

From: Mathieu Galliot <Mathieu.Galliot@cfib.ca>
Sent: Friday, November 16, 2018 5:47 PM
To: Engages-Mobilisation (WD/DEO) <wd.engages-mobilisation.deo@canada.ca>
Subject: CFIB Submission Western Canada Growth Strategy

Hello,

Please find attached the submission of the Canadian Federation of Independent Business.

Sincerely,

Mathieu Galliot
Policy Analyst
CFIB

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November 16, 2018

Western Canada Growth Strategy Engagement
Suite 1500, 9700 Jasper Avenue
Edmonton, Alberta T5J 4H7

Subject: Towards a Western Canada Growth Strategy

To Whom It May Concern:

We are writing to you on behalf of our 110,000 members across Canada, with approximately 30,000 of these coming from the western provinces. Our membership reflects a diverse group of successful businesses of all sizes, in a wide range of industries, and in all major sectors of the economy.

1. What does a stronger western Canadian economy look like 10 years from now?

Diversification is the key to a stronger western Canadian economy. With more than 90% of private sector employees working for small- and medium-sized businesses (SMEs), independent business will play an important role in this diversification. A favourable economic environment for SMEs will ensure the economic growth of western Canada and the creation of jobs for future generations. Critically, interprovincial trade within Canada and especially between western provinces must be encouraged in order to foster growth and innovation. This extends to the movement of the labour force. A mismatch of professional designations and varying employment standards can put up roadblocks

2. What are the best ways to spur new growth in western Canada?

To spur new growth in western Canada, several aspects must be taken into consideration: interprovincial trade, infrastructure, the environment and immigration.

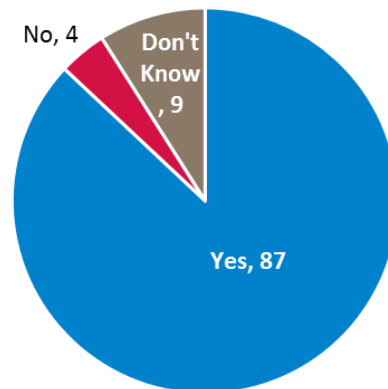
Interprovincial trade

In order to reinforce trade between western provinces, the Canadian Free Trade Agreement must go further in removing barriers to trade and improving investment and labour mobility between provinces. Additionally, the federal and provincial governments must continue their efforts in the reconciliation of their different regulations in order to create a common market. There is broad support for reducing barriers across provincial/territorial boundaries (figure 1).

The New West Partnership should also look to further integrate western Canada's economies. The federal government should work with the western provinces to further harmonize as many regulations as possible, and to ensure the free movement of goods and labour. CFIB would be pleased to present ideas on how to further streamline regulations between Canada's western provinces.

Figure 1

Should Premiers commit to reducing trade barriers across provincial/territorial boundaries? (% response)



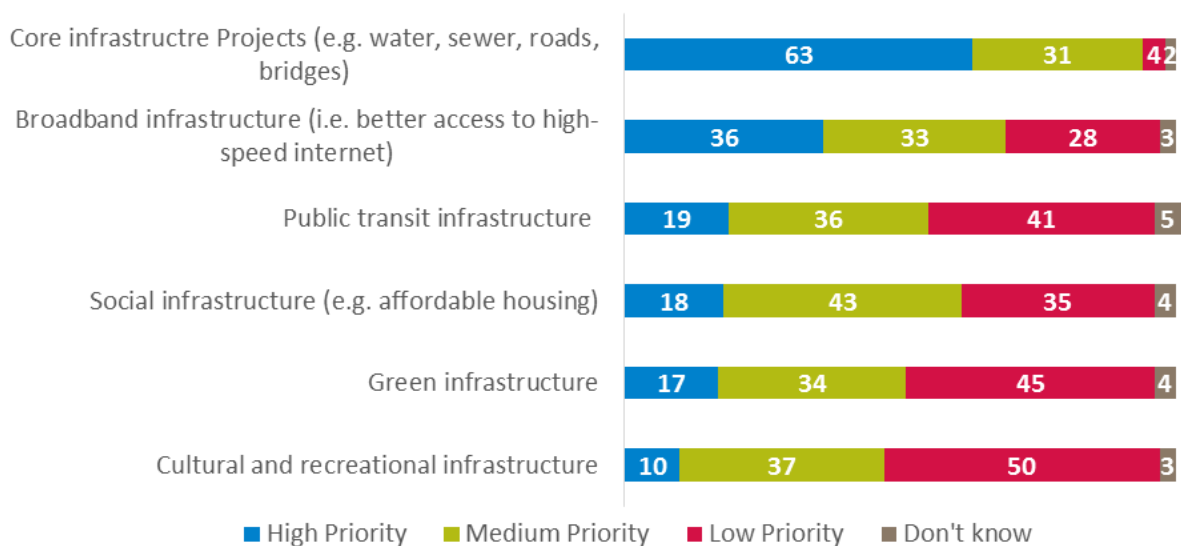
Source: CFIB, Survey on Internal Trade, April-May 2014, n=6,340

