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**Written Submission for the Pre-Budget Consultations in Advance of the 2024 Budget**

**By: The Surrey Board of Trade**



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- **Recommendation 1:** That the government implement a full tax review.
- **Recommendation 2:** Work with the Provincial, Territorial, and First Nations Governments to commission a study and action plan for the implementation of electric vehicle battery recycling plants we will need per region and invest in innovation for current electric vehicle battery recycling plants to increase their capacity.
- **Recommendation 3:** Guarantee that port infrastructure projects across the country receive support and timely investments and Work with the supply chain industry, in particular marine terminal operators, drayage companies, railways and port authorities to invest in digital technologies that allow seamless communication with the technology used by large commercial shipping companies.
- **Recommendation 4:** The Government Ensure that new oil and gas projects with world class carbon intensities are not omitted from sustainable finance taxonomies currently being developed and contemplated in Canada, recognizing that sustainable finance is a strong incentive for emissions reductions across industries in Canada.
- **Recommendation 5:** Accelerate the implementation of the Permanent Federal Transit Fund to begin in 2024 that provides: Reliable, predictable funding over a minimum 10-year term, and; Funding for a study of the best technology implementation to relieve congestion.
- **Recommendation 6:** Direct the Central Bank to limit interest rate increases to avoid devastating and lasting impacts to livability and the workforce, and; Reduce spending in areas that limit economic stability to reduce the budget deficit and create a budget surplus in the next 5 years.
- **Recommendation 7:** Create a Blockchain Centre of Excellence and Research Institute in each region of Canada (West, North, East, Atlantic) where blockchain-related businesses can cluster and innovate, stimulate 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 and, build innovation by working with international partners.



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### **Recommendation 1 rationale:**

We need to determine what works and what doesn't. A review of the tax system could find and provide recommendations to eliminate redundancies and find where simplification can occur. With simplicity, efficiency, and certainty comes international competitiveness.

Benefits of a tax review: Reduce rising cost of living Drive down debt Create economic growth Improve international competitiveness Improve efficiency

Tax systems have become complicated, caused by piecemeal policy implementation, structural and ideological changes, and politicized budget processes. Many other jurisdictions have laid the groundwork for Canada to complete a tax review. Newfoundland and Labrador completed a comprehensive tax review in 2018 that can be replicated in BC. Newfoundland & Labrador created the Independent Tax Review Committee (ITRC) charged with completing a comprehensive independent review of the tax system, including tax expenditures.

### **Recommendation 2 rationale:**

Over the years, these electric vehicles will undergo wear and tear, and their batteries will need to be recycled. It is estimated that the car battery's life expectancy is 10-20 years.<sup>1</sup>

Recycling is also important since lithium, nickel and cobalt are scarce resources. The lithium, nickel and cobalt can be theoretically recycled limitlessly.

According to market analysts, a combined total of over 180,000 tonnes of lithium, cobalt, nickel, and manganese could be recovered by 2030 through Li-ion recycling, a value which is forecast to grow by approximately 10x by 2042 worldwide.<sup>2</sup>

While Canada hasn't pledged federal funding for recycling EV batteries, the U.S. is spending hundreds of millions of dollars on recycling projects. The U.S. Senate also just passed a bill to increase EV battery recycling, which could soon be signed into law.<sup>3</sup>

### **Recommendation 3 rationale:**

To ensure that the Canadian economy can continue to grow, investment in infrastructure and technology related to imports, exports and advancements in shipping are necessary. Infrastructure projects and technological advancements improve efficiencies, commodity pricing and will ensure Canada remains competitive on the world stage.

For infrastructure and technology projects to materialize, all levels of government must work with ports across the country, to:

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<sup>1</sup> <https://www.jdpower.com/cars/shopping-guides/how-long-do-electric-car-batteries-last>

<sup>2</sup> <https://www.mining.com/how-much-could-battery-recycling-actually-aid-cobalt-lithium-supply-shortages/#:~:text=According%20to%20the%20market%20analyst,by%20approximately%2010x%20by%202042.>

<sup>3</sup> <https://www.utilitydive.com/news/ev-battery-recycling-senate-romney-ndaa/639317/>



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- coordinate investments in digital technology to enhance block chain and supply chain visibility; and,
- prioritize the timely and efficient approvals of infrastructure projects designed to meet Canada's trade objectives related to the shipping industry.

**Recommendation 4 rationale:**

Canada is a leader in environmental, social, and governance (ESG) performance and needs to play a larger role as a leader in providing decarbonized and innovative resources and energy to the world. British Columbia has abundant natural resources and the ability to export those resources to a world that needs them. There are large geopolitical forces at play in global markets and countries are making challenging choices.

These include the Russian invasion of the Ukraine, China's growing demand for all sources of energy and Japan shifting back to coal as a reliable and cheaper option. A real energy transition must move forward and requires lower emission bridge fuels like Canadian natural gas.

