,” it argues.\textsuperscript{216}

The Canadian Airports Council 2015 report states “… travellers shoulder 100% of aviation security costs (which) has a negative impact on cost competitiveness and is not typical in the world. It continues “with one of the worst passenger screening processing rates in the world, poor customer services, limited ability to innovate, and unstable funding levels, the need for a different governance structure for the provision of airport security screening services in Canada is glaringly apparent.”\textsuperscript{217}

Regional airports

The airport self-funding policy has even more dire consequences for regional airports that do not attract a sufficient number of travellers to finance the maintenance and improvement of their infrastructure. The fees charged to passengers become prohibitive. On top of providing air service to travellers, business people and tourists, certain airports play a fundamental role in providing essential services such as fighting forest fires, rescuing people at sea or shipping food and other basic commodities to remote communities. These airports also play an essential role in the operation and development of some remote resources. Access to an airport therefore becomes a determining factor for investors when deciding whether to operate a mine or develop an energy source.

The federal government has an Airports Capital Assistance Program that can provide infrastructure improvement assistance. The Conference Board of Canada analyzed this program, which has not been revised in close to 20 years, and offered the following critical remarks:

- This program does not meet the needs of small airports
- Many regional airports do not have access to the program (mainly those that do not provide regular air service)
- This program’s funding has decreased continually since the Québec Air Transportation Policy was adopted in 1994
- Access to available funds is difficult, the administrative burden is high and a number of small airports are unable to meet all of the requirements
- A few complementary provincial programs exist, but they are underfunded
- In the past years, emphasis has been placed on investing in safety, which may have contributed to improving basic infrastructure


A competitive air transportation system is vital for business, government and Canadians. The federal government must begin to view airports as an economic engine rather than a tax grab. Fees and taxes must become competitive with the U.S in order to reduce passenger leakage and support the growth of a strong travel and tourism industry.

**Recommendations**

In order to improve the competitiveness of Canada’s aviation sector, the federal government must:

1. Immediately examine the cost structure of government-imposed fees on the airlines and airports in Canada with the goal of reducing costs and stimulating the aviation sector.
2. Halt the offloading of additional costs onto Canada’s aviation sector and its travelers.
3. Develop policies designed to mitigate the impact of the transportation surcharges and fee differentials in Canada by incorporating the results of the examination (as per recommendation number one).
4. Move immediately to eliminate airport rents where they still exist.
5. Revise the Airports Capital Assistance Program with a view to improving the quality of regional airport services, expanding air service to regions and ensuring economic development.

**SUBMITTED BY THE FORT ST. JOHN & DISTRICT CHAMBER OF COMMERCE**

**THE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE SUPPORTS THIS RESOLUTION.**

74. **Trucking Disruption of Terminal Operations at Port of Vancouver**

Container operations at Port of Vancouver were disrupted in 2014 by a 28-day withdrawal of services by non-union and unionized container truck drivers. A similar 47-day work stoppage occurred in 2005 and pertained to escalating fuel prices, practices of undercutting driver pay by some container drayage (transport) carriers and operational delays encountered by truckers at marine container terminals.

The 2014 stoppage affected the regional, provincial and national economies with an approximate economic impact of $750 to $885 million per week, for a total of $3.5 billion. The B.C. provincial government and the federal government mutually agreed to a deal, known as the *Joint Action Plan*, with truck drivers to get them back to work. Federally-appointed facilitators Vince Ready and Corinn Bell were also involved in facilitating the agreement and its implementation. It is important to note that the container drayage sector is provincial jurisdiction, marine ports are federal, and marine terminal container operators are privately held.

The Port of Vancouver is the third largest port in all of North America, and handles close to 20 per cent of all Canada’s trade by value, including more than half of the total containers that go through Canadian ports. Approximately three million TEUs (twenty-foot equivalents) were handled during 2016 according to Vancouver Fraser Port Authority statistics. The approximately 4,500 ILWU longshore personnel employed in local port operations work under an unprecedented multi-year negotiated contract intended to provide labour stability in the gateway.

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218 Shipping in Canada, *Statistics Canada*
219 [www.portvancouver.com](http://www.portvancouver.com)
The Vancouver Fraser Port Authority is the landlord of federally-owned port land, leasing it to independent container terminal operators. The mandate of the port authority is to safely facilitate the movement of goods and passengers through the port while protecting the environment and considering local communities. The port authority does not directly operate marine terminals, but does control access to port lands. Shipping lines contract with terminals, and shippers contract with trucking companies, who in turn run their own operations, negotiating service contracts with customers and employment contracts with their driver base.