Infrastructure

As the population and the economy grow, the government should invest in the creation of new infrastructure projects to facilitate the transportation of goods and people. Small businesses can potentially participate in the construction of these infrastructure projects and therefore create the conditions for stronger growth in western Canada. In particular, small business owner's top infrastructure priority is overwhelmingly core infrastructure projects (e.g. water, sewer, roads, bridges)(figure 2).

Figure 2

How should governments prioritize the allocation of more funds to each of the following types of infrastructure projects? (%)



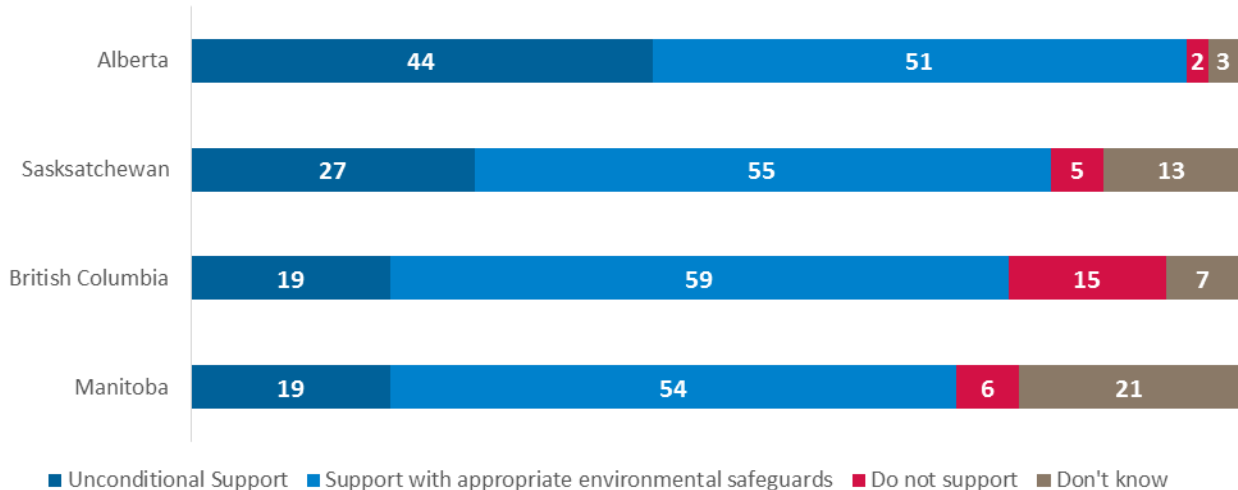
Source: CFIB, national survey on municipal issues, July 6 - July 26, 2017, 5,086 responses

Environment

While the diversification of the economy must be the long term objective, our current dependence on natural resources makes the construction of additional pipelines necessary. This would mean that more Canadian oil and liquefied natural gas (LNG) could be sold in international markets at higher prices. In a recent study, 95% of our members in Alberta and 78% of our members in BC were in support of the Trans Mountain pipeline project, along with 82% in Saskatchewan and 73% in Manitoba (figure 3).

