

Alberta Chambers of Commerce

Responses

1. Economic Recovery and Growth

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

Northern Gateway The Enbridge Northern Gateway Project is critical to our nation's long-term, sustained economic success. The Northern Gateway Pipelines Project is estimated to provide a \$270-billion boost to our nation's GDP over 30 years, and it will provide \$81 billion in government revenues over that same timeframe. The investment boom that will accompany inroads into markets in the Asia-Pacific region will stimulate demand for machinery, fabrication metals, as well as architecture and engineering services. Many regions of Canada will supply these products and services. The Enbridge pipelines, with pump stations and a major marine terminal, will provide 1,400 person-years of direct construction employment in Alberta and 4,100 person-years in B.C. The total of 62,000 person-years of indirect and induced employment across Canada will provide \$4.3 billion in labour income. Chambers of commerce particularly value the employment benefits that will come with the project because when people are working, they have money to spend in their communities, which benefits all businesses, large and small. If Canada does not take this opportunity to supply the thriving Asia-Pacific economies with the energy resources they need, other resource-producing nations will. Recommendation: Provide all necessary approvals for the Enbridge Northern Gateway Project to proceed as quickly as possible.

Rail Service in Western Canada The rail company servicing northern Alberta and northwestern Canada has defined its business objectives to be high speed, high-volume traffic that maximizes return on shareholder investment. With this goal in mind, the company has been successful in reducing and, in many cases, eliminating infrastructure and rail equipment that provide less than "high-speed, high-volume traffic" from the agriculture, wood products, mining and energy sectors. Transportation is one of the highest costs for all resource-based companies. Without vision and planning to improve transportation, these industries will lose the ability to compete in North America and in global markets. Recommendation: Implement the four Recommended Regulatory Fall Back Provisions as set out in the Rail Freight Service Review: a. Notification of service changes. b. Implementation of service agreements. c. Regulated dispute resolution process. d. Enhanced performance reporting.

2. Job Creation

As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?

Developing a Canadian Energy Strategy Our country is blessed with vast and diverse energy resources – from hydropower to oil, gas, coal, uranium, and vast potential for renewable energy, such as wind. We are one of the top producers of energy in the world and our influence is growing. However, responsibility for energy resources and their development is fragmented among the provinces and the federal government. Recognizing the important contribution of the energy sector to economic growth and job creation, Alberta is encouraging the creation of a Canadian energy strategy that will form a national vision for the country's energy future and develop policies and actions that align with it. •

Recommendation: Become a partner in consultations with the provinces to develop a Canadian energy strategy. Foreign Trade Zones Foreign trade zones (FTZs) offer a flexible, streamlined, profitable approach to the movement of goods and services that will encourage Canadian businesses to take advantage of manufacturing, storage, distribution, value-added, domestic and re-export trade opportunities, thereby creating many jobs throughout our nation. In Canada, the closest parallel to FTZs is Winnipeg's CentrePort Canada (CPC). Its single-window access to FTZ-like programs is a first step towards implementing better promotion of the applicable programs, as well as facilitating easier access. While the CPC pilot project and other parts of Canada's FTZ-like legislation provide many of the benefits FTZs offer in other countries, our programs focus too heavily on companies that export the bulk of their production, and they offer significant constraints on the permitted amount of value added. The programs are also complex and overlap, which means businesses often have to use more than one of them to obtain maximum benefit. Canada is the last Group of Eight nation to fully enact the trade incentives offered through a FTZ program, and we even remain behind a number of OECD and developing nations in our use of FTZs. Recommendations: 1. Use the nomenclature foreign trade zone (FTZ) in creating a program that restructures and fully integrates current FTZ-like programs into a single program with one federal point of contact for potential users. 2. Reduce or remove the restrictions on the amount of added-value activity that can occur in a FTZ. 3. Allow companies that sell a significant proportion of their production within Canada to participate in the FTZ program. 4. Allow the deferral of GST/HST throughout all components of the FTZ program.

3. Demographic Change

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?

Improving Foreign Worker Programs The Temporary Foreign Worker (TFW) program is an important means for addressing Alberta's labour shortage. The Alberta Chambers appreciates the steps the Government of Canada has implemented to improve the system and we encourage further advancements to make it even more efficient and reflective of our labour needs. Recommendations: 1. Develop permanent solutions to chronic labour shortages by expanding pathways to permanent residency, including negotiating with the federal government to expand the Canadian Experience Class to give low- and semi-skilled TFWs the right to apply for permanent residency after three years of work experience with his/her employer. 2. Allow an open work permit to be the official entry document into the country, rather than the current additional visa requirement for certain TFWs, similar to the process in the United States. 3. Improve processing efficiencies by recommending that Service Canada create a TFW industry-specific labour pool where semi-skilled or skilled TFWs who have been terminated without cause can register with an open work permit, from where other qualified industry specific employers from across Canada have the opportunity to recruit from this pool of workers. 4. Review National Occupation Classification Code processes in other provinces and work with the Alberta office of Service Canada to adopt more flexible and responsive practices, mindful of rural, urban and regional labour market needs, particularly in occupations where industries experience chronic shortages and perpetual challenges to attract and retain Canadian workers. Older workers As evidenced in a Statistics Canada study released in October 2011, Canadians are delaying their retirement. With our country's workforce aging and many Canadians realizing the financial and social benefits of staying employed, the reasons for encouraging mature workers to continue to earn a paycheque are greater than ever. Recommendations: 1. Expand the current 60-70 age range at which people are eligible to access their Canada Pension Plan benefits to 60-75, and provide progressive deferral incentives for individuals who access the pensions during the newly expanded range. 2. Amend the RRSP policies to provide greater flexibility for Canadians to save for retirement after age 72, such as the deferral of compulsory RRSP

