

Regroupement des jeunes chambres de commerce du Québec

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?

The Regroupement des jeunes chambres de commerce du Québec (RJCCQ) believes that Canada's immediate economic recovery and financial growth depend on three crucial strategic priorities. **1) Consolidating gains.** Canada operates on the principles of innovation, creation, entrepreneurship and opportunities. At present, 1,096,599 businesses representing 99.7% of all businesses in Canada have less than 500 employees. Of those businesses, 97.9% have less than 100 employees (StatCan, Establishments by type and region, data from December 2011). These small- and medium-sized businesses are the cornerstone of our economic system. And yet many of them are doomed to disappear or fall into foreign ownership as their owners are aging and approaching retirement. The RJCCQ believes that safeguarding this economic heritage is crucial. We recommend implementing measures to facilitate the transfer of businesses. Such a program, an entrepreneurial access plan, would help entrepreneurs acquire an existing business or start up a new one. Thus, entrepreneurs could use money from their RRSPs to finance the acquisition of their first business, tax-free. **2) Investing in youth.** The demographic changes expected in Canada over the next few decades lead the RJCCQ to believe that it is extremely important to set the right conditions for success in to ensure intergenerational equity when it comes to finances. We congratulate the Harper government for its plans to achieve a balanced budget as soon as possible, and we encourage the Finance Committee to consider a solid strategy to reduce Canada's debt. We at the RJCCQ believe that younger generations of workers will not be able to fully contribute to Canada's economic development until they no longer have this huge debt load on their shoulders. **3) Developing key sectors of the economy.** In order to ensure Canadian competitiveness on the international scene, Canada must identify and invest in certain key sectors of the economy of the future. By setting the right conditions for success for businesses in these areas, Canada will promote the growth of local business that develop expertise related to those sectors, and will encourage foreign companies to invest here.

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?

Although Canada enjoys considerable economic stability, it is an undeniable fact that Canada is falling behind when it comes to its ability to attract investment and persuade foreign companies to establish themselves here. In order to address this harmful trend, Canada needs to be proactive and promote international trade. Organizing trade missions among young professionals, Canadian business owners and their foreign counterparts can prove very beneficial. For several years now, the Regroupement des jeunes chambres de commerce du Québec (RJCCQ) has been organizing annual international trade missions. On each mission, about 20 entrepreneurs are given the chance to discover a new country, its culture, geography and commercial world, and to create lasting relationships. Once back in Canada, the

entrepreneurs maintain and develop their commercial ties with those foreign countries. These relationships help promote trade, allow our businesses to expand by developing new markets and help them develop new products and services by increasing access to a wider range of raw materials. For all of these reasons, we believe that capitalizing on the benefits afforded by these trade missions is crucial, and so is making the most of the expertise developed by organizations like ours. Furthermore, the RJCCQ believes that another part of the solution would be to reduce our economic dependence on the contributions of large corporations. Although the contributions of multinationals and large corporations are important, when those entities are bought or if they find themselves in financial difficulties, this has a huge impact. However, if the Canadian economy were instead made up of a large network of small- and medium-sized businesses, it would be in a better position to resist the pressures and instability of the international economy. We therefore believe that it is important to support the creation of small- and medium-sized enterprises in Canada, as well as to maintain the activities of existing SMEs. One tool that could help achieve this would be a measure to facilitate the transfer of businesses by allowing people to use money from their RRSPs to purchase a business without penalties.

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?

