

**Federal elections 2021:
Five priorities of the Greater Montréal
business community**

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This is not your typical election campaign, because it is starting while the pandemic is still very much in evidence. The country's economic recovery is on track, as is the vaccination campaign. By the time the election campaign was launched, 84.8% of the eligible population in Québec had received one vaccine dose and 73.6% had received two.¹ New measures, including the vaccine passport,² have been announced to keep the economy going even if a new wave of COVID-19 breaks out among the unvaccinated in the coming months. The passport measure has been welcomed by the business community.

This campaign comes at a time when our whole society is geared up for the recovery. The CCMM and its partners have been working on it for a year now as part of the the Relaunch MTL movement. The 11 sector action plans that have been drawn up, as well as the action plan specific to the downtown area, have given the CCMM a detailed understanding of the issues and actions required for this recovery.

As is customary, the CCMM will not take a position in this election campaign. It is, however, asking all stakeholders—including the candidates and parties running to form the next federal government—to take note of the issues it is presenting today and make their positions clear.

1. Canada's next government must address labour shortages as an economic priority

The country's economic health, the creation of jobs and even the maintenance of existing jobs depend on the willingness of companies to invest here, develop new products, improve productivity, increase capacity or develop new markets. The availability of labour is the most important issue affecting Québec businesses. It could limit their investments and growth.

In the first quarter of 2021, from January to March, Québec had close to 150,000 vacant positions. This accounts for more than a quarter (26.5%) of the vacant positions in Canada.³ According to a CCMM survey last July, 82% of respondents said their companies hoped to hire in the near future, but nearly 80% said they were having difficulty recruiting employees. Over 61% felt that the situation had worsened during the pandemic.

Candidates hoping to be elected and parties hoping to form Canada's next government need to clarify their positions on both of these labour-related issues: immigration processes and individual assistance programs.

Improving immigration processes

Businesses surveyed by the CCMM said that the two most promising solutions to labour shortages would be raising the thresholds for permanent immigration (51.4%) and making it easier to hire temporary foreign workers (48.2%). The CCMM therefore welcomed the August 6 agreement between the Government of Canada and the Government of Québec to promote the hiring of temporary foreign workers within companies. **These accommodations must, however, be accompanied by substantial improvements in the administrative processes leading to permanent immigration, because we need a sustainable solution to the processing delays and a way of attracting international talent.**

Foreign workers already selected by Québec wait almost 30 months on average before obtaining permanent residence from the federal government,⁴ compared to six months in other Canadian provinces. Including the time spent waiting for the province-specific selection certificate, the processing of applications for permanent residence from Québec can take up to three years. These delays are of great concern. They make it too hard to attract and retain international talent in Québec and Montréal.

¹ VaccinTrackerQC Monitoring of vaccination in Québec, August 17, 2021. [Online. <https://vaccintrackercq.ca/en/>].

² CCMM La Chambre salue la mise en place du passeport vaccinal. August 10, 2021 [in French only]. [Online. <https://www.ccmm.ca/fr/medias/fiscalite-economie/la-chambre-salue-la-mise-en-place-du-passeport-vaccinal/>].

³ Emploi-Québec. Bulletin des postes vacants Québec [in French only]. July 2021.

[Online. https://www.emploiquebec.gouv.qc.ca/fileadmin/fichiers/pdf/Publications/00_imt_Postes-vacants-2021-T1.pdf].

⁴ Radio-Canada. Ottawa reconnaît avoir volontairement ralenti le traitement des dossiers d'immigration. May 6, 2021. [Online. <https://ici.radio-canada.ca/nouvelle/1790669/ottawa-immigration-quebec-delais-pause-federal-traitement-dossiers>].

In addition, the Government of Canada acknowledged in May 2021 that it had voluntarily slowed down the processing of immigration files⁵ from Québec. That 2019 slowdown in analyzing new files was said to be justified by the growing number of applications in the inventory and by the Québec government lowering immigration thresholds. It makes no sense in the face of a labour shortage.

The CCMM expects the next government of Canada to (1) work closely with the Government of Québec and (2) bring in enough resources to process applications for permanent residence from Québec in the same time frame as for the other Canadian provinces.

