



la Chambre de commerce  
du Montréal métropolitain

# The Chamber's priorities for the 2018 Québec elections

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During the Québec electoral campaign, the Chamber of Commerce of Metropolitan Montreal will be promoting the priorities of the city's business community and calling on the parties to propose concrete measures to ensure that the economies of Québec and Montréal can maintain their momentum.

## **Expand the pool of qualified workers**

Access to a qualified workforce is the main challenge for the future growth of businesses. Québec and Montréal are currently at full employment in a number of sectors. The number of vacancies climbed to 103,000 in the private sector during the first quarter of 2018. Furthermore, experts anticipate the relatively rapid obsolescence of certain skills and the disappearance of some types of jobs, as a result of fast-paced technological change, the most visible elements of which are the digital revolution, automation underlying manufacturing 4.0 and the emergence of artificial intelligence applications.

The next government will need to adopt measures to increase the pool of available labour and optimize the fit between training and employment. These measures should be structured around four priority areas.

**Priority no. 1: Increase graduation rates among Quebecers, from primary school through university.**

**Priority no. 2: Make massive investments in educational institutions at all levels and ensure a smoother collaboration between businesses and schools.**

**Priority no. 3: Increase immigration thresholds and continue to implement a selection policy based on current and future labour market needs.**

**Priority no. 4: Invest in the professional integration of immigrants and speed up the recognition of foreign diplomas.**

## **Maintain healthy public finances and restore competitive taxation**

The tax burden of Quebecers remains the highest in North America, and the maximum marginal tax rate of individuals well exceeds the maximum acceptable threshold of 50%. American tax reform has also seriously affected the competitiveness of our tax system, which has a direct impact on the competitiveness of local businesses. Québec was the fourth most competitive North American jurisdiction in terms of taxation in 2017, but it is now ranked 31<sup>st</sup>.

To attract talent and foster business growth, the next government needs to re-establish a fair and competitive tax environment.

**Priority no. 5: Reduce personal and corporate taxes.**

Québec's public finances are in good shape. The next government will benefit from some flexibility in funding its priorities. We can therefore expect an increase in certain priority investments and expenses. However, it is essential to maintain control of public finances and have the required leeway to respond in the event of a recession.

**Priority no. 6: Maintain control of public finances and have the leeway to respond in the event of a future recession or economic shock.**

## **Make the movement of people more fluid**

Road congestion costs taxpayers in Greater Montréal over \$1.8 billion annually. There is widespread consensus that public transit is the preferred solution to this challenge. The Mayor of Montréal and President of the Communauté métropolitaine de Montréal was elected on an electoral platform that clearly makes mobility a priority and proposes the development of a pink line to the metro, along with the extension of the blue line. The implementation of the Réseau express métropolitain (REM) benefits from the same consensus-based support.

The next government will need to make massive investments in public transit infrastructures and choose whether it recognizes these local priorities.

**Priority no. 7: Pursue the deployment of the REM and fund massive investments in public transit infrastructures, recognizing local priorities and respecting “Réflexe Montréal.”**

## **Accelerate the internationalization of local SMEs**

The growth in local businesses and our economic vitality depend on access to international markets, whether via traditional channels or e-commerce. The uncertainty caused by the renegotiation of the North American Free Trade Agreement requires that we be even more sensitive to the need to diversify export markets.

The next Québec government will have to play a very active role in encouraging companies to take full advantage of opportunities emerging from the Comprehensive Economic and Trade Agreement with Europe and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership with the countries of the Pacific region, including Japan.

**Priority no. 8: Increase the funding and scope of export assistance programs and support local businesses in diversifying export markets.**

## **Maintain “Réflexe Montréal” and increase municipal revenues**

After decades of reflection, the Government of Québec recognized Montréal's special role in *An Act to increase the autonomy and powers of Ville de Montréal, the metropolis of Québec*, and introduced the “Réflexe Montréal” pursuant to which the Government of Québec commits to considering Montréal's unique role when developing laws, policies and programs that affect the city. Réflexe Montréal must be used as an analytical framework to provide support to the city's innovative sectors, such as artificial intelligence and other emerging technologies.

The next government will be responsible for systematically applying “Réflexe Montréal.”

**Priority no. 9: Recognize the importance of “Réflexe Montréal” and apply it systematically, in particular for support to innovation.**

Québec is currently enjoying sustained economic growth. Montréal and the province's other municipalities need to benefit from this growth, particularly given that they must help strengthen infrastructure. One of the solutions that has been raised is to transfer to municipalities one percentage point of the QST to reduce their dependence on property taxes.

**Priority no. 10: Transfer one percentage point of the QST to municipalities to increase their revenues.**