We believe that the biggest challenge presented by the consequences of Canada's aging population is ensuring intergenerational equity in Canada. Previous generations were able to take advantage of substantial government benefits that are no longer sustainable now that the number of workers is decreasing. While the RJCCQ completely understands that it will be impossible for the next generation of business owners to enjoy the same advantages as previous generations, we also believe that they should not be forced to pay for those past benefits. We therefore congratulate the current government on its efforts to return to a balanced budget as soon as possible. The Government of Canada's budget plan aimed at returning to a balanced budget by the 2013-14 fiscal year is ambitious and will require a great deal of effort. We therefore believe that the government needs to pursue its efforts in that regard. We also believe that it is important to look even further ahead. Once a balanced budget is restored, it will be important to plan for the future and develop a plan to pay down the Canadian debt. The RJCCQ believes that Canada's debt is a heavy burden to carry and that it undermines Canada's economic development. The RJCCQ also believes that Canada's economic development will be achieved by creating and maintaining small- and medium-sized businesses. We encourage the Harper government to explore ways to facilitate the transfer of business to the next generation of business owners. One way to do this would be to introduce an entrepreneurial access plan, a program to make it easier for people to acquire or start up their first business. Such a program could allow entrepreneurs to use money from their RRSPs, tax-free, to finance the acquisition of their first business.

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?

The RJCCQ can identify two situations that must be addressed in order to improve the productivity of Canadian businesses. First of all, we believe that particular attention must be paid to knowledge transfer and to the role of young people within businesses and on boards of directors. We also recommend ensuring that immigrants are better integrated into Canadian businesses. **1) Knowledge transfer.** Previous generations created a huge structure of businesses of all sizes, in all economic sectors and in all areas of the country. Even more importantly, the knowledge that these business people have acquired

has been invaluable to the management and development of those enterprises. That knowledge must not be lost. The RJCCQ recommends the creation of networks to promote dialogue between novice and veteran entrepreneurs. This could lead to business transfers, since more and more business owners are looking for people to take over their businesses. The RJCCQ believes that potential buyers need to be given the means to fulfill their ambitions. A simple measure that would be cost-free for the government would be an entrepreneurial access plan, which would allow entrepreneurs to use funds from their RRSPs, tax-free, to finance the acquisition of their first business. We would also like to see a measure to promote the participation of a certain percentage of young professionals on the boards of directors of businesses and Crown corporations. Such a measure would allow young managers to learn how to manage a company directly from more experienced managers, which would be very beneficial for both parties. **2) Capitalizing on the knowledge of others.** Canada is the preferred destination of thousands of immigrants who possess knowledge, experience and interests that could be beneficial for Canada. According to a study by the Commission des droits de la personne et des droits de la jeunesse du Québec (CDPDJ or Quebec human rights commission), young professionals with university degrees who come from diverse cultural communities experience discrimination. It is important to introduce measures to encourage their integration into the workplace as soon as they arrive in Canada or complete their studies.

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?

The RJCCQ believes that specific measures should be introduced to help entrepreneurs and small- and medium-sized business owners, as well as the next generation of business owners. The Canadian economy is largely based on an extensive and dynamic network of small- and medium-sized businesses that work in all aspects of business, from the primary sector to the service industry. These businesses are finding it increasingly difficult to stay competitive in the global market, not to mention the fact that Canada's business creation rate has decreased compared to that of its international partners (OECD data, 2009). The RJCCQ shares the opinion of the Organization for Economic Co-operation and Development (OECD) to the effect that the economic recovery will be achieved by creating businesses. A number of measures are needed in order to allow existing businesses to maintain a privileged position in the current climate and to support the creation of new businesses. First of all, we congratulate the Harper government on its efforts to provide young workers with more options concerning their retirement by introducing the Pooled Registered Pension Plans Act. An outlook that allows so much flexibility can only be beneficial for young workers and this tool will help businesses to attract the next generation of employees. As for business creation, we believe that access to credit must be facilitated in order to allow entrepreneurs to get their hands on the resources they need to get their businesses off the ground. We would also like to see additional efforts to reduce the administrative and regulatory burden (red tape) on small- and medium-sized businesses. Lastly, we strongly believe that the federal government must take steps to support the next generation of business people, particularly by introducing measures to ensure a certain percentage of young business people on boards of directors of Crown corporations. Such a measure would allow for greater knowledge transfer while encouraging youth participation and the proliferation of new ideas in business management.