



2020 Federal Pre-Budget Submission

Response from the Surrey Board of Trade

February 10, 2020



1. INTRODUCTION

The Surrey Board of Trade (SBOT), a not-for-profit city-building business organization with a membership of over 6,000 business contacts and over 3,000 businesses, supports business and attracts business. Our role is to enhance economic opportunities. The Surrey Board of Trade contributes to city-building initiatives that enhance livability.

Every year, the Surrey Board of Trade provides their input on the Federal, Provincial, Regional, School District, and Municipal government budgets. The input is based on the needs of the business community in Surrey, and how the budgets can enable greater economic performance.

The Federal Government of Canada has launched a public consultation survey for Budget 2020. The Surrey Board of Trade's submission follows the themes discussed in the survey, which include strengthening the middle class, climate change and protecting the environment, health and safety of Canadians, and reconciliation.

We appreciate the Federal Government's invitation to provide input on Budget 2020. By consulting and working with the business community, we can work collaboratively to improve economic indicators to provide a wide range of economic benefits to society.

2. STRENGTHENING THE MIDDLE CLASS

Housing

Having a safe and affordable place to call home is something that every Canadian needs. Yet finding affordable housing remains a challenge. The Federal and Provincial governments continue to make some inroads to deliver on their commitment to make housing that is safe, suitable and well-maintained, making quality housing more affordable and within reach for Canadians.

The Surrey Board of Trade was asked to participate as a stakeholder in targeted discussions on measures that would promote more affordable housing markets in British Columbia. The conversation focused on the impact of high housing costs on job creation and recruitment.

The Surrey Board of Trade recommended that all levels of government work together to decrease the cost of housing. Additionally, there is a need for wages to remain competitive, to match inflation and cost of living. Surrey businesses indicated that affordable workforce housing is good for business as it is good for the employees that work for these businesses.

Financial support in the form of a housing allowance, employers providing money for relocation, damage deposits, and other transportation allowances such as paying for a portion of insurance allowed employees to remain in costly cities. The real key to affordability is to reduce the level of government interference in the housing market. We need a comprehensive review of taxes to those in the affordable housing ecosystem – that is everyone!

Childcare

In 2017, the federal government made landmark investments in infrastructure to begin addressing the affordability crisis in childcare. Since then, there have been minimal strides to ensure these programs are being evaluated and reformed to meet the needs of families.¹

Over the last three decades, the need for childcare has grown steadily, with the rise in employment rates among women and the corresponding increase in dual-income earner families. This has accompanied changes in the composition of Canadian families, notably increases in lone-parent and step-families, impacting both the need and type of child care required.

Beyond need, the demand for quality childcare has also increased, due to the potential benefits on peer socialization, school readiness, and numeracy and language skills. In Canada, options

¹ <https://www.canada.ca/en/employment-social-development/programs/early-learning-child-care.html>

for childcare are varied, ranging from nannies, home daycares, daycare centres, preschool programs, and before and after school services. Finding the most appropriate childcare arrangement can, at times, be challenging. Parents must often balance the need between the overall quality, convenience, availability and cost of childcare.²

The Surrey Board of Trade childcare advocacy includes:

1. Improve access to childcare by introducing a new capital budget to purchase and build publicly- owned childcare facilities;
2. Enhance childcare quality and address the recruitment and retention crisis in the childcare sector; and,
3. Reduce childcare fees for families

Improving access to good jobs and continued training for the workforce

The 2003 International Adult Literacy and Life Skills Survey (IALSS) looked specifically at the number of people who were involved in adult learning and training in 2002. The survey found that, in Canada, just 20% of people, who had low skills and were in low-skilled jobs were involved in a course or program, and this is 10 percentage points lower than Norway, Switzerland and the United States. Over 60% of high-skilled people in high-skilled jobs in Canada participated in adult education and training – again, Canada was 10 percentage points lower than the United States (which is also troubling for productivity of our most skilled workers). Employer-financed training was highest for people who had higher-level skills and were in high-skilled jobs – 35% compared to 7% for lower-skilled people in low-skilled jobs. Employers were more likely to fund training for people with lower skill levels who were in higher-skilled jobs, but still, only 25% of them received employer-funded training of any kind in the previous year.

The Federal Government needs to improve investment in post-secondary education and training. Additionally, increasing support for apprenticeship opportunities, co-op placements, internships and mid-career training and education are needed. Businesses also need more incentives to grow so that they can offer competitive wages to new graduates and provide training for their employees. Investments in communities through public transit, affordable housing and green infrastructure will also lead to better economic outcomes.

