


# HAMILTON BUSINESS COMMUNITY FEDERAL ELECTION PRIORITIES 2019



**hamilton**  
chamber of commerce  
your voice in business



Since its inception in 1845, the Hamilton Chamber of Commerce has served as the definitive voice of local business. Throughout its history, the Chamber has played an important role in advocating for policies that enhance the social and economic prosperity of our city. Over the years, the Hamilton Chamber of Commerce has maintained a constructive dialogue with our federal representatives to address the concerns of our 1,000 members and the wider business community.

Earlier this year, the Chamber released its Hamilton Economic Report, which presents a candid look at local private sector sentiment. The report was based on the results of our Business Confidence Survey, conducted in conjunction with the Ontario Chamber of Commerce. The report clearly showed that Hamilton firms have overwhelming confidence in the future. Firms project increases in both revenue and workforce size in the months ahead.

In order to maintain and grow business confidence further, we encourage the federal government to consider the recommendations within this platform, as it reflects the priorities and concerns of job creators. Herein, we lay out our eight priorities, along with a series of specific measures to enhance investment to Canada and help businesses create jobs, grow and strengthen our communities.



Keanin Loomis,  
President & CEO,  
Hamilton Chamber of Commerce



# Climate Action that Incentivizes Innovation and Minimizes Unfair Burdens on Business



The Hamilton Chamber of Commerce, along with the Canadian Chamber of Commerce, first voted to support a market-based approach to reducing emissions in 2011. Today, carbon pricing is the preferred approach to reducing emissions from a large range of industries and is supported by the Canadian Association of Petroleum Producers, the Mining Association of Canada, the Canadian Electricity Association, Canadian Manufacturers and Exporters, and the Business Council of Canada, among others.

Businesses prefer carbon pricing over regulation as a means to reduce emissions because it provides a strong incentive to take action, while allowing each firm the flexibility to pursue innovative, low cost ways to achieve this goal. Using carbon pricing rather than regulation to cut emissions will lead to an estimated 2.5% boost to GDP.

## **HAMILTON CONTEXT:**

Hamilton is home to major industry. Some of the businesses in our community fall into the emissions intensive, trade-exposed (EITE) category, meaning they cannot easily pass price increases on to their consumers. As a result, carbon pricing can significantly impact these businesses, leading them to invest elsewhere. This would be a lose-lose for the global climate and our local economy, as jobs and investments would flee to jurisdictions that have no regulations on emissions.

## **HOW GOVERNMENT CAN PLAY ITS PART**

Canada's regulatory system must take a principled approach that seeks to tackle climate change and reduce GHG emissions at the lowest cost to Canadians, Canadian businesses, and our way of life.

### **RECOMMENDATIONS:**

- Continue negotiations with the provincial governments to implement carbon pricing as the main measure to reduce greenhouse gas emissions across Canada.
- The federal and provincial governments should continue to pursue separate policies for EITEs. Work on assessing carbon leakage and the competitive impacts of climate policies should begin now in preparation for a federal, provincial, and territorial discussion of the competitive impacts of climate policy.
- Provincial and federal governments should use revenues to reduce the costs of climate policies to businesses and households through tax rebates or programs aimed at incentivizing investments in energy efficiency and other climate technologies. Programs to help small and medium sized businesses understand their greenhouse gas emission and invest in new programs, processes or technologies should be a priority.

# 2 A Regulatory System that Works for Everyone, Including Business



Well-managed regulation can provide investors and businesses with certainty, while protecting consumers and the environment. Countries with effective, predictable regulatory systems attract investment and get major projects built. Unfortunately, Canada's complex web of overlapping regulations at all levels of government is strangling business, driving away investment, preventing our resources from getting to market and diverting attention from more productive tasks.

We feel the effects of our broken regulatory system in other ways, too. For instance, while Canadians are committed to reconciliation with Indigenous peoples, there is much work to do. A more predictable, effective regulatory system would promote improved relations with Indigenous peoples, opening up new opportunities for collaboration and increased economic participation while reducing risk and uncertainty for business.

## **HAMILTON CONTEXT:**

The Hamilton Chamber of Commerce released our Hamilton Economic Report in Spring 2019. Therein, 1 in 5 Hamilton respondents attributed over-regulation as one of the main factors behind their lack of confidence in the broader economy.

