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Manufacturers & Businesses
CANADA
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Solutions for a Robust Post-COVID-19 Economic and Industrial Recovery in Canada

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The Coalition of Concerned Manufacturers and Businesses of Canada (CCMBC) represents primarily small- and medium-sized manufacturers, industrial service providers and businesses across Canada with concentration of members from Ontario's industrial heartland.

We represent more than 300 businesses and affiliate members from a broad range of manufacturing sectors including automotive parts, heavy industry for the energy sector, food services, engineering, electronics and plastics manufacturing.

Our coalition ranges from locally specialized operations to multinational corporations with transnational supply chain agreements. Our members are collectively responsible for maintaining and creating thousands of highly skilled, well-paying jobs while contributing billions of dollars to the Canadian economy.

The coalition was formed in 2016 to be the voice of this vital sector of our economy and to proactively respond to the steady decline of Canada's manufacturing.

Our industrial and manufacturing sectors were experiencing the full impacts of the transference of good jobs to countries with weak labour, health and safety regulations, low wages and poor environmental standards. In addition, particularly in Ontario, there is an ongoing and dramatic increase in the cost of energy, specifically electric energy primarily the outcome of the Green Energy policies which added excess intermittent unreliable generation from wind and solar and the Global adjustment charge that resulted from it.

Our mandate has been to respond to the economic uncertainty from these impacts and advocate for proactive and innovative policies that are conducive to manufacturing retention and growth.

Headquartered in Scarborough Ontario, we are committed to support economic growth, prosperity and job creation for all manufacturing, industrial sectors and business across the country.

Executive Summary

The shutdown of the economy as a response to COVID-19 brought with it unprecedented times. The following report/proposal consists of eight comprehensive recommendations as a framework to ignite a robust recovery of our economy and manufacturing sectors across Canada. The federal and provincial stimulus packages were an important emergency response to maintain a civil society and protect the most vulnerable. The recommendations below represent a long-term, strategic framework to be implemented methodically to move beyond the "crisis situation" into a sustainable economic recovery.

Key Recommendations

1. **The Workplace:**

Encourage the orderly opening of the economy by providing industry with:

- A roadmap or plan / protocols that clearly define the parameters of a COVID-19 safe workspace.
- Worker protection by ensuring access to personal protective equipment (PPE).
- Implement testing on a large scale with rapid testing and antibody testing in order that we may have an accurate picture of the disease and outbreaks.

2. **Productivity:**

Cut the Red Tape:

- Canada's regulatory environment will continue to be a challenge to our economy as we enter the recovery stage.
- We need to innovate and establish a reasonable and streamlined approach to project timelines and permits.

Innovate:

- Allow full tax credits when making a capital investment in new equipment, machinery and technology applications.
- This will simultaneously be a direct investment in the economy, while increasing competitiveness by improving efficiencies and productivity.

Executive Summary Continued

3. **Infrastructure:**

Key projects:

- Immediate investment in key public infrastructure projects, ones that last 50+ years that will expand our economic capacity longer term.
- There is an enormous backlog and the investment will produce immediate results.
- Accelerate transportation construction and repair efforts.
- Ensure an open tendering process to maximize taxpayer value and competitive bidding.

Let them begin immediately:

- Even ‘shovel ready’ projects face delays because of the regulatory approvals process across the country.
- A fast track and responsive implementation are critical to a successful economic recovery.

4. **Global Supply Chain Review / Domestically Reintroduce Industries:**

Manufacturing:

- A more self-reliant Canada needs to emerge from this crisis to protect the supply of products not only in medical equipment, drugs and healthcare necessities but also in everything from food supply to automotive and the resource sector as well as communication, military and other national security concerns.
- Create a strategy to ensure how to best develop and protect local supply chains for essential products.

Mining:

Rare Earth Elements Key facts:

- Rare earth elements (REE) are an essential and lead component in the manufacture and production of digital technology and products such as smartphones, iPads, electronic circuitry in everything from automobiles and aircraft to appliances and computers, for commercial, military and industrial uses.
- Canada, like most every country, has reserves of rare earth elements. While China is the world’s largest producer of REEs, it does so without environmental consideration and then floods the market with product which deters other nations from developing their own rare earth elements strategy.
- Encourage the orderly development of rare earth elements in Canadian mining jurisdiction through a variety of fiscal and tax tools.

Executive Summary Continued

5. Trade and Open Borders:

Trade with the US:

- Lobby for permanent exemptions from "Buy America" stimulus programs that may emerge at some state levels.
- Continue to work on the strategy to reduce and eliminate the commercial border restrictions as exists within the European Economic Zone.

Trade within Canada:

- There appears to be more trade restrictions between Canadian Provinces and Territories than there are between Canada and United States.
- Now is the time to tear down the walls and establish our own internal Canadian Provincial Territorial free trade agreement.

6. Energy and Pipelines:

Energy:

- Canada has vast reserves of both oil and natural gas, two energy solutions that are essential to the economy and in the long-term will be in high demand within North America and on world markets.
- Declare that the economic pursuit of Canada's energy sector is in the nation's best interest from both an economic development, energy security and environmental perspective.

Pipelines:

- Changes to "major project" approval process were significantly changed under Bill C-69.
- The Bill must be amended with the series of recommendations that were submitted to the Senate during its debate on the legislation.
- Virtually all sectors agree that in the absence of a change no large sized project will be advanced and certainly no pipeline project will be undertaken in Canada in future.
- Stopping resource development should not have been the goal of Bill C-69.

Executive Summary Continued

7. **Taxation**:

Tax Reform:

- In support of individual and corporate efficiency and productivity.
- The Federal tax system was reviewed over 50 years ago and is in dire need of reform. The complexity of the system is beyond the reach of most Canadians and business owners.

Capital Gains:

- Produce immediate economic benefits by exempting capital gains on specific products for the next 24 months as a means of encouraging investment.