After the 2005 disruption, the federal government created a task force to provide recommendations to prevent further disruptions. Two key recommendations were the implementation of a mandatory truck licensing system (TLS) and a container terminal reservation system wherein the trucking industry is required to secure a reservation to pick-up or deliver laden or empty containers. Both recommendations were implemented with some success, though problems that caused the earlier disruption persisted, particularly undercutting of rates and not enough work for the drivers licensed to work at the port.

Although not directly in control of operations, the port authority has an interest in container trucking and service reliability at the Port of Vancouver to ensure the port’s international competitiveness and reputation for reliability in the interests of Canada’s trade. In December 2011, the port authority launched a stakeholder engagement process to develop a broadly supported, long-term vision for the container trucking sector that would enhance the port’s global position as a sustainable and competitive supply chain leader. In February 2013, the port authority announced its Smart Fleet trucking strategy, an action plan to achieve excellence in the local container trucking sector. Smart Fleet continues to guide work with industry and government to drive performance, accountability, sustainability and transparency within the container drayage supply chain. Despite those efforts, the 2014 disruption by truck drivers took place due to the perceived failure of the port community to address driver complaints about delays and waiting time at port container terminals, among other concerns.

After the 2014 disruption, and as part of the Joint Action Plan, immediate efforts were made to reform and improve the TLS and reservations programs, including introduction of night gates and a directive to implement a common reservation system.

The Province of B.C. gained responsibility, through the new B.C. Container Trucking Act, for issuing trucking companies a “Container Trucking Services License” to access the Port of Vancouver, while the Vancouver Fraser Port Authority issues commercial access agreements to B.C. Container Services License holders. Further to the new Container Trucking Act, the Province of B.C. passed legislation to regulate competing owner-operators and employee drivers’ earnings through creation of the Office of the BC Container Trucking Commissioner (OBCCTC), with responsibility to enforce compensation and oversee the TLS and the management of truck “tags” for individual truck access to the port.

With respect to the common reservations system, the intent is to provide a shared platform for users accessing any of the container terminals. There are four container terminals run by three operators. In addition to GPS truck tracking which is already in place, the shared platform would provide industry with greater transparency into operational performance metrics, including reservation slot availability, and facilitate more round trips for Port of Vancouver users. The reservation system is not yet in place. It is being developed by terminals through upgrades to their software operating systems and involves agreement among stakeholders on the shared interface.

The outcome of the work directed by the Joint Action Plan has been generally successful with driver turn times at the Port of Vancouver leading in North America, and drivers now being compensated for exceptional delays. However, despite enhancements to container operations, including the addition of a second eight-hour shift for trucks to ease congestion and increase fluidity, challenges remain on a number of administrative issues including rate undercutting and non-compliant pay practices. Since the 2014 disruption, there is still unrest in the sector and a widely held view that the container drayage industry is oversubscribed with too many parties competing for the existing business, limiting the earnings available for many drivers.

Issues remain that need to be addressed in order to bring greater stability to this sector.
The current reservation protocol has inefficiencies that have resulted in unintended consequences, including challenges to efficiently coordinate the pick-up and drop-off of containers at the container terminals.

Additionally, restrictions in the TLS program’s licensing component of truck tag management by the OBCCTC, initially in place to manage the supply of trucks against the number of containers, has unintentionally posed a barrier that is preventing TLS trucking companies from free market competition. They cannot secure new tags, nor can they surrender them when business is slower for fear of not being able to regain them in the future.

Although the Port of Vancouver has stringent environmental requirements for container trucks in the TLS program, inefficient truck moves and excess wait times between reservation windows to achieve the efficient utilization of trucks, plus frequent elongated turn times at the port, pose a negative impact on air emissions, the need for drayage companies to deploy larger fleets of trucks, and overall increased traffic congestion.

The container supply chain and trucking industry is complex and resolving supply chain inefficiencies is very challenging. However, it is clear that all stakeholders seek solutions for a reliable container sector, including stabilization of container trucking.

Recommendations
That the federal government with the relevant provincial/territorial governments:

1. Undertake a comprehensive rapid review of the 2014 Joint Action Plan to develop a long-term sustainable solution;

2. Ensure that revisions incorporate relevant data transparency and mutual accountability of supply chain participants to optimize efficiency and improve cost competitiveness for the entire supply chain; and

3. Include relevant industry representation throughout the review and implementation process in order to provide the necessary context and help ensure the resulting revisions are practical and will achieve long-term stability.

SUBMITTED BY THE DELTA CHAMBER OF COMMERCE
Co-sponsored by the BC Chamber of Commerce

THE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE SUPPORTS THIS RESOLUTION.