## **HOW GOVERNMENT CAN PLAY ITS PART**

Canada's regulatory system must provide appropriate environmental, social and economic protections, strengthen relationships with Indigenous peoples and help get our products to market without further increasing the cost of doing business.

### **RECOMMENDATIONS:**

- Give regulators economic growth and competitiveness mandates.
- Implement a 2-for-1 rule to require the elimination of two regulations for every new one introduced over the next five years.
- Create a Minister of Regulatory Efficiency responsible for regulatory oversight at the Treasury Board to lead an ambitious federal regulatory reform agenda.
- Convene business, Indigenous peoples and other levels of government to develop a clear, consistent framework for the duty to consult and accommodate.
- Provide compensation to major project proponents and Indigenous communities that lose economic opportunities when projects cannot proceed because the Crown or its agencies fail to discharge their legal responsibilities.
- Allow First Nations to extricate themselves from aspects of the Indian Act via a Band Council resolution and the support of a clear majority of band members.

# 3 A Tax System That Is Fair, Efficient and Modern



Our taxes fund government programs and initiatives that contribute to making Canada the great country it is, and businesses are willing to pay their share. However, while other jurisdictions make their tax systems more competitive, Canada's is becoming increasingly complex and inefficient, killing investment and jobs.

Canada has not undertaken a comprehensive review of its tax system since the 1960s. Until we do, it will remain a cumbersome, inefficient patchwork. The next federal government can fix this problem by initiating a full, independent review with a goal of aligning it with the realities of today's competitive environment and helping set our businesses up for success.

Compounding the challenges created by our outdated tax system are the federal debt and deficit. Canada's fiscal flexibility is extremely limited, and there is no clear plan for returning to balance. This is terrible long-term policy, and failure to get our fiscal house in order increases Canada's vulnerability whenever the next economic downturn occurs.

## **HAMILTON CONTEXT:**

The Hamilton Chamber of Commerce released our Hamilton Economic Report in Spring 2019. Therein, 1 in 4 Hamilton respondents attributed high business tax rates as one of the main factors behind their lack of confidence in the broader economy.

## **HOW GOVERNMENT CAN PLAY ITS PART**

To restore fairness and increase the ability of Canadian businesses to compete, we are asking all federal parties to commit to extensive tax reform.

### **RECOMMENDATIONS:**

- Appoint a royal commission to conduct a comprehensive review of the Canadian tax system guided by the principles of tax competitiveness, simplicity and fairness.
- Adjust the tax mix to better promote business investment, including offshore investment and economic growth.
- Present a concrete plan, with timelines, to return the federal books to balance.



# 4

## Opening New Markets Around the World and Breaking Down Barriers at Home



Canada is a trading nation, and agreements signed in recent years have created significant new market opportunities. Canadian businesses are eager to take advantage of these agreements but cannot do it alone.

Similarly, our domestic market represents a tremendous growth opportunity. However, internal trade barriers cost Canada's economy more than \$14 billion each year. The next federal government must build on existing trade opportunities, open up new ones and make it easier for Canadians to do business with one another here at home.

### HAMILTON CONTEXT:

The Hamilton Chamber of Commerce released our Hamilton Economic Report in Spring 2019. Therein, 1 in 3 Hamilton respondents attributed trade barriers as one of the main factors behind their lack of confidence in the broader economy. The US-imposed tariffs affecting Hamilton's steel industry were removed in May of 2019, leading the Canadian government to immediately discontinue the application process for duty remissions. This left a number of companies who were in the process of putting forward remission applications with no recourse to obtain rebates.

### HOW GOVERNMENT CAN PLAY ITS PART

We call on all federal parties to help diversify trade opportunities for Canadian businesses at home and abroad.