8. **Review & Mitigate Risks of Pre-COVID-19 Policies**

Plastics:

- The benefits of plastics have never been as evident as they are today.
- As all governments appeal to manufacturers to immediately re-tool and produce needed plastic products for the healthcare sector, the Federal Government of Canada is planning on classifying plastics as toxic along with things like asbestos, arsenic and nuclear waste.
- Plastics are completely inert and represent a protective barrier from dangerous elements, both chemical and biological.
- The federal government must not be allowed to overstep its authority for political gain. This blatant attack on plastics is merely a misinformed extension of the governments withdrawal from supporting our resource sector.
- For all single use plastics, the Government of Canada must recognize that plastics have the potential to provide the lowest carbon footprint for many applications and should work collaboratively on a harmonized recycling program with national standards that includes an Extended Producer Responsibility (EPR) framework. This framework must include all imports.

Executive Summary Continued

Carbon Tax:

- Taxing Canadian products on the carbon content, while allowing imports from locations like China, serves only to injure the Canadian economy while accomplishing nothing for the environment.
- Stop the Carbon Tax. Instead, create incentives for businesses to invest in cutting edge, made-in-Canada, carbon capture technologies such as POND Technology of Markham that uses carbon as a feedstock for other inventive applications.

Clean Fuels Standard:

- This sweeping and complex proposal to reduce the carbon in the energy Canadians use, specifically as it relates to transportation, represents a virtual duplication of the Carbon Tax.
- Stop the Clean Fuels Standards. Instead, create incentives to encourage Canadian businesses to invest in made-in-Canada carbon capture technologies. This approach will ensure proven technologies are in place. Environmental improvements will come in the form of science and innovation, not through punitive taxation.

Background

The life of the country and its people has been turned upside down by COVID-19 and the impacts will be long lasting. While the measures designed to stop the spread of the disease were necessary, the economic impact of the COVID-19 shutdown has been enormous. Most devastating are the millions of job losses in the in every part of the economy and every region of Canada.

The challenge to get the economy rolling again is large-scale and the return to work strategies must be sustainable and effective over the long term. It is within this context that the Coalition is putting forward this series of recommendations, aimed primarily at public policy makers in provincial and federal legislatures.

With innovation and practical solutions as our tools, we must create an economic rebound that can ignite our industrial base while embracing new technologies and approaches to achieve a lower global carbon footprint. With global supply chain relationships currently dormant and likely to be restructured going forward, speed will be of the essence.

Canada must emerge stronger with a rare opportunity to revitalize and expand our industrial base. We can use this occasion to improve our overall approach to economic growth, while not distracting from the global effort on air quality. These two goals are not mutually exclusive. Shrinking an economy is no way to meet air quality objectives. The more disadvantaged the country the greater the pollution.mEconomic growth and environmental enhancement can be achieved simultaneously. Now is the time for an economic resurgence.

Section 1) The Workplace in a COVID-19 Era:

Before a vaccine is developed, Canada will need to invest aggressively in mass testing for COVID-19. We will need to adopt new approaches to monitoring where the virus is and how best to contain it. We will need to protect all Canadians as we come to grips with the prospect of co-existing with the virus, domestically and globally. Precautions that will allow for resumption of economic activities will need to be based on the best practices in public health, including appropriate physical distancing protocols with workers using personal protective equipment while employing measures that comply with health and safety standards currently in place.

As the orderly ramp up of our economic sectors begin, we recommend that the road construction sector be among those that begin work first. This will take advantage of the very low traffic volumes.

Encourage the orderly opening of the economy for workers by:

- Protecting workers as may be required through personal protective equipment (PPE).
- Large-scale testing on an ongoing basis. Adoption of rapid testing and antibody testing to help understand the size and scope of the disease.

Section 2) Productivity:

Productivity is measured by dividing average output per period by the total costs incurred or resources (capital, energy, material, personnel, time) consumed in that period. Productivity in action means that a worker who can produce 10 items in a day, will be able to produce 12 items a day the following week, thus the increase in productivity will reduce the cost of production. The efficient use of capital, labour, energy, material and management increases productivity and therefore prosperity, job creation and economic growth.

Canada's track record on productivity is poor. Compared to the United States, Canada consistently trails behind in productivity by a significant margin and this productivity gap continues to widen. In addition, Canada's productivity standing is also poor globally. Other nations, both developed and emerging, have a much stronger record on productivity and are continuously improving. Improving productivity can take many forms. We have focused on two productivity initiatives that will stimulate the economy.