75. First Nations Infrastructure Institution

Issue
The development of infrastructure is critical to the health and sustainability of our First Nation communities. However, preliminary research suggests a gap in this development. As a result of the current approach applied to First Nation infrastructure development, this development is generally more expensive, takes more time and is less durable than that of other governments. A proactive approach is needed to ensure that projects are suitable, that best practices and industry standards are followed, and that value received is commensurate with the expenditure made.
Background

Canada and First Nations both have an urgent need to develop a joint strategy to increase First Nation productivity with infrastructure development representing one of the most critical elements in achieving this. Unfortunately, First Nations face many challenges in this process and have been unable to fully achieve value for investments made.

A preliminary review of First Nation infrastructure by the First Nations Tax Commission (FNCTC) has identified that there are gaps in planning (lack of integration between plans), project management (insufficient experience or expertise), financing (underutilization or inaccessibility of fiscal tools or insufficient fiscal capacity), and supporting legal frameworks (missing or inadequate laws) facing many First Nations.

The federal government has committed to a series of significant investments in infrastructure to support a better future for Indigenous Peoples with almost $4.7 billion in planned infrastructure investments over the next five years to include education infrastructure ($969 million), social infrastructure ($1.2 billion), green infrastructure ($2.2 billion), and community infrastructure ($255 million).

Taking the example of provincial precedents and models such as Infrastructure Ontario, which provides similar services and support to health, education and local government infrastructure projects in that province, First Nations are working with the First Nations Tax Commission (FNCTC) to advance the concept of a First Nations Infrastructure Institution (FNII) as a new element of the First Nations Fiscal Management Act (FMA).

In concept, FNII could provide the following services:

- **Support Projects with Standards and Laws** – Help with implementing standards and laws required to support infrastructure projects and improve economic development. This will save participating First Nations time and money and help ensure First Nation infrastructure is at national standards.

- **Assessment and Development Support** – Assess infrastructure project readiness and develop infrastructure development plans so First Nations can build the legal and administrative capacity to manage the infrastructure cycle from planning to construction to operation, maintenance and replacement.

- **Infrastructure Planning Support** – Support integrated infrastructure planning (economic, capital, financing) and provide capacity to complete these planning elements of infrastructure development. This will help interested First Nations to access available federal resources.

- **Project Management** – Help First Nations build capacity to efficiently project manage and build infrastructure projects. In some cases, FNII could also provide project management services.

- **Training and Certification** – Offer certified training and systems for First Nation administrations to support the operation of sustainable infrastructure systems through the Tulo Centre of Indigenous Economics.

- **Advocacy** – Advocate for and develop new FMA revenue streams within an improved fiscal framework to finance infrastructure projects.

- **Risk Assessment and Management** – Assess infrastructure risks and develop risk management strategies to improve access to financing.

Recommendation

That the federal government collaborate with First Nations to develop legislation for a First Nations Infrastructure Institution dedicated to improving the process of developing infrastructure on First Nations lands.

SUBMITTED BY THE HOUSTON & DISTRICT CHAMBER OF COMMERCE
THE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE SUPPORTS THIS RESOLUTION.

76. Facilitating the Development and Deployment of Autonomous Vehicles in Canada

Issue
Autonomous vehicles have the potential to transform Canadian transportation networks and fundamentally change how Canadians live and work. To maximize the Canadian benefits from the development of this transformational technology the federal government should help foster autonomous vehicle research and development in Canada and prepare Canada’s policy and regulatory frameworks for the eventual adoption of self-driving vehicles.

Background
Advances in computer processing, cameras, sensors, GPS and other technologies are accelerating the development of autonomous vehicles. These advances are expected to result in the progressive introduction of automated vehicles in the coming years, beginning with partially autonomous vehicles and eventually fully autonomous vehicles requiring no human intervention. Recognizing the potential of autonomous transportation, auto manufacturers and technology companies are investing billions of dollars in the technology. GM is already testing more than 50 autonomous electric vehicles on public roads in multiple U.S. cities. Tesla is including all the hardware required for self-driving in all of the vehicles they produce and plan to test the company’s software through a fully autonomous U.S. coast-to-coast trip (Los Angeles to New York) by the end of 2017. Uber is already offering customer trips in self-driving cars in Pittsburgh. Google’s autonomous fleet has self-driven over 3 million test miles, mostly on city streets and in 2017 started public trials in Arizona.