#### RECOMMENDATIONS:

- Complete negotiations with Mercosur and Pacific Alliance in the Latin American region.
- Accelerate the process for additional countries to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).
- Launch negotiations with the Association of Southeast Asian Nations (ASEAN).
- Tackle foreign industrial subsidies so Canadian companies can compete on a level playing field at home and abroad.
- Protect and expand trade opportunities with the United Kingdom after its departure from the European Union.
- Enhance labour mobility and increasing the scope of mutual recognition of professional qualifications at home and abroad.
- Promote trade facilitation measures to ease the movement of goods across the border.
- Develop a Canadian position in support of cross-border data flows in bilateral and multilateral trade agreements.
- Tackle non-tariff barriers, particularly in the agriculture sector.
- Develop concrete plans with clear timelines for creating the necessary infrastructure to get Canadian energy products to global markets.
- Work with the provincial and territorial governments on the mutual recognition of regulations, rules and policies to allow for the free movement of labour, goods and services in Canada.
- Allow a grace period for companies to submit their remuneration applications for S.232 tariffs, starting from the introduction of Canada's retaliatory tariffs of July 1, 2018 through to June 30, 2020.

# 5 Helping Small and Medium Canadian Companies Grow and Succeed at Home



Like their larger counterparts, Canadian SMEs need relief from the tax and regulatory systems that have become increasingly complex and dysfunctional over the years. But SMEs also face challenges that are unique to them.

When it comes to trade, just 4% of Canadian small- and medium-sized businesses exported goods in 2017<sup>1</sup>. This is a fraction of the 20%+ of exporting SMEs in other G7 countries. A key reason is that Canada's SMEs lack the resources of larger companies to access foreign markets. However, the time and effort involved in identifying what federal support programs could help is too much, so they give up. Additionally, the Canada Revenue Agency remains the most challenging federal agency SMEs deal with because its processes and procedures often do not align with the realities of running a small business.

## **HAMILTON CONTEXT:**

The Hamilton Chamber of Commerce has joined with Hamilton Economic Development and other local chambers to create the Hamilton Exports Portal. This portal provides relevant and tailored information from the Government of Ontario, Global Affairs Canada, Business Development Bank of Canada and Export Development Canada regarding funding programs, export expertise, events, trade mission and resources.

## **HOW GOVERNMENT CAN PLAY ITS PART RECOMMENDATIONS:**

- Provide sector-by-sector analyses of free trade agreements (rather than agreement-by-agreement) and communicate them widely.
- Provide high-potential SMEs with access to experts to help them navigate relevant markets.
- Ensure federal programs and interactions with business align with and respect small business realities.
- Conduct an independent service delivery audit of the Canada Revenue Agency, targeted at identifying and eliminating the compliance, audit and communication problems small businesses face in dealing with the agency.

<sup>1</sup> Innovation, Science and Economic Development Canada Small Business Branch, Research and Analysis Directorate, Key Small Business Statistics, January 2019, page 19.

# 6 Seizing the Power of the Digital Age, and Making Canada the Most Connected Country in the World



Artificial intelligence. Automation. Big data. These are just some of the forces changing how we live and work. As these and other innovations emerge, no sector of our economy, from mining and energy, to agriculture, retail, transportation, financial services and high tech, will remain untouched. In particular, we are seeing the importance of intangibles, like intellectual property, growing dramatically in importance, with our ability to develop and attract 21st century skills fast becoming critical to our economic success.

Canada must ensure our innovative, world-leading companies and entrepreneurs can seize the opportunities of the digital age. That means adopting a more flexible approach to regulations, making smart investments in skills training and in digital infrastructure as well as developing new strategies to encourage and profit from intangibles.

Our next federal government must also ensure that our economy remains diverse and that more than just technology connects Canadians. We remain an export-dependent country, and our physical infrastructure will continue to play a vital role in getting our goods to market and in driving our prosperity. As Canada's next government considers its priorities for public infrastructure investment, trade enabling infrastructure, which has the greatest long-term economic benefit, should top the list.

## **HAMILTON CONTEXT:**

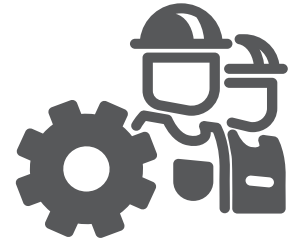
As part of the Mayor Eisenberger's Digital Hamilton initiative, the Chamber released a Digital Infrastructure Report to provide perspective on the current state of digital infrastructure deployment and broadband availability and to offer insight into how governments can facilitate, incentivize, and enhance infrastructure and service levels. In this digital age, the ongoing improvement to digital infrastructure is essential to economic prosperity. Businesses in Hamilton, and across Canada, rely on high speed, dependable, low cost internet connectivity to operate and remain competitive.