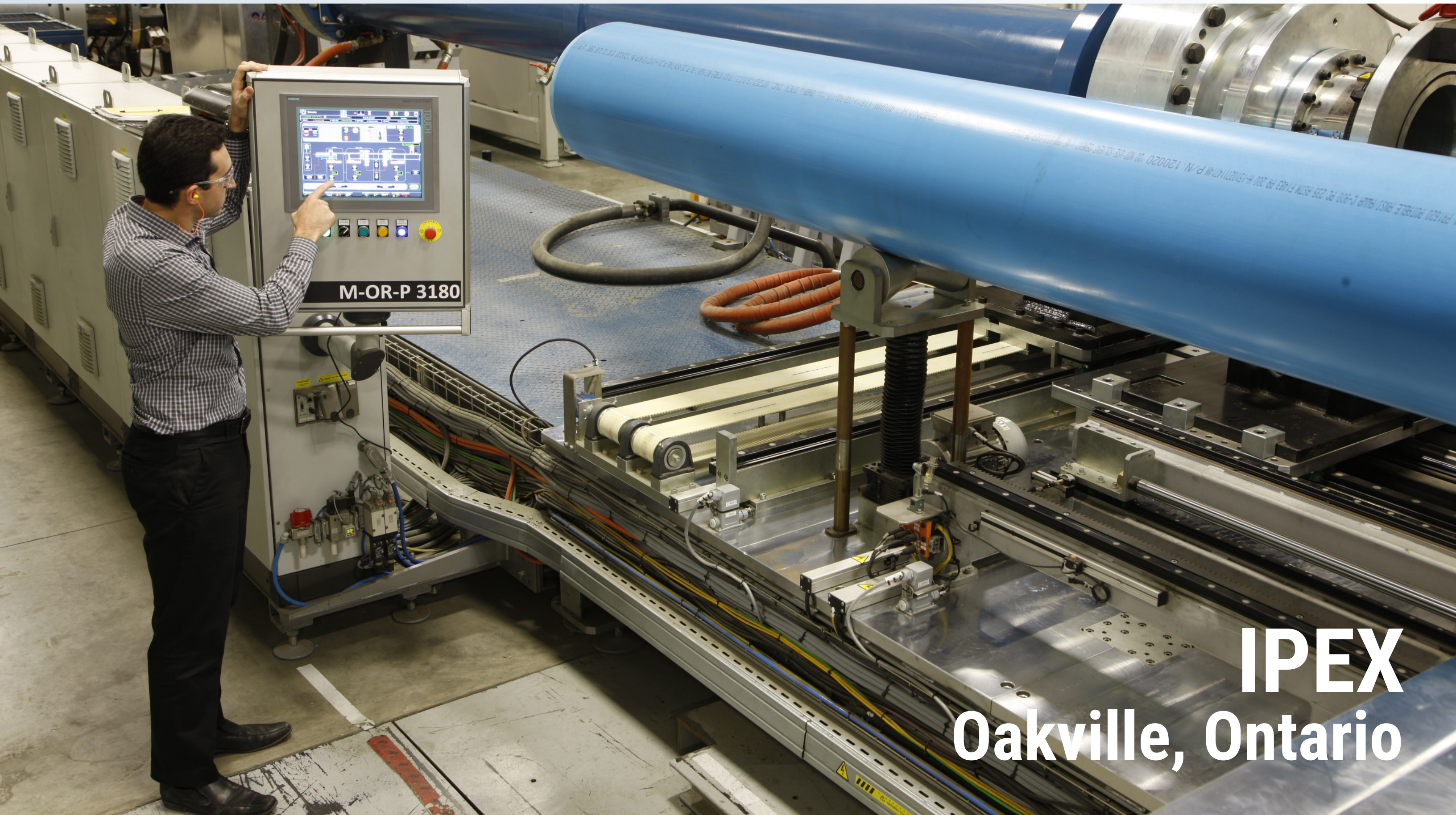
Reduction of Red Tape:

The objective is to let companies spend more time making products by spending less time on government forms and paperwork. Red tape is the myriad of forms, processes and procedures a company must perform on a daily basis, on top of executing its core business. Red tape is the administration associated with a government requirement. Government requirements come in many forms and more requirements are added annually.

The 2018 Canadian Chamber of Commerce report "Death by 130,000 cuts: Regulate Smarter" outlines how Canada's regulatory environment is failing our economy. Over 130,000 new Federal regulations have been implemented since 2000, and that is excessive. A worker or company is more productive making product. There is no productivity associated with filling out government forms. This activity goes into company time tracking as non-productive labour.

As the Canadian Chamber's report states, we can be much smarter about how we regulate to achieve desired goals. Modest work had begun in response to the Chamber's report, but now is the time for a renewed and enhanced effort to tackle this issue. In order to help reduce the regulatory burden and allow businesses to spend more time on economic growth, it is recommended that governments:

- Establish as a top economic priority the reduction of red tape and streamlining of business rules and all existing regulatory approvals.
- Conduct a thorough cost-benefit analysis including alternatives to new regulation and consistency with existing standards in other locations before any new regulations are brought forward for consideration.
- Establish clear timelines with stated goals and updates on efforts to reduce the red tape backlog.
- Ensure all of these measures, goals and updates including the regulatory cost-benefit analysis are transparent and fully public in real time.



Innovation:

The current crisis has imposed new work environments and a new way for businesses to communicate. It has highlighted how business and government are still reliant on paper trails, and old school technologies. Through investments in new technology, we can implement cost saving protocols to increase productivity. Innovation comes in many forms but requires the proper tools and equipment to help innovate. A critical success factor to increase a firm's productivity, therefore their competitiveness, is to have access to the best available hardware and equipment, the most advanced applications and IT training, modern ERP systems and the fastest and most efficient distribution systems.

Investment is the key and speed matters. Customers are nimble and will expect products and services to be instantly available through whatever channel they choose. To compete on the world stage, we must ensure our businesses have what they need to be efficient and productive. Hardware and other equipment are taxed as an asset. Allowing a corporation to immediately write-off the asset will be an incentive to purchase new state-of-the-art products and technologies. The corollary benefit of the tax write-off incentive is the accompanying economy stimulation. It is recommended that governments:

- Allow 100% business write-offs for capital equipment in the year they are purchased (machinery, high technology applications, etc.) for the years 2020 and 2021.

Section 3) Supporting the Engine of Canada:

Small to Medium Size Enterprise (SME) business is the unspoken engine of Canada. 92% of the private sector is employed by a company with 100 employees or less. Collectively SMEs represent the largest employer in Canada and thereby are a major source of government revenue.

This is an intentionally forgotten fact by some governments because the owners of these businesses represent a relatively insignificant voting bloc. Only those governments who understand the factors that drive an economy and are willing to put politics aside will support SMEs.

The tendency to spend for votes is too strong for most political parties, but neglecting SMEs has a long-term devastating effect on all of us including the public sector and unions. How many union members have lost their jobs over the last 3 years due to plant closures in the manufacturing sector? When SMEs are overburdened with tax, regulation, energy cost and lack of funding support they lose their competitiveness and big business goes offshore for their supply chain. This spiral effect eventually hurts big business as well and they go offshore too.

Where does that leave the Canadian worker? Looking for government jobs or handouts. Bigger government leads to higher taxes. Higher taxes lead to fewer private sector jobs and the death spiral continues. Recognizing this simple road to socialism early enough can prevent the collapse of a country. Reference Venezuela or Greece. But government must have the courage to do the right thing, not the just the vote getting popular thing. Government needs to make private sector jobs popular.