transfers into Registered Retirement Income Funds (RRIFs) until age 75, or a phased approach of 50-per-cent RRSP transfer at the age of 72 and up to 50-per-cent transfer until age 75; and to remove the disincentive for people to return to the workforce if they have retired before the age of 65.

4. Productivity

With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

Provide Alberta with a Second 24-Hour Border Crossing at Wild Horse Alberta not only has the fewest number of border crossings in Canada, it is the only province bordering the U.S. with just one 24-hour border crossing. This busy crossing is located at Coutts, south of Lethbridge, and serves the CANAMEX route running up the central part of Alberta. Traffic in the northeast, east and southeast areas of Alberta wishing to cross the border after-hours must travel hundreds of kilometres west to Coutts or east to Regway, Saskatchewan. The ideal location for Alberta's second 24-hour commercial border crossing is at Wild Horse, located south of Medicine Hat, as this port is the gatekeeper to the Ports-to-Plains Trade Corridor. This corridor serves North America's energy and agriculture heartland, which runs from the U.S. Gulf Coast up the east side of Alberta to the oilsands. The route already accepts large modules manufactured in the U.S. destined for Fort McMurray, and it could divert even more large equipment off of the busy CANAMEX route if Wild Horse was expanded to become Alberta's second 24-hour border crossing. Recommendation: Expand the Wild Horse Border Crossing into a 24-hour facility, with full traveller and commercial services. Highway 63 – Twinning the route to the oil sands To develop the oil sands in a timely, responsible and safe manner, the Alberta government needs to expedite the twinning of the busy highway that connects Fort McMurray to Edmonton. Highway 63 is a vital transportation link which is critical to our nation's economy as it is the main travel route for people and commodities heading to the oil sands. Yet, this two-lane highway was designed decades ago when it was not foreseen that thousands of large modules would hamper travel to and from this remote part of our country. Well-designed and constructed highways can improve productivity and trade, as well as safety to those who travel them and, like the TransCanada, Highway 63 is important for the economy of our whole country. Recommendation: Work with the Government of Alberta for an arrangement under the Canadian Strategic Infrastructure Fund to expand Highway 63 to four lanes from Edmonton to Fort McMurray. This agreement would be similar to those the Government of Canada has already signed with Quebec and New Brunswick to share equally in the cost of twinning sections of the Trans-Canada Highway in their jurisdictions.

5. Other Challenges

With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?

Timely Assessment of Income Tax Returns Under the Canadian taxation system, taxpayers (individuals, corporations, and trusts) are required to file income tax returns and pay income taxes due within timelines clearly set out by the Income Tax Act. If a taxpayer fails to meet the timelines set out by the Act, harsh penalties and interest apply. On the other hand, the Canada Revenue Agency (CRA) is under no set timeline to assess a taxpayer's income tax return. Rather, it is only required to assess a taxpayer's return "with all due dispatch," which in practice can mean a few weeks, months, or even years. Having the CRA accountable for timely assessment of returns is important to business for a number of reasons, including cash flow, refund interest and reassessment periods. Recommendation: Introduce legislation requiring income tax returns to be assessed within 120 days of filing. If the taxpayer's income tax return is not assessed with 120 days of filing, the return will be automatically assessed as filed. Canada

Revenue Agency's Impact on Small Business Although the Canada Revenue Agency (CRA) has conducted many studies in the last number of years to identify ways to improve its systems and service, small businesses in Canada continue to report frustration and a need to commit significant time, often at considerable expense, to deal with taxation and filing issues. Business owners report: significant administrative burden; lack of timeliness, professionalism and predictability when dealing with regulators; a lack of coordination between regulators; and a lack of fundamental understanding of the realities of small business. Recommendations: 1. Incorporate flexibilities into CRA systems to allow frontline staff to manage communications between CRA streams on behalf of small business owners, and take initiative to resolve small issues in a timely fashion, maintaining with proper technical supervision a client-oriented, customer-service approach. 2. Implement a case management process for small business in order to improve communications flow and make compliance faster, cheaper and simpler. 3. Hold the CRA accountable for its actions and decisions by implementing open government practices, and by correcting and corresponding regarding CRA errors within 30 days of notification by the taxpayer or taxpayer's representative.