2. IMPROVING INTER-PROVINCIAL TRADE AND INTERNATIONAL TRADE

Inter-Provincial Trade

The Surrey Board of Trade provided input into the proposed Western Canada Growth Strategy.

² <https://www150.statcan.gc.ca/n1/pub/89-652-x/89-652-x2014005-eng.htm>



A Western Canada Growth Strategy is timely for businesses and for our local economies because we need to be more innovative to compete globally. Western Canadian provinces have unique assets from both a labour and resource perspective.

In the face of international trade uncertainties, reduce interprovincial trade barriers. Increase labour mobility, lower tariffs, and harmonize regulations – all of which would improve the economy. In order for the western Canadian economy to be a strong economic power, provinces must have aligned goals.

Canada-India Free Trade Agreement

Free trade agreements (FTA) are meant to decrease or remove costly and time-consuming trade barriers in order to accelerate the trading of goods and services thereby generating more profits for those engaged in the agreement. In other words, by Canada opening to new global markets, you allow for increases to sales and profits for domestic companies. It has been argued that this, in turn, creates a domestic middle class with higher wage jobs over the longer term. Developing countries on the other hand gain access to cheaper goods and services, which provides for a larger market for Canada's own domestically produced goods and services. The Canadian government has increased its focus on expanding Canada's trade agenda. There have been a number of FTAs launched in the past including the newly ratified Canada-European Union Comprehensive Economic and Trade Agreement (CETA) and The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

In 2016-2017, Canada exported \$3.297 billion (USD) to India, and imported \$3.204 billion (USD). There is significant potential for growth in this regard with the advent of an FTA. Foreign Direct Investment (FDI) from Canada to India from April 2000 to September 2015 was \$586 million (CAD), a mere 0.22 per cent of the \$265 billion in total FDI India received in those 15 years. The last time the Canadian government's international trade website detailing the FTA with India was updated in 2015.

The Surrey Board of Trade recommends that the federal government apply political direction and resources to reinvigorate the stalled negotiations between Canada and India to achieve a mutually beneficial Free Trade Agreement.

Agriculture

Budget 2019 proposed up to \$3.9 billion in support for supply-managed farmers:

- Support will be offered to sustain the incomes of eligible dairy, poultry, and egg farmers, by making available up to \$2.4 billion. Of this amount, \$250 million has already been provided to support dairy farmers as a result of CETA, therefore a net amount of up to \$2.15 billion will be available in coming years to deal with income losses associated with these agreements; and

- Assistance will also be offered to protect the value of investments made by farmers in supply-managed sectors, through a Quota Value Guarantee Program that will protect against reduction in quota value when the quota is sold. \$1.5 billion has been set aside for this demand-driven program.

The Surrey Board of Trade recommends continued support for farmers and the agriculture community.

Block Chain and Cloud Computing Technology

Many countries have already begun utilizing blockchain and cloud computing technology since the inception of the Industrial Revolution 4.0³. The use of blockchain technology in the private sector has been shown to be successful and a technology that will yield exponential benefits to the economy. Small-scale farmers see the most benefit from implementation of blockchain technology in the agri-food industry.

The federal government has a substantial role to play when it comes to the regulation and implementation of new technology. With the advent of blockchain technology, the federal government must spear-head its use in the agri-food industry. Doing so will allow small-scale farmers to thrive and grow, thus exponentially amplifying our economy, standard of living, and reputation on the international stage.

The Surrey Board of Trade recommends that the Federal Government implement a blockchain economic strategy by:

1. Setting up a national commission, with representatives of government, financial institutions, the research community, technology entrepreneurs, civil society and, consumers that would develop concrete recommendations to enable Canada to achieve a leadership role in imminent blockchain revolution.
2. Stimulating R&D through blockchain-based flow-through shares that would track all investments in real-time in R&D to ensure all tax benefits go directly into innovation.
3. Creating a Blockchain Research Institute that is visible throughout Canada, to unlock the potential of blockchain across industries and also within the functions of organizations.
4. Creating a Blockchain Centre of Excellence where blockchain-related businesses can cluster and innovate.
5. Adopting the technology to transform its own governmental operations – federal, provincial and local.
6. Expanding access and information exchanges with the United States.

³ Kamilaris, Andreas, Francesc Xavier Prenafeta-Bold'y, and Agusti Fonts, "The Rise of Blockchain Technology in Agriculture." *ICT Update: Blockchain*, vol. 88, 2018.
<http://ictupdate.cta.int/2018/09/04/the-rise-of-blockchain-technology-in-agriculture/>.