Specifically, the CCMM is asking the parties to commit to fast-tracking the 51,000 or so applications in the Immigration Canada inventory that already meet Québec's selection criteria within the first six months of their mandate.

Request #1: Process applications for permanent residence from Québec efficiently and reduce delays

- a. Immediately process the approximately 51,000 applications from Québec that are currently in the permanent residence inventory***

End individual assistance programs that discourage work

During the early months of the health crisis, when mandatory lockdown led to a sharp rise in unemployment, the Canada Emergency Benefit (CEB) individual assistance program was necessary. It provided emergency assistance to workers directly affected by the crisis. The CCMM welcomed this measure.

However, when the restrictions on economic activities were lifted and the majority of companies fully resumed their activities, it gradually became counterproductive and even exacerbated the difficulties companies had finding staff. As the election campaign gets underway, while thousands of companies are looking for workers, more than 128,000 Québécois are still using the Canada Recovery Benefit (CRB).⁶ All sectors are affected. Service businesses, particularly in the restaurant and retail sectors, are struggling to find enough workers so that they can reopen full-time. Many have to shorten their hours or turn away customers.

The CCMM has criticized the government's decision to maintain the CRB through the summer of 2021 and extend it to October 23. The CCMM expects that Canada's next government will not extend the CRB beyond that date.

Request #2: Undertake not to extend the CRB beyond October 23, 2021

⁵ Radio-Canada. Ottawa reconnaît avoir volontairement ralenti le traitement des dossiers d'immigration. May 6, 2021. [Online. <https://ici.radio-canada.ca/nouvelle/1790669/ottawa-immigration-quebec-delais-pause-federal-traitement-dossiers>].

⁶ Les Affaires. Pénurie de travailleurs : la faute de la PCRE? July 16, 2021. [Online. <https://www.lesaffaires.com/bloques/valerie-lesage/penurie-de-travailleurs-la-faute-de-la-pcre/626123>].

2. Canada's next government will need to provide targeted assistance while maintaining control over public finances; that will have to be done without increasing the tax burden on businesses and individuals

In January 2021 Québec's GDP was at approximately 98% of its February 2020 level.⁷ The economic recovery is also well underway in Montréal, the province's economic driver. However, many businesses are still struggling with the cumulative effects of health measures and constraints such as border restrictions. Several sectors, such as tourism, aerospace, cultural and creative industries, have still not been able to resume full operations. **This is the backdrop against which Canada's next government will have to show political courage and continue providing assistance to targeted sectors such as tourism, hotels, restaurants and some segments of the cultural sector for several more months.**

At the same time, Canada's next government will have to commit to a strategy to return to balanced budgets. The CCMM expects the government to have clear rules and targets for this goal, especially the debt-to-GDP ratio, in the coming years. When the CCMM polled its members on this issue, over 80% of respondents said that the Government of Canada must adopt a strategy to return to balanced budgets. A majority said the target should be set at 10 years.

However, given the fragility of businesses and the already high level of personal and corporate taxation here compared to the rest of the continent, we are asking all the aspiring political parties to commit to not increasing the tax burden on individuals and businesses. This would be an important signal for entrepreneurs, employers and investors to play their full part in the recovery.

Request #3: Commit to no increase in the tax burden on individuals and businesses over the next four years, while engaging on a path to a balanced budget

Adjusting government business assistance programs

The CCMM notes that nearly one third of businesses (31.8%) are still using government assistance programs. Of those, almost 35% said that the expiry of these programs put their operations at risk. The Canada Emergency Wage Subsidy and the Canada Emergency Rent Subsidy are among the programs most widely used by businesses.

In keeping with the idea of continuing to offer businesses the recovery support they need, the CCMM is asking the parties to commit to maintaining its general business assistance programs until the end of 2021. That will allow the city's businesses to get back on track and embark on a growth path with confidence, while still being able to face the uncertainties of the next few months.

Several sectors will feel the effects of the crisis for a longer time period, especially tourism and the creative and cultural industries. That is why the CCMM is asking the political parties to commit to assessing how fast our strategic business sectors recover and introducing targeted sector assistance programs starting in January 2022. These programs will replace the general assistance programs, which will be suspended.