Figure 3

Small businesses views on the Trans Mountain pipeline (%)



Source: CFIB National Environment Survey July 21 - August 29, 2016, n=594

While business owners support some pipeline development, protecting the environment remains important to small business as more than three-quarters (78 per cent) believe we can grow the economy and protect the environment at the same time, according to a 2016 CFIB survey. In fact, 97 per cent of small businesses have already implemented environmentally-friendly measures in their business. The federal carbon backstop plan announced recently creates a further setback in the competitiveness of Canadian small businesses and must include a full rebate for the tax money they pay.

Labour & Immigration

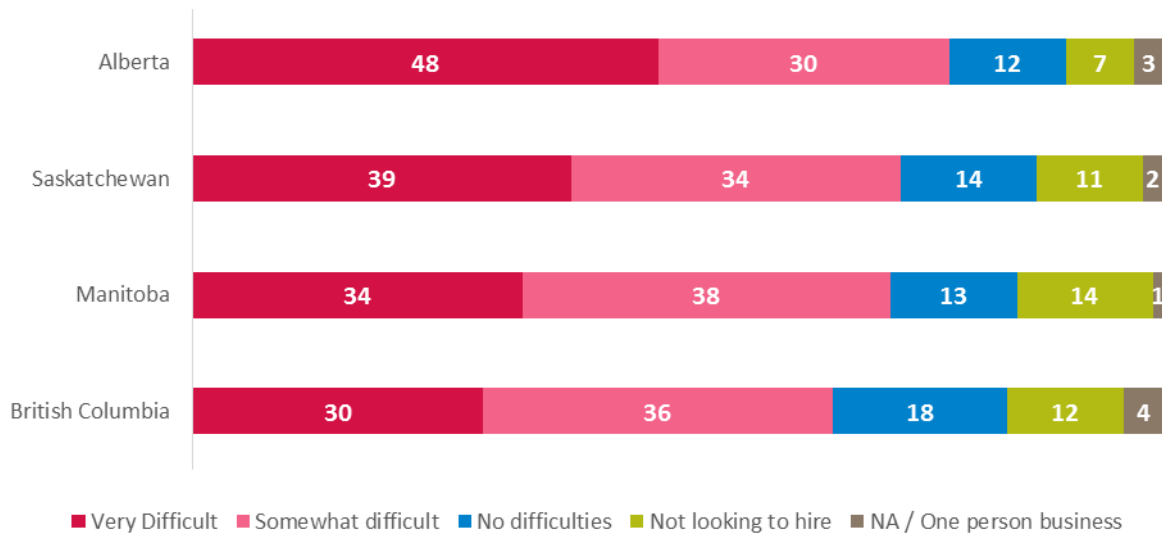
As the labour market shows signs of tightening up, some small businesses will be turning to the Temporary Foreign Worker Program (TFWP) to help ease their labour shortages. We anticipate this will be an ongoing issue as the economy grows and will likely still be an issue ten years from now.

To that end, simplified access to TFWP must accompany growth in western Canada in order to help resolve the shortage of qualified and unqualified labour. For example, many of our members who own and operate small businesses in rural areas say they struggle with finding people to do the required work, regardless of wages or benefits offered. In fact, a 2014 report by Miner Management Consultants estimates a labour force shortage of close to 2 million workers in Canada by 2031. Overall, in 2013, 78% of our members in Alberta, for example, had

difficulties hiring new employees, followed by 73% in Saskatchewan, 72% in Alberta, and 66% in British Columbia (figure 4).

Figure 4

Levels of difficulties for small businesses to hire new employees (%)



Source: CFIB, Shortage of Qualified Labour and TFWP Survey, Sept-Oct 2013, n=2,043

3. How can we improve economic participation in the west of underrepresented groups, including women, youth and new immigrants?

