

Standing Committee on Finance

Pre-Budget Consultations

BRIEF

Submitted by:

Burnaby Board of Trade

August 4, 2017

Standing Committee on Finance
Sixth Floor, 131 Queen Street
House of Commons
Ottawa, Ontario K1A 0A6
Canada

Re: Pre-Budget Consultation Submission

On behalf of the Burnaby Board of Trade and our 1,100 member businesses, entrepreneurs, organizations and non-profits, thank you for the opportunity to share with you our thoughts on how Budget 2018 can advance the goal of increased productivity and competitiveness amongst Canada's business community.

In repeated consultations with our members, they consistently name Transportation/Mobility, Employee Attraction/Retention, and Housing/Real Estate Costs as the issues having the greatest negative impact on their businesses, their employees, and their productivity. In addition, the issue of investment in equipment, software and machinery as a method of increasing productivity is top of mind for many of our members.

To improve and enhance the productivity of our business and our workers, Budget 2018 should focus on programs and initiatives which address these issues.

Transportation/Mobility

The efficient movement of goods, services and employees is of significant interest to the business community. Traffic and congestion costs businesses both time and money by delaying the movement and delivery of their products and their workers. As Canada continues to urbanize and our cities embrace densification and growth, further targeted and expedited infrastructure investment will be needed. And, as discussed below, record high real estate costs are leading to new patterns of residential development with working-age people pushed further into the suburbs and exburbs. As a result, effective transportation and transit infrastructure will be even more critical to ensuring our business sector can effectively access the talent it needs.

Continuing the government's investment in both rapid transit and major transportation infrastructure would be the most direct way for Budget 2018 to achieve tangible improvements in efficiency and productivity in the movement of our goods, services and people.

Employee Attraction/Retention

Our member businesses cite finding and keeping staff as a consistent challenge which undermines their performance and decreases their productivity as positions sit vacant. Interestingly, businesses are finding challenges with filling positions of varying wage and skill levels, not just with high-skilled or specialized jobs.

Currently, many of the existing training programs still require a considerable investment from businesses, making it difficult for companies operating with limited capital or cash flow to avail themselves of these programs. In particular, in many of the high-skilled sectors, there is significant competition for talent which creates disincentives for employers to invest in training for employees who can easily move to competing firms.

A focus on working with the provinces and territories on delivering innovative and effective training programs to help businesses develop the talent they need would be welcome in Budget 2018.

Housing/Real Estate Costs

Related to both transportation and employee attraction/retention is the significant issue of high housing and real estate costs in many of our urban centres. This issue leads to both direct and indirect costs on businesses, which in turn mean they have fewer resources available to invest in their operations.

Businesses are seeing the cost of real estate impact their bottom lines directly as rents and lease rates climb, and industrial and commercial property gets squeezed out by increased residential development. For example, Metro Vancouver is currently experiencing record-low vacancy rates for industrial land, and is forecast to run out of available industrial land in just 20 years.

Indirectly, businesses also experience increased costs as employees demand higher wages to accommodate the high cost of real estate, and as productivity declines as employees deal with the stress and delay of longer and longer commutes to and from work. In addition, high housing costs have been cited by our members as a direct contributor to their difficulty in attracting employees. This is a concern especially for those businesses which recruit workers from outside their region as the high cost of housing becomes a competitive disadvantage when competing for talent with firms from other jurisdictions.

Further action by the federal government in Budget 2018 to work with its provincial and municipal counterparts to address the rapid increase in housing prices and the decrease in affordability through a focus on both supply and demand factors would be welcome.

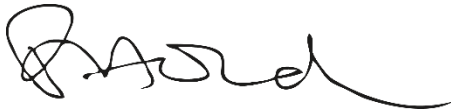
Business Investment

Business investment is crucial to both innovation and economic growth. When companies invest in improvements to the tools, equipment and infrastructure which their workers use, it increases their productivity, spurs innovation and drives economic output. However, Canada has long lagged behind both the USA and its international peers in business investment.

In our own efforts to encourage businesses to increase their environment sustainability, we have seen firsthand the difficulty many have in making initial investments if the benefits take too many years to accumulate. Often businesses have limited cash flow or lack the capital to justify or accommodate a significant up-front expense, even if it will have benefits and will 'pay for itself' in the long term.

Tax incentives, grants, and other programs can serve as a catalyst for business investment by encouraging firms to make those up-front purchases that help them perform better and produce more. Budget 2018 should build on government actions that encourage and incentivize investment in new equipment, technology, machinery and software which helps boost the competitiveness and productivity of our local firms. Budget 2018 should also specifically look at creative ways of helping businesses overcome potential up-front financial barriers to making these types of capital investments.

Sincerely,



Paul Holden
President & CEO
Burnaby Board of Trade

The Burnaby Board of Trade is the leading business association in Burnaby, British Columbia representing 1,100 members including businesses, not-for-profits, government, academia, and entrepreneurs. Following a triple-bottom-line perspective of economic, social and environmental sustainability, the Burnaby Board of Trade works to make business better by providing its membership with insightful leadership, advocacy, education and a platform for collaboration.