Request #4: Maintain general business assistance programs until the end of 2021, then migrate to specific assistance programs for sectors that are still in difficulty

3. Canada's next government must deliver a green stimulus to meet our GHG emission reduction targets

The latest IPCC report sounds a clear alarm about global warming.⁸ The international scientific community agrees now more than ever that it is urgent to act so as to limit the consequences of climate change and GHG emissions. The federal government has made this a priority. Since businesses have the power to act

⁷ Institut de la statistique du Québec. Produit intérieur brut par industrie au Québec [in French only] August 2021. [Online. <https://statistique.quebec.ca/en/document/produit-interieur-brut-par-industrie-au-quebec>]

⁸ IPCC. Sixth Assessment Report. August 2021. [Online. <https://www.ipcc.ch/assessment-report/ar6/>].

in this area, the CCMM believes that the federal government must support their transitions and the implementation of green initiatives.

Under the Paris Agreement, Canada committed to reducing its greenhouse gas emissions to 30% below 2005 levels by 2030. These targets have more recently been revised upward to a target of reducing emissions to 40-45% below 2005 levels by 2030. According to several experts, the Government of Canada's current measure are still insufficient to achieve these targets.⁹

A growing number of countries are creating accountability and responsibility mechanisms for meeting their GHG reduction targets. The United Kingdom, for example, was in 2008 the first country to adopt a government accountability framework, which helped cut its emissions in half compared to 1990,¹⁰ while its economy continued to grow.

Canada's next government will be responsible for setting up a framework to enable the country to meet its commitments under the Paris Agreement. To this end, the CCMM calls on the parties to commit to clear policies and strong, binding, monitoring mechanisms to ensure that Canada meets its objectives.

Request #5: Commit to the ambitious actions needed to meet Canada's climate change commitments

Innovation and new technologies will be key levers in meeting this challenge. Canada must do everything it can to strengthen its clean technology sector. The business opportunities are already huge, both in Canada and abroad.

The CCMM is asking the parties to commit to supporting the development and growth of innovative clean technology companies, as the government is doing for green aircraft. Other strategic subsidiaries, such as transportation electrification and hydrogen batteries, will also require continued support from the Government of Canada.

The Government of Canada also has a role to play in encouraging all sectors to go greener faster. This transition requires considerable investment for businesses, many of which are still reeling from the economic downturn caused by the pandemic. The CCMM is asking the parties to commit to supporting businesses in all sectors as they adopt clean technologies developed locally.

Lastly, public procurement is an important vehicle for catalysing innovation and the adoption of clean technologies. It provides important opportunities for technology showcases, allowing local companies to market their products and demonstrate their expertise. The CCMM calls on the parties to commit to the Government of Canada becoming a major purchaser of Canadian clean technologies; one way to do this would to earmark a portion of its procurement budgets for this purpose and amend its tender rules to include environmental criteria.

Request #6: Support the growth of the clean technology sector as a key solution to climate change

- a. Directly support innovative clean technology companies***
- b. Support the adoption of clean technologies by companies in all sectors***
- c. Make the Canadian government procurement process a major purchaser of clean technology***

4. Canada's next government must create a business environment that supports increased interprovincial and international trade

⁹ Climate Action Tracker. Country Summary: Canada. August 2021. [Online, <https://climateactiontracker.org/countries/canada/>].

¹⁰ Carbon Brief. Analysis: UK is now halfway to meeting its 'net-zero emissions' target. 18 March 2021. [Online, <https://www.carbonbrief.org/analysis-uk-is-now-halfway-to-meeting-its-net-zero-emissions-target/>].

The conclusion of major free trade agreements in recent years has given Canadian companies significant competitive advantages on the international stage. Several promising niches for Montréal, including clean technologies and information technologies, are in high demand in several foreign markets.

The CCMM calls on the political parties to commit to maintaining and strengthening Canada's trade relationships with its strategic partners and to work actively to support the internationalization of our businesses.

The next government will need to show leadership and work with Canada's major trading partners to ensure that proof of vaccination issued here is recognized and international travel is seamless.