7. Ensuring educational and cultural norms conducive of innovation.

Protecting Canada's Arctic

Canada's Arctic is the future of Canada in several ways with many relying on Arctic Sovereignty and the Northwest Passage (NWP). Currently, the Panama Canal is the only viable route in North America to ship goods from east/west and vice versa. With the melting of the Arctic region, the attraction of the NWP as a shipping route has grown significantly as well as the potential for economic independence. According to research published in the journal Nature Climate Change the Arctic could be "functionally ice free" by 2044.⁴ This also opens the concern of other militarized nations asserting their presence in the NWP. This concern of "the Canadian Arctic's security and safety" is highlighted in the recently released Report of the Special Senate Committee on the Arctic "Northern Lights: A Wake-Up Call for the Future of Canada" and was even addressed by the US Embassy in a letter to Prime Minister Trudeau in November 2019 due to our lack of federal investment in our military which would include the financial support of Arctic Sovereignty.⁵

The Surrey Board of Trade recommends that the Federal Government, as recommended by the Special Senate Committee on the Arctic, implement all recommendations beginning with recommendations 23 through to 25 which supports the production of more icebreakers specifically for the Arctic regions of Canada, and greater infrastructure investment throughout the Canadian Arctic.

CLIMATE CHANGE

Ensuring All Coastal Cities are Prepared for Flooding

Climate change as a result of global warming leading to melting ice caps in the north and south poles is causing sea level rise. The BC Ministry of Environment and Climate Change Strategy has directed cities to prepare for a 1m rise in sea levels by 2100. Extreme weather events causing significant rainfall/snowfall are being seen in BC communities. This can cause significant flooding of rivers flowing through BC. Flooding poses catastrophic risks to BC's economic vitality, safety, environment, property owners and communities.

Although, cities have been directed to prepare for sea level rise, there remains the need for significant dollars (running into billions) to upgrade dikes and associated infrastructure over the coming years to prepare adequately for such flooding events especially the 1m rise of the sea

⁴ <https://www.cbc.ca/news/canada/north/ice-free-arctic-this-century-1.5370504>

⁵ Patterson, Dennis Glen et. al., "Northern Lights: A wake-up call for the future of Canada." *Report of the Special Senate Committee on the Arctic*, June, 2019.

https://sencanada.ca/content/sen/committee/421/ARCT/reports/ARCTFINALREPORT_E.pdf

level in the next 80 years. There is a 0.5% chance of an extreme flood today while there is a 50% chance of an extreme flood by 2100 AD. Complete restoration of coastal communities and infrastructure following a major flood event could take several years, needless to say, causing severe disruption to the economy resulting in losses of several hundreds of million dollars. To help prevent damage and losses, dikes across BC have to be upgraded in a timely manner and in a priority sequence.

As part of its long-term flood adaptation strategy, the City of Surrey has embarked upon a full review of existing dike infrastructure throughout the City limits and has identified priority areas around rivers (Nickomekl, Serpentine) and the coastline (boundary bay) requiring significant investment for upgrades over the next several years for which both provincial and federal funding will be required in addition to city funding.⁶

The Federal Government has provided substantial funding to the City of Surrey, but policy needs to be developed to partner with BC municipalities to provide guaranteed Federal funding through a strategic plan over time to ensure upgrades to flood mitigation infrastructure.

PUBLIC SAFETY

The Federal Government needs to collaborate with provinces to invest in mechanisms that will remove prolific offenders and enhance judicial accountability. Public Safety investments are needed. It should be noted that if Surrey's police force transitions from a RCMP force to a municipal police force, the Surrey Board of Trade notes to the federal government that there will be some financial cost to the federal government that needs to be explored.

INDIGENOUS RECONCILIATION

Surrey has the largest urban Indigenous population in British Columbia. We require governments to work concurrently in an effort to ensure full economic participation in the economy. The BC Government has already passed their own UNDRIP legislation – we ask that the Federal Government works with the Provincial Government in their development of UNDRIP legislation to ensure that they are aligned.

TRANSPORTATION AND INFRASTRUCTURE INVESTMENTS

Surrey needs a comprehensive and long-term transportation plan. The current initiative to build a SkyTrain to Fleetwood is insufficient to move people throughout Surrey. The Federal Government must engage stakeholders and the City of Surrey to provide funding for a

⁶ Serpentine and Nikomekl Lowlands – City of Surrey <https://www.surrey.ca/city-services/3654.aspx>



comprehensive transportation plan to serve our local economy, not only between Langley to Vancouver, but also within Surrey connecting and revitalizing all of our town centres.