Government needs to make changes to education to influence a generation of doers and entrepreneurs rather than the current social debaters being turned out on campuses across the country.

Governments need to combine efforts between industry and universities to create ideas and innovative technology for manufacturing, industry, resources, healthcare, pharmaceuticals, food processing, farming and other producing businesses. We need a country that makes things to be prosperous.

Through this Covid 19 crisis those that will be hurt the most are SME businesses and their employees. Many may not survive the financially devastating impact. To give Canada the best chance for economic recovery we must prioritize help for SMEs. It is recommended that the Government of Canada:

- Support SMEs with greater funding programs in the form of low interest, government guaranteed loans for capital expenditures that improve competitiveness.
- Expand the definition for research and development tax credits to return SRED to its previous criteria that was effective in promoting new business opportunities for Canadians.
- Stop spending on corporate welfare, effectively picking winners and losers and apply all programs equally.
- Stop promoting businesses that are beholden to a particular political agenda and treat all businesses as equal Canadians.

Section 4) Infrastructure - Government Investments:

Municipalities are experiencing massive revenue losses and need help with the backlog of outstanding capital and major infrastructure improvements. Former PM Paul Martin once said the most ethical government spending is on long life assets that are needed for a modern economy to compete. Investing in projects that expand economic capacity longer term means that future generations will also benefit, producing the best return on investment of all the spending options.

Currently, Canada has a significant backlog of key infrastructure projects. The Federation of Canadian Municipalities (FCM) estimates the backlog for investment in projects that expand our economic capacity longer term such as roads, rail, ports, bridges and other gateways to markets is close to $200 billion. Many of these projects are very close to being shovel ready with long lasting benefits, including job creation in all regions of the country.

We also have the chance to invest in next generation infrastructure – high speed internet and mobile phone access in rural Canada. Municipal associations and business groups across Canada have cited the lack of broadband and hi-speed internet and cell phone service as major barriers to rural economic development. With reference to G5 technology it is highly recommended that the security of our national interests be aligned with 5 eyes community and the security of our communications network is not placed in the hands of a communist state run company.

For immediate job creation and to modernize and improve failing infrastructure we recommend that:

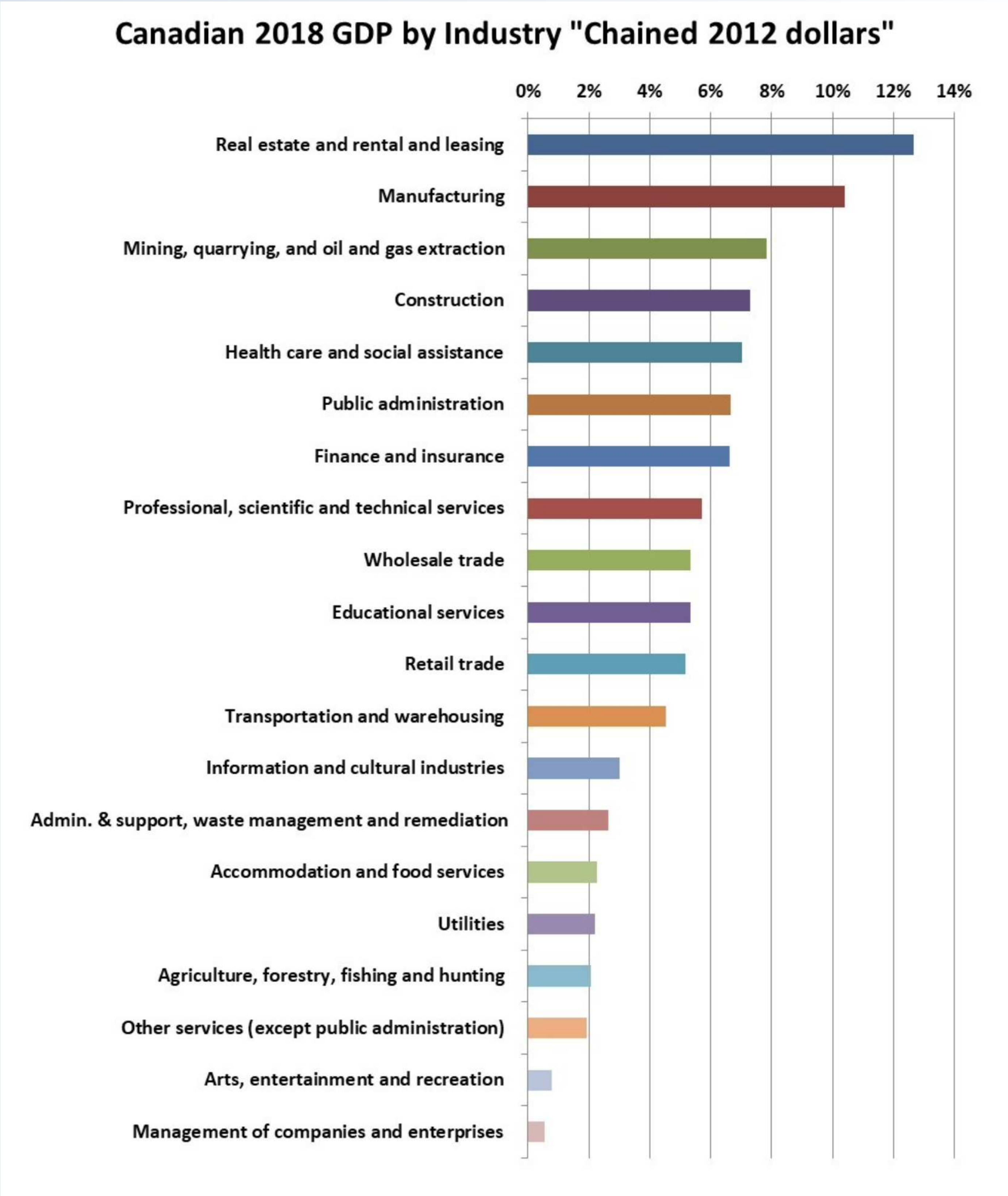
- All Canadian governments collectively implement massive investment in public infrastructure for long term benefits and immediate job creation and reduce the significant backlog of shovel-ready projects.
- These projects must first choose Canadian companies with Canadian workers. In the past governments have sourced some these projects outside of Canada to companies in China (B.C, LNG project) and Korea (ON wind and solar projects) just to name two very large spends not benefiting Canadians.