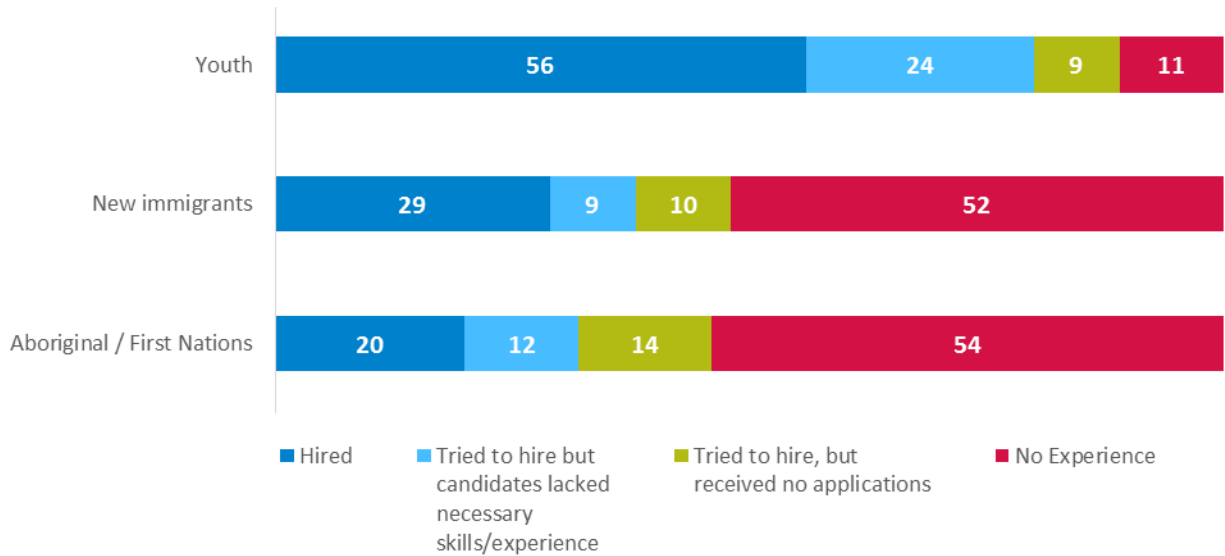
Small and medium size businesses employ more than 3.5 million western Canadians. In 2018, 78% of our members across Canada hired or tried to hire young workers (figure 5). Smaller businesses want to hire young workers and youth are eager to gain work experience. However, there seems to be a gap in bridging smaller firms looking to hire with youth looking for work.

In our recent report on youth employment, we found that some of Canada’s educational institutions need to rethink how they approach workplace preparedness in and out of the classroom. Work integrated learning programs can offer students and small businesses opportunities to connect, providing valuable experience for youth and filling vacancies for small employers. However, many programs seemed to be more focused on big businesses and public service positions, and rarely consider industries with higher vacancy rates, like construction, as a source of work integrated learning opportunities. Government and educational institutions should work with the small business community to ensure that job needs are met and that young people are entering the workforce prepared for the expectations and realities of the workplace.

Furthermore, governments at all levels need to better consider how their policies impact youth employment. When a government increases the minimum wage or hikes payroll taxes, the cost of hiring a young employee increases. Because young employees require a greater training investment, these policies actually deter small businesses from hiring young people, exacerbating the youth unemployment problem. Governments can help offset these costs by providing training credits, payroll tax holidays and ensuring minimum wage increases occur in a reasonable, stable and predictable manner.

Figure 5

Western Canadian SMEs hiring employees from under-represented groups (% response)



Source: CFIB, Shortage of Qualified Labour and TFWP Survey, Sept-Oct 2013 n=1,843
Results are for British Columbia, Alberta, Saskatchewan, and Manitoba

Additionally, small businesses in western Canada are big employers of new immigrants. In Saskatchewan, half of our members either employed or tried to employ new permanent residents and new Canadians. In Alberta and British Columbia, 43% and 40% respectively of small businesses hired or tried to hire new immigrants. Consequently, facilitating entrepreneurship by reducing red tape will create additional job opportunities for new Canadians either as employers or employees.

Overall, a small business friendly environment is critical in order to spur innovation and growth in western Canada.

Should you have any questions or comments, please contact our office at 613-235-2373 or by email at monique.moreau@cfib.ca.

Sincerely,

Monique Moreau
Vice-President, National Affairs