## **HOW GOVERNMENT CAN PLAY ITS PART RECOMMENDATIONS:**

- Embrace a more nimble, flexible and evidence-based approach to regulating new technologies in the digital age.
- Recognize the need to promote and strengthen Canada's ability to capitalize on intangibles, like intellectual property.
- Work with businesses to create an environment that is attractive to investors and innovators both from abroad and at home.
- Improve access to high-speed networks in underserved communities.
- Prioritize the auction of the 3,500-megahertz spectrum so Canadians can take advantage of 5G networks.
- Accelerate the pace of mmWave spectrum allocation so businesses can use the power of the internet of things for logistics and other industrial purposes.
- Enhance the digitalization of government, including more user-focused services that reduce administrative burdens on business.
- Close the gap between infrastructure demand and investment in Canada by maintaining current levels of federal infrastructure funding and making economic growth and productivity, not politics, the criteria for project selection.
- Allocate a greater share of funding in federal infrastructure plans towards trade enabling infrastructure projects throughout Canada.



# 7 A Workforce with the Skills, Education and Training to Prosper



As the world of work constantly evolves, finding the right talent with the right skills and training at the right time remains one of the biggest challenges for businesses. And doing so is growing more difficult as industries adapt to new technologies and new ways of doing business. For Canadian companies to grow and thrive, they need access to a skilled workforce.

## HAMILTON CONTEXT

The Hamilton Chamber of Commerce recognizes talent acquisition is a major concern for many of our members. That is why we have partnered with Magnet to offer data-rich job-matching technology to help businesses connect to the right talent with a pre-screened list of candidates who match nuanced criteria.

## HOW GOVERNMENT CAN PLAY ITS PART

Ensure Canada's workforce has the skills, education, training and retraining programs needed to help businesses succeed, regardless of industry or region.

### RECOMMENDATIONS:

- Work with business to ensure government re-training programs meet the demand for skills required for the economies of today and tomorrow.
- Work with business and other levels of government to ensure primary and secondary education includes the skills necessary for our evolving economy, including the soft and hard skills required to thrive in a world of increased automation and globalization.
- Support private sector upskilling/re-skilling initiatives.
- Expand work-integrated learning (WIL) opportunities by:
  - Broadening the definition of WIL to include a broad range of experiences across fields, regions and participants.
  - Providing more accessible funding supports, such as refundable tax credits, employment insurance premium reductions and more flexible grant programs to SMEs and organizations that have not previously offered work placements.
- Replicate the Atlantic Immigration Pilot Project outside of major urban centres across the country.
- Ensure the Indigenous workforce has the skills required to meet local labour shortages.

# 8

## Filling Gaps in the Ability of All Canadians to Obtain the Medicines They Require



While approximately 90% of Canadians can access the drugs and treatment they need, some federal parties advocate a national pharmacare plan. If the next federal government proceeds with national pharmacare, the plan should focus on closing the gaps between those that have and those who do not have prescription drug coverage, as well as provide solutions that meet the real needs of patients and employees.

Any new program must provide an advantage over what the current system offers and must not reduce or replace the comprehensive coverage options already available through private and/or group plans. The business community is concerned the federal government cannot develop a cost-effective approach.

### HOW GOVERNMENT CAN PLAY ITS PART RECOMMENDATIONS:

We are calling on the federal parties to commit to the following:

- Build on the strengths of the existing system without reducing or replacing the coverage already enjoyed by most Canadians.
- Maintain and increase funding for health research into new drugs and treatments at institutions like McMaster, Canada's most research-intensive university. This should include funding to protect the integrity of currently available drugs by supporting McMaster's world-leading researchers in the fight against anti-microbial resistance.
- Consult with private sector stakeholders (including benefits providers, pharmaceutical companies and health care practitioners) when designing and implementing a national program to prevent unintended consequences, such as loss of access to medicines.
- Ensure the costs of any new program are not passed on to businesses/employers.
- Ensure any new program addresses coverage for rare diseases and other high-cost medications.
- Foster an investment and regulatory environment that encourages clinical trials in Canada by applying our competitive advantages in artificial intelligence and big data to health innovation.
- Ensure our businesses have continued access to health data to improve health outcomes as well as government funding that goes beyond early science for both medications and devices.

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