Although multiple funding announcements have been made over the past several years, the delivery on these projects has been slow. It is recommended that:

- The Post-COVID-19 recovery strategy include rapid implementation of development to allow local and provincial governments to repair failing infrastructure, underwrite new projects and spur economic growth. All public infrastructure projects employ an open tendering process to ensure maximum taxpayer value and equal access for eligible Canadian companies.

The Government of Canada was able to get the vast majority of its wage and assistance relief out the door in a timely manner to Canadians. That same concentration, approach and effort can and should be applied to this key municipal infrastructure initiative.

The following table illustrates the crucial importance of the manufacturing and oil and gas sector to the Canadian economy. - see source



Data Source: Statistics Canada https://bit.ly/3dMtUT3.

Section 5) Global Supply Chain Review / Domestic Industries:

Canada has historically benefitted from a highly efficient and just in time global supply chain of raw materials, goods, equipment and supplies for our industrial and healthcare sectors. One impact of the COVID-19 pandemic was the shutdown of the supply chain which caused significant shortages, and rising prices due to global competition for the few products that were available. In addition, the countries where these products were being manufactured redirected offshore/export orders to meet or exceed their internal needs. Canada was left in short supply.

While free trade is essential, there are some products that are vital and in need of domestic sourcing. A more self-reliant Canada needs to emerge Post-COVID-19.

It is recommended that:

- Governments, manufacturers and supply chain experts assemble to create a strategy to ensure how to best develop and protect vital supply chains for essential products.
- Further, a strategy to enable a more robust domestic manufacturing presence overall should be pursued.

We have much to gain through our domestic manufacturing sector. However, manufacturers operate in a very competitive environment and, unless nurtured, we risk further erosion. Well paid, highly skilled jobs in the manufacturing sector are valuable and warrant significant policy attention.

Rare Earth Elements:

Rare earth elements are crucial to modern technology and despite their name, they are not rare. They exist in many locations, including Canada. Rare earth elements help run everything from cell phones, computers, MRI machines, turbines, nuclear reactors and many other modern products.

It has been estimated that China produces between 80 to 95% of the world's rare earth elements supply. That puts many countries including Canada at significant risk from a global supply chain perspective. This must be corrected. Rare earth elements are found within Canada and those deposits must be developed and their product brought to market.

Section 6) Trade and Open Borders:

Trade with the United States:

Canada has a small population on the world stage. We produce more than we consume of many products and therefore we benefit greatly from trade. Canada's economy has been highly dependent on international trade. Trade and exports have brought our nation much prosperity and has the prospect of much more opportunity in the future. Exports regularly account for more than 30% of Canada's GDP, with the United States being our largest trading partner. Together we share the longest undefended border in the world. A border that is open and transparent for people and goods and services is vital. An open border that enables the free movement of people and goods is necessary to keep our economy functioning. The USMCA agreement is a strong and positive development, but there has recently been some stress put on that border.

Each country along with states and provinces have significant spending programs to help their economies. However, we are worried about a resurgence of America First programs within the United States, at the state level in particular. Canada does have an agreement in place with the United States to provide exemptions for most procurement programs. Discussions to broaden its coverage should continue.

In order to keep the border as open and accessible as possible, and to ensure that trade between our two nations continues, it is recommended that the Government of Canada:

- Continue to expand the scope of the long-term government procurement agreement between Canada and the US to improve on reciprocal, all procurement commitments beyond those areas covered at present.
- Ensure trade across the physical border is continually made easier by ongoing streamlining of procedures for clearing customs and continually help to maintain a system that is as open as possible and predictable for all with a minimum of red tape.

Free Trade within Canada:

Canada is a federation and a union of ten provinces and three territories. As a trading nation, we continually seek to establish new trade agreements with nations and regions for the betterment of our prosperity and economic growth. Open trade is vital and as we work to sign new and valued trade agreements on the world stage, we must work to ensure we have completely free and open trade between Canada's provinces and territories. Currently, we do not. Goods do not travel freely across our internal borders, nor do trades or professions.

The problem of interprovincial & territorial trade barriers is not new. Many trade barriers exist, both large and small. However minor, each serves to restrict the free movement of people, food, goods, services and investment within our country.

Australia was once faced with a similar issue internally between its states and territories. Their solution was instructive. Each Australian state and territory recognized regulations and standards that were established and administered by the others, even when they varied from their own. That meant any good or service sold in any state or territory could then be sold anywhere in Australia.

Recognizing regulatory standards within that nation did not result in any reduction in standards as protectionists had worried and predicted. Rather it accomplished its stated goal, increased domestic trade and overall improved economic performance. The European Union has a similar construct for their 27-member nations.