**Recommendation 5 rationale:**

Canada is a vast country with over one million kilometers of publicly owned roads. <sup>4</sup>, Without efficient transportation, economic growth and the capacity for innovation will fail. Canada's network of roads, bridges, and public transportation options is managed by the three levels of government, often with varying capacity for reliability. The unreliability of transportation funding, increasing population, and congestion will stall economic growth.

These newcomers to Canada bring necessary skills to ease Canada's labour shortage and demographic shift and contribute to the fabric of our country. However, our growing population needs a safe, efficient, and affordable way to get to school, home, and work.

Employers across this country need their workers, customers, and suppliers to be able to reach them. Ballooning population, coupled with reduced transit use has driven congestion in urban centres across Canada. In 2023, Toronto took the unfortunate ranking of 7 for worst congestion, among 1,000 global cities, with Torontonians losing approximately 118 hours in traffic in 2022. <sup>5</sup>, A study from 2015 estimated that in Metro Vancouver alone, the economic cost of congestion to the region was \$500 million to \$1.4 billion every year. <sup>6</sup>,

Canadians' reliance on single occupant vehicles, whether gas powered, or electrical will continue to congest our roadways. Every minute that a commercial vehicle must sit in stop-and-go traffic is a waste of carbon. Creating reliably funded public transit in all regions will facilitate individuals to replace their car trips with transit. Investment in transit does not only benefit businesses and

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<sup>4</sup> <https://www150.statcan.gc.ca/n1/daily-quotidien/201026/dq201026a-eng.htm?HPA=1>

<sup>5</sup> <https://inrix.com/press-releases/2022-global-traffic-scorecard-uk/>

<sup>6</sup> <https://www.cdhowe.org/public-policy-research/tackling-traffic-economic-cost-congestion-metro-vancouver>



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residents by reducing congestion, but it will also help Canada achieve its climate goals, as transportation accounts for approximately 25 percent of Canada's greenhouse gas emissions.

A concerted effort with adequate levels of funding from the Federal Government will provide benefits to the region for generations. Half-measures and planning that changes with a change of government will only hurt our business community.

**Recommendation 6 rationale:**

Inflation has been relatively sticky for the last year. As a result, the Bank of Canada has elected to raise interest rates. Interest rate increases have impacted many people and will continue to do so. Interest rates increases have resulted in unaffordable mortgages for businesses and homeowners. These high interest rates are also creating pressure on the economy resulting in the closure of businesses. The Federal Government has other policy levers to curb inflation, namely a budget surplus. Instead of increasing the cost of living and attempting to reduce it by creating more debt, the federal government should use a lever that has been proven effective, which is the balancing of their budget and running a surplus.

High government spending that is not matched by sufficient revenue can lead to fiscal deficits. To finance these deficits, the government may resort to borrowing from the central bank or financial markets. When the central bank creates money to buy government debt (monetary financing), it can potentially increase the money supply, leading to inflation.

Given that CPI includes prices of oil and groceries, which are commodities that are imported and are not affected in a significant way by domestic policy, there is a school of thought that government spending can curb inflation. Some say that during an inflation, the government should have a surplus. During a recession, a government should be spending money to stimulate the economy, and so during inflationary periods, governments should be reducing spending, ultimately reducing the money supply, to bring inflation down.

The link between excessive public debt and inflation is well-documented in economic literature. Studies such as the research by Reinhart and Rogoff (2010) have shown that when a country's debt-to-GDP ratio exceeds a certain threshold, usually around 90%, economic growth slows down, and inflation rates tend to increase.<sup>7</sup> This suggests that the continuous accumulation of debt and unrestrained spending can lead to inflationary pressures, adversely affecting the overall economy and reducing the purchasing power of citizens.

Contrary to the inflationary impact of high debt, fiscal surplus acts as a powerful economic stabilizer. A research report by the International Monetary Fund (IMF) in 2018 revealed that countries with prudent fiscal policies, characterized by running surpluses during periods of economic expansion, were better equipped to weather economic downturns with lower inflation rates. Building fiscal reserves during times of economic growth provides governments

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<sup>7</sup> [https://mpr.ub.uni-muenchen.de/24376/1/MPRA\\_paper\\_24376.pdf](https://mpr.ub.uni-muenchen.de/24376/1/MPRA_paper_24376.pdf)



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with the ability to stimulate the economy during downturns without resorting to excessive borrowing, which can mitigate inflationary pressures.

**Recommendation 7 rationale:**

Canada has the potential to become a global hub for the second era of technology with the emergence of a "technology supercluster" between Toronto and Kitchener-Waterloo or Surrey. However, there are obstacles to overcome, including the lack of a clear strategy for governments and stakeholders to leverage blockchain technology. Blockchain has not received the same level of attention as other related technologies like artificial intelligence.

A Centre of Excellence exists in Eastern Canada, but the findings and utilization end there. The Western provinces and territories do not participate in a meaningful way in this Centre. That is why the West needs to create a centre itself. One founded in BC would be most effective since the Government of BC already utilizes blockchain through the Verified Organization Network (VON).<sup>8</sup>

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<sup>8</sup> <https://decentralized-id.com/government/canada/bcgov/von/hgf-2018-production-government-deployment-hyperledger-indy/>