The internationalization of our companies also depends on connecting local companies with potential clients and partners in foreign markets. Trade missions are an expeditious way to create such connections, allowing companies to initiate or accelerate international growth.

With the significant disruptions that the health crisis and closed borders have wrought in the global economy, funding for these missions is becoming even more important. The government must help businesses adapt to the new business environment by providing access to experts in international trade and new market development.

In an effort to maximize business opportunities during the economic recovery, the CCMM is calling on all parties to commit to boosting Canada's domestic trade, which accounts for about 20% of Canada's annual GDP.¹¹ It is time to speed up the pace of growth in interprovincial trade. Canada could increase its productivity by 3.8% by eliminating interprovincial trade barriers, which would inject up to \$90 billion more into the economy.¹²

Strengthening Canada's domestic trade should be seen as a priority recovery opportunity. The CCMM calls on the parties to commit to strong and sustained leadership, working with the provinces and territories, to boost Canada's domestic trade and eliminate persistent barriers.

Request #7: Propose an ambitious policy to boost the commercial activities of Canadian companies

a. Secure funding and increase international trade missions

b. Provide sustained leadership, working with the provinces and territories, to strengthen interprovincial trade

5. Canada's next government must invest in upgrading strategic infrastructure for Montréal

The federal government is responsible for much of the strategic infrastructure of Montréal, Québec and Canada. The CCMM calls on the parties to commit to drawing up a clear strategy for federal government intervention in the strategic assets for which it is responsible.

The CCMM welcomes the federal government's recent decisions on several key projects for Montréal, including a funding program to support Canada's airports.¹³ However, this assistance will still not be enough for the major investments Aéroports de Montréal (ADM) will have to make to continue developing the international hub that Montréal has once again become. The CCMM is asking the parties to commit to supporting the funding for the work required to strengthen the Montréal-Trudeau airport's status as a hub.

¹¹ Statistics Canada. Table 12-10-01-01 - Interprovincial and international trade flows, basic prices, retail level (x 1000) [Online. https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1210010101&request_locale=en]

¹² FMI. Internal Trade in Canada: Case for Liberalization. July 2019 [Online. <https://www.imf.org/en/Publications/WP/Issues/2019/07/22/Internal-Trade-in-Canada-Case-for-Liberalization-47100>].

¹³ Transport Canada. Minister of Transport introduces new funding programs to support Canada's airports. May 11, 2021. [Online. <https://www.canada.ca/en/transport-canada/news/2021/05/minister-of-transport-introduces-new-funding-programs-to-support-canadas-airports.html>].

The CCMM is also asking the parties to commit to developing an efficient rail link between Quebec City and Toronto in the coming years. The federal government has already committed money to assess a high-frequency train project. Several voices are calling for a high-speed train instead. In any event, Canada's next government must commit to one of those solutions and begin construction during its mandate. This request is directly in line with Canada's transportation decarbonization strategy.

Lastly, public transit is a key solution to the problem of congestion in Canada's larger cities, as well as an essential part of the decarbonization of the Canadian economy. The CCMM is asking the parties to commit to investing in public transit projects for Montréal, including the REM and projects related to the Montréal métro (particularly the extension of the blue line). The parties that hope to form the next government must commit to maintaining the annual investments over eight years announced by the federal government on February 10, 2021.¹⁴

Request #8: Draw up a clear vision of the federal government's role in developing strategic assets in Canadian cities

- a. Give Aéroports de Montréal enough support for it to meet the challenge of resuming international travel***
- b. Commit the funds needed for rapid implementation of an efficient rail link in the Quebec City-Toronto corridor***
- c. Support the development of public transit in Montréal, particularly the repair and extension of the métro***

Conclusion

The CCMM will of course be closely watching the ongoing federal election campaign, particularly the responses of the various political parties to the concerns of the business community outlined in this paper. The CCMM will continue its efforts to support, mobilize and inform businesses.

¹⁴ Infrastructure Canada. Government of Canada investing to electrify transit systems across the country. [Online. <https://www.canada.ca/en/office-infrastructure/news/2021/03/government-of-canada-investing-to-electrify-transit-systems-across-the-country.html>]