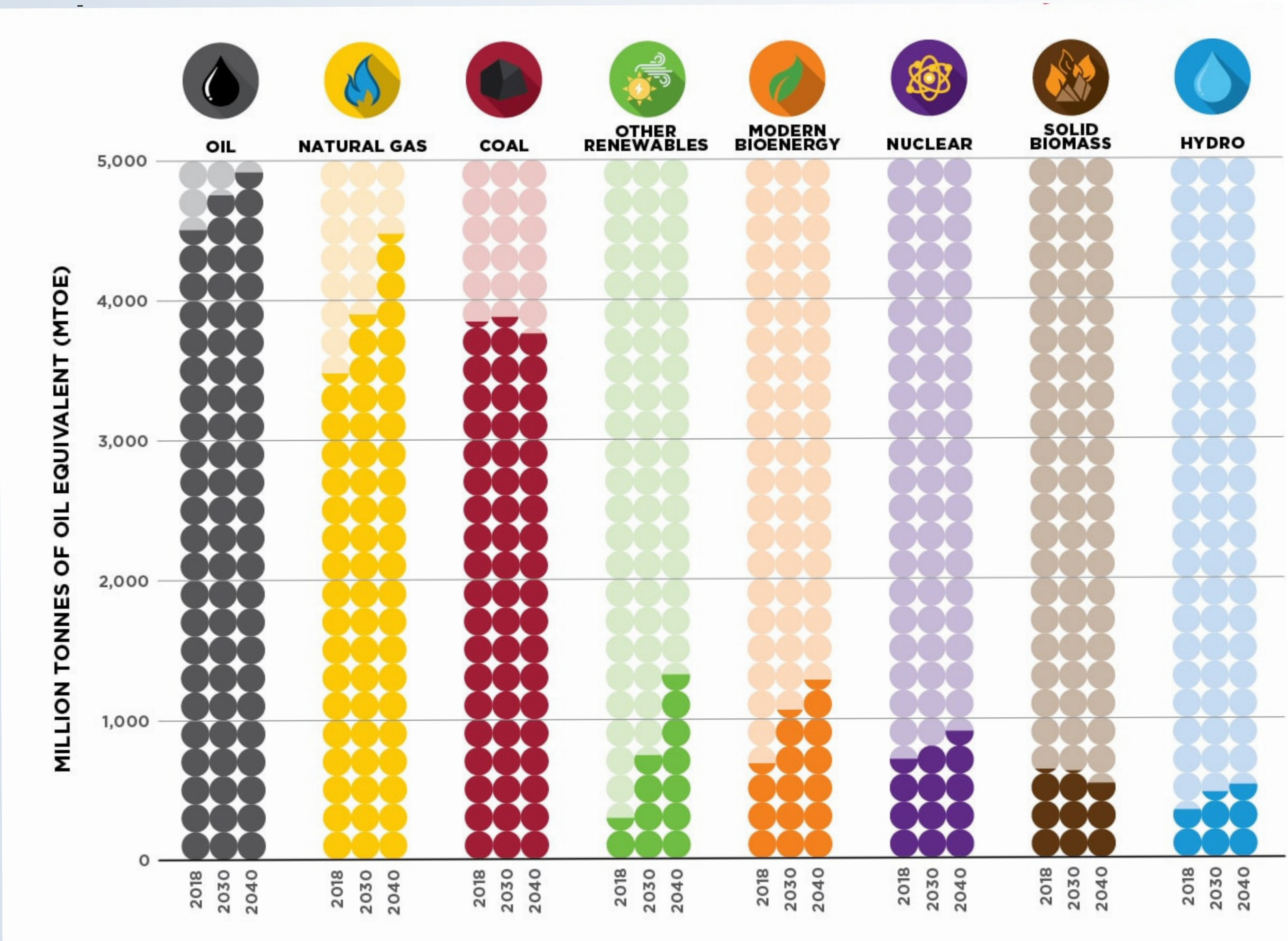
It is therefore recommended that the Government of Canada and all provincial Governments wrk to: with the following goal in mind:

- Create a single economic market within Canada by eliminating all inter-provincial and territorial trade barriers by the end of 2021.
- Respecting and recognizing standards, codes and regulations developed in any of the provinces or territories, and of course by the Government of Canada as acceptable standards for all provinces and territories as a means of providing equal product treatment.

Section 7) Energy and Pipelines:

Canada has vast reserves of both oil and natural gas, two energy solutions that are in high demand within North America and on world markets.

Canada needs to create conditions in which our economy's energy sector can make the fullest possible contribution to sustainable economic development and to the well-being of our society and the environment.



Source - CAPP Canadian Association of Petorleum Producers

The above table from CAPP based on the International Energy Agency (IEA) 2019 global report indicates global demand for both natural gas and oil will increase through to 2040. If Canada does not develop its energy potential, we will simply continue to cede that development and economic growth to other countries that do not have our environmental and social standards, with no associated gains in global air quality. Global problems require global solutions and Canada's energy wealth provides a global solution.

The recent Saudi Arabia vs Russia oil price war and the demand decline associated with the COVID-19 worldwide economic shutdown has had a devastating impact on Canada's major energy producing provinces, which were already reeling from depressed oil prices and punative government policy. Canada's unique inability to get product to market, (in a context of questionable concern about climate change), with policy uncertainty from the federal government has left Alberta and Saskatchewan, in particular, with an increased sense of alienation. Yet the importance of oil and natural gas in Canada and for worldwide markets cannot be overstated, contributing over $100 billion to our GDP (Gross Domestic Product) and supporting over half a million Canadian jobs.

The oil and gas sector is also the source of our environmental solutions. Recognizing the economic and environmental contribution that this sector can make to the country's future prosperity; it is recommended that:

- The Government of Canada declare that its energy and pipeline sector is vital to our future growth.
- The Government of Canada must acknowledge the interdependence between the resource sector and the manufacturing sector. Many companies in the manufacturing sector provide parts, pieces or services to the resource sector. The success of each of these sectors affects the other.

Canada and (GHG) goals:

Natural gas is vastly preferred environmentally as a fuel to coal-fired power generation. Canadian clean energy sources such as Liquid Natural Gas (LNG) can effectively reduce other countries' emissions by replacing emission-intensive energy sources such as coal, wood and dung. Natural gas is also the perfect fuel complement to the intermittent nature of renewable energy as witnessed by natural gas usage in the electricity market in Ontario and other provinces. Benefits should go to the host country for fuel switching to a cleaner energy source, however the producing country should not be penalized in its GHG emission goals but rather encouraged to help make such fuel more readily available.