Despite uncertainty about when and the extent to which autonomous vehicle will be deployed and utilized by consumers and businesses, there is an emerging consensus that in the long-term they will significantly alter how people and goods are transported and transportation networks. Some of the potential impacts include:

- **Improved safety:** Studies and surveys have shown that 90 to 95 percent of vehicle crashes are the result of human error. Autonomous vehicles can significantly reduce collisions that result in nearly 2,000 fatalities, 10,000 serious injuries and 150,000 injuries in Canada every year.
- **Productivity gains:** Supply chains will become more efficient as autonomous vehicles help address some of the ‘last mile’ problems of connecting airports, seaports and rail lines to road transportation. Freight trucks may be able to travel 24/7 by not requiring driver rest time, or favouring overnight travel when roads are less congested (and when drivers are typically less interested in driving). Commuters will be freed up to do other personal or work tasks instead of focusing on driving during their daily commute and there will be improved mobility for those currently unable to drive.
- **Improved road capacity utilization:** While the convenience of autonomous technology could increase the number of Canadians travelling by vehicle, congestion may be reduced through new mobility models that include less ownership and more ride-sharing and on-demand travel – resulting in better utilization of existing transportation infrastructure. Autonomous vehicles are likely to improve traffic flow by

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221 [Waymo, On the Road](https://waymo.com/road) (May 2017)
interacting with the vehicles and environment around them. They may also improve multi-modal connectivity by simplifying the movement of people to and from transportation hubs.

Engineering, research and innovation capabilities in Canada have positioned this country to become a centre for autonomous vehicle development and attract a greater share of investment in these technologies. Canada’s large automotive manufacturing base, highly skilled workforce, and IT clusters make this country a logical research and development magnet. However, the development of autonomous vehicle technology is outpacing the regulatory frameworks that govern motor vehicles in Canada. There are a number of public policy issues that the federal government should start addressing to ensure Canada can attract increased investment and accelerate the adoption of the technology in Canada where appropriate. These include:

**Regulatory coherence**: Appropriate federal and provincial regulatory frameworks are needed to allow testing and adoption of autonomous vehicles. Without consistent regulatory approaches between Transport Canada and provincial governments, the testing and operation of autonomous vehicles across provincial borders will be challenged, hindering research, development and eventual deployment. Inconsistent regulations can also increase the cost and slow the pace of research and development in automated vehicles. Consultation with industry can help inform new regulations that provide investors the flexibility and guidance to test their technologies. Ontario launched an automated vehicle pilot project in January 2016 that allows companies and researchers to test self-driving technology on public roads as long as they receive a permit and have someone in the driver’s seat ready to take over if something goes wrong. While first steps are welcome, nearby U.S. states are being more hands-off. Michigan passed a law in 2016 that will allow automakers to operate networks of self-driving vehicles (with no backup driver) in the state. In 2016 the U.S. Department of Transportation also released a *Federal Automated Vehicles Policy* which sets performance standards for self-driving cars and offers guidelines for how states can legislate autonomous vehicles.

**Federal Innovation Programs**: Autonomous vehicle development should be prioritized in the federal innovation agenda including as part of Innovation, Science and Economic Development Canada’s *Innovation Superclusters Initiative*. Federal innovation programs can provide a strong incentive for domestic and global companies to choose to innovate in Canada. Federal innovation support could result in more investments like the Blackberry QNX Autonomous Vehicle Innovation Centre opened in Kanata in December 2016.

**Smart infrastructure**: Autonomous vehicles will require a re-think in the design of public and private transportation infrastructure. Fully autonomous vehicles will be adopted more quickly where ‘smart’ or connected infrastructure will allow vehicles to communicate with roads, bridges and rails and other infrastructure in real-time. Given the length of time transportation infrastructure assets are used in Canada, governments should start including a forward looking lens on current investments, and do so in tandem with leading smart infrastructure jurisdictions, the automotive industry, and academic and other research institutions.

There are numerous other public policy issues that will need to be addressed with the development of autonomous vehicles. For example, the connected nature of the technology will open up complex privacy issues that will need to be addressed before vehicles are commercialized. Increasingly connected vehicles will also be vulnerable to new cyber threats. The federal government should proactively initiate dialogues on these issues with industry, other jurisdictions in Canada and with other countries.

**Recommendations**

To support the development and deployment of autonomous transportation technologies in Canada, the Canadian Chamber of Commerce recommends that the federal government:

1. Work with provinces, municipalities, and industry to develop a national regulatory and standards framework that provides flexibility for the testing and deployment of autonomous vehicles in Canada. The Framework

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should provide a platform for cross-jurisdictional discussions about emerging policy issues related to autonomous transportation including, but not limited to, privacy and Canada’s preparedness and response to cyber threats.

2. Prioritize autonomous transportation in the government’s innovation agenda to help coordinate research initiatives, guide Canada’s long-term investments in transportation technologies and create smart incentives to private sector investment in transportation innovation and technology.

3. Include an innovation lens in federal infrastructure programs to inform public and private infrastructure investment decisions that will facilitate the introduction of innovation and technology in the transportation sector, including but not limited to autonomous vehicle deployment.

SUBMITTED BY THE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE

Co-sponsored by the Innovation Committee