The world's LNG market grew by over 14% last year with much of the growth in supply being provided by the United States. Canada has a large and readily available natural gas supply and yet has only two LNG export projects currently underway. This compares most unfavourably with the United States that is a large LNG exporter with approvals for at least 15 new major projects. That should be Canada's story of economic gain.

To allow Canada to meet its potential, contribute positively and enable other nations to help meet their global climate objectives, while achieving significant economic growth, it is recommended that:

- The Government of Canada use clean energy exports in meeting its own GHG goals.
- The Government of Canada acknowledge that the Green Energy Program in Ontario was a failure and that this plan drove Ontario electricity prices to an unaffordable level which forced manufacturing out of the country. The Government must not attempt to recreate this program across Canada.

Repeal or amend Bill C-69:

Bill C-69 was the Government of Canada's complete re-writing of how major energy projects would be regulated by replacing the National Energy Board. Provisions included a new energy regulator and established an Impact Assessment Agency for new projects with extensive additional review requirements. Bill C-69 met an uncommon amount of opposition from virtually all energy sector participants and business organizations including the Premiers of six provinces that all worried the legislation creates "insurmountable roadblocks" to projects.

Bill C-69 introduced an unprecedented level of complexity, subjectivity and political interference into the review process with the Minister of Environment and Climate Change Canada granted powers to suspend projects they feel do not meet the public interest. A project can be stopped and suspended at the Minister's discretion, and the Minister can add, remove, and/or modify any condition to the project review. This is far too subjective and creates much uncertainty.

Previously, greater standing was provided to those who would be impacted more directly by a project. As Bill C-69 now stands, those most affected geographically by a project can now be drowned out by those that live elsewhere in the country and groups which have a tradition of engaging in project opposition under any circumstances.

The authors of Bill C-69 recognized that not all projects would warrant an impact assessment, however such criteria and how it would be considered is not clear. Many provisions in the legislation are to be determined by regulation and acts of Cabinet, not Parliament. These are important features that should have been clarified up-front for Canadians to see and comment on, not done after the fact.

Legislation should always be crystal clear in terms of the requirements and obligations of the participants. Without precision, legislation that is unclear will create conditions for each project to be challenged and then dragged through the courts for clarification at a later date. Much of the legislation describes aspirational goals, devoid of any further specifics that are vital and a cornerstone for project reviews. For example, the meaning of a project being reviewed "at the intersection of sex, gender and other identity factors" requires clear guidance and understanding and must not be left to the courts for policy determination as is now the case. These clauses must be removed.

Bill C-69 makes the regulatory system very subjective and much less certain of outcome. Project review must be rigorous yet have a defined path to 'yes.' Project reviews need clear rules that are understood before the process begins and those rules need to be applied consistently. To enable the economic and social benefits that large projects can contribute to our economic success, it is recommended that:

- Bill C-69 be amended with the series of recommendations that were submitted to the Senate during its debate on the legislation.

All the major Canadian trade associations agree that in the absence of a change, any large sized project would have a virtually insurmountable challenge to advance. Particularly pipeline projects would find it difficult to impossible to be granted approval as a result of Bill C-69's passage.

If this was this the intention of Bill C-69, the government should say so.

Section 8) Taxation:

Taxation is used as a tool to generate revenue for society's priorities as expressed through Government programs and initiatives. Taxation can also be used as a tool to align desired economic behaviour. Changes can be implemented to address economic issues and correct imbalances that impede economic growth.

Canada's current tax system is antiquated and very complex. It is overly burdensome and unnecessarily complicated. It is difficult to understand and is beyond the scope for most businesses and individuals to navigate on their own without significant third-party assistance.

Canada's tax system is in dire need of major reform. It has been over 50 years since the last comprehensive review took place. One is long overdue. To ensure Canada's tax system is modernized to meet our flexible economic needs, and in order to streamline and simplify Canada's tax codes, it is recommended that:

- ·Establish an independent and non-partisan panel chaired by respected economist Jack Mintz, to carry out a comprehensive review of the Canadian tax system.

In the meantime, there are some tax changes that can be implemented quickly to produce immediate economic benefit, as follow:

- Granting a temporary capital gains tax exemption will encourage people to invest and turnover otherwise locked gains, giving needed stimulus to the real estate and financial sectors.
- Allow 100% write off for travel and related expenses for business purposes. This will have an immediate beneficial impact.
- Declare a "capital gains exemption' for the next 24 months for the country's industrial sector.

A caution against post-COVID tax hikes:

Governments have suffered an unprecedented decline in revenues and increase in expenditures during the crisis. This will mean all governments will be tempted to significantly increase taxes post-crisis. Canadian businesses and productive individuals are already highly taxed, and a temptation to further increase the tax burden and thereby slow any economic recovery must be resisted. Instead, means of saving on the cost of government operations should be pursued.

Throughout the crisis, many government employees were not working at full capacity, although they still collected full salary. Once things return to normal, investigating the means to downsize government permanently should be a priority via attrition.

Government employees enjoy a significant wage and benefit advantage over their private sector counterparts. This would be a good opportunity to examine this inequity that has existed for many years, restoring fairness and achieving sizeable savings in the cost of government operations. Pensions and retirement savings have taken a hit during the COVID-19 crisis. Public sector employees have generous defined benefit (DB) pensions. This inequity is unfair to private sector workers considering the private sector carries the burden to fund the defined benefit portion of public sector pensions. Expecting the private sector to contribute to restoring public sector pensions post-crisis is a slap in the face to private sector worker, about 80% of Canadians. Instead, this is an opportunity to switch public sector pensions from a DB to a defined contribution (DC) model as a means of levelling the workforce playing field and saving billions for taxpayers.

Surati Sweet Mart Limited

Toronto, Ontario

Section 9) **Review & Mitigate Risks of Pre-COVID-19 Policies**

Government of Canada & Plastics:

The benefit of plastics has seldom been as significant as it is today. The Government of Canada is appealing to manufacturers to immediately re-tool and produce needed plastic products for the health care sector such as protective gloves, masks, ventilators, hoses, IV bags, tubing, gowns and other similar protective gear. It is worth remembering that plastic packaging came about in the first place in response to hygiene and food safety concerns.

Plastic and other petrochemical products are vital for everyday use, including cell phones, tools and equipment for the medical profession, clothing and apparel, sporting goods, the automotive and transportation manufacturing sector including electric cars, among others. Restricting material like plastics in Canada while continuing to import cheaply made products from countries with no similar environmental or social standards is not a prudent approach.

Medical equipment, protective masks, breathing tubes, dressing trays, catheters, and syringes are some examples of single use plastics. Our bread and milk arrive daily in plastics. Virtually all grocery store items owe their freshness and safety to plastics.

Plastics are not only necessary; they form the backbone of Canada's must-have tools to combat the COVID-19 crisis in hospitals nationwide.

Despite widespread use and applications in virtually all sectors, the Government of Canada is poised to classify plastics as a toxin right alongside mercury and asbestos in Schedule 1 of the Canadian Environmental Protection Act changes. In order to protect a vital service that is domestic and contributes to essential goods, it is recommended that:

- The Government of Canada not proceed in classifying plastics as a toxin.
- For single use applications of plastic such as shields, face masks, medical equipment, milk bags etc. the Government of Canada work collaboratively with producers and manufacturers on a harmonized recycling program with national standards that includes an EPR Extended Producer Responsibility framework.

The Carbon Tax:

In classic economics, the best way to reduce consumption of any good is to apply a level of taxation. The underlying premise however, it that the consumption tax is broadly applied to all market participants. And in Canada that is not the case. Further, for the carbon tax to be successful must be visible to the consumer at the point of consumption. And again, in Canada, that is not the case. The collection of carbon taxes and a return to consumers of some of the same money is a circular transfer of money, with no environmental gain and yet significant economic risk.

There is no better example of this environmental inconsistency in Canada than in steel. Steel is an important sector in our economy. The carbon tax is applied to steel produced in Canada, but not applied to steel that is imported from China.

This inequity directly puts Canadian produced steel at an economic disadvantage. Offshore steel has a direct and negative economic impact, with no environmental benefits. Steel produced in Asia has many times the emissions per tonne than does steel produced in Canada. Steel produced in Canada is environmentally superior to that of steel produced in Asia, and yet it is only Canadian steel that is taxed for use in our country in addition, Canada's carbon tax was layered on top of the plethora of existing environmental regulations and laws, thereby imposing a costly and complex burden on business and consumers which makes it impossible to measure which policy is actually having a positive impact, if any.

We must encourage continuous improvement using made-in-Canada technology. Some of the most innovative advances in greenhouse gas emission reductions are taking place in our country. POND Technologies, based in Markham Ontario, is one example. The cutting-edge company produces micro algae biomass using raw stack gas emissions from industrial emitters. The C02 can then be transformed into a host a of algae-based products for industrial, agriculture and nutraceutical markets. It is this kind of approach that should be embraced with industrial emitters through immediate capital write-offs for investments in new technologies.

Made-in-Canada technologies can serve to improve our own industrial emissions in a real and meaningful way and they offer an excellent export opportunity by ensuring a vibrant domestic market for a truly made in Canada solution to a global problem.

In order to stop a tax that discriminates against made in Canada production, and does not address the global issue of greenhouse gases, it is recommended that:

- The Government of Canada cancel the carbon tax scheme.

To reduce greenhouse gas emissions, encourage the use of new Canadian-made environmental technology, it is recommended that:

- Immediate capital write-offs on proven innovative carbon capture applications be enacted for businesses to use and apply to their operations.

This clean energy focused approach would bring about strong and positive environmental and economic change. Otherwise, we run the very real risk of those innovative firms moving their activities and production elsewhere, much like we do with steel. The world will embrace these firms and we need to better enable them by aggressively encouraging their domestic application.

Clean Fuel Standards:

That same comment holds true for the approach that should be taken for Canada's Clean Fuel Standard. This standard requires all suppliers (producers, importers, and distributors) of fossil fuels in Canada to reduce the carbon intensity of the fuel over its life cycle.

Key features are reduction targets for each type of fuel, along with a credit trading scheme which has participants describing the approach as complex with questionable benefits given the cost.

The price impact on all Canadians will be high due to transportation impacts on our economy, not just the price impact at the gasoline pump. All of the goods and services enjoyed by Canadians are transported from producer to consumer by road, rail or at times air and all would be impacted by the costs of the Clean Fuel Standards.

Further, this regulatory approach is applied over and above the Carbon Tax that was established to achieve the same objective, resulting in double regulation and costs.

To help business succeed by reducing the burden of unnecessary taxation hidden in the Clean Fuel Standards scheme it is recommended that:

- The Government of Canada cancel the Clean Fuel Standards scheme.
- The path to all environmental improvements comes in the form of science and innovation, not through bans and costly administrative programs that have very questionable benefits associated with them.

Conclusion

COVID-19 has had a devastating impact on Canada. Our society and economy will not be the same and nor should it be the same going forward. We must learn from this experience, both socially and from an economic perspective. Out of the crisis comes opportunity.

The CCMBC passionately believes that is no better social program than a sustainable 4% annual real growth in GDP. The best way for Canada to successfully emerge from this crisis is for the private sector to rebound to the maximum extent possible. Reduced government spending is necessary to avoid over taxation and the stagnation of private sector growth. Certainty and support are what the business community needs most at this crucial time.

Programs must not choose winners and losers but be equitable to all businesses. Governments in a free society should not pick favorites but create an environment were all can rise based on their own ingenuity. The path to continuous economic improvement for Canada can come through productivity gains and benefits stemming from proactive public policies to kick start manufacturing opportunities. Our wealth can be fueled by our energy resources - both oil and natural gas, which can in turn help fund roads and bridges, hospitals and schools, health care and new technologies and much more.

This is our vision.

Taken together as a package, the CCMBC is confident the recommendations in this report will make this vision a reality. This can be Canada's moment.