

February 7, 2023

Hon. Chrystia Freeland
Deputy Prime Minister and Minister of Finance
House of Commons
Ottawa, ON
K1A 0A6

Re: 2023 Federal Pre-Budget Consultations

Dear Deputy Prime Minister Freeland and Department of Finance Canada;

On behalf of the Greater Charlottetown Area Chamber of Commerce (GCACC) and our over 1,150 members, we write to you in addressing our recommendations to the federal government as part of your 2023 pre-budget consultations.

This year has been another challenging time for many of our members, due to high inflation and interest rates, the destruction of Hurricane Fiona, and the ban on PEI potatoes in the United States, to name just a few. At the same time, many of our industries, like tourism, are starting to see signs of recovery as COVID-19 restrictions have been lifted. However, the current economic environment has several factors such as inflation, potential recession, and labour shortage, requiring attention. It is vital that the right investments and policies be put in place to ensure continued and expanded growth.

We appreciate the \$300 million recovery package and military aid in helping our Island recover from Hurricane Fiona. We also appreciate recent government policy decisions to support businesses, such as temporarily removing the 20-hour-per-week work cap on international students, transitioning federal employees partially back to the office through a Common Hybrid Work Model, and the announcement that your government intends to enter negotiations with financial institutions to lower credit card transaction fees for small businesses.

We enter this year focused on further recovery and need Canadian policy makers drafting the budget to be mindful of the overall effects and impacts the business community has faced over the last few years. Below you will find our 2023 federal pre-budget recommendations.

Employment Insurance Reform

Pre-pandemic, our Chamber joined many others nationwide in advocating for a sustainable and modern Employment Insurance (EI) program. We acknowledge that the EI program is an important safety net for employees who have been laid off or find themselves out of work and the importance of this program in how it integrates with our seasonal industries.

As of January 29, 2023, there are 14,560 EI active beneficiaries on Prince Edward Island. At the same time, PEI has a job vacancy rate of 5.4%, the highest in Atlantic Canada and a rate that is also higher than the Prairie provinces. We are in the middle of an immense labour shortage and need more people in the workforce. Our view of a successful Employment Insurance program is one that focuses on delivering its main priority: to act as a temporary income support that facilitates an individual's speedy return to the workforce.

An additional measure we suggest your government make to encourage workforce growth is implementing permanent solutions to seasonal employment challenges, such as programs or incentives to bridge into year-round employment, and reskilling programs and support to aid in the transition to work. We also suggest, due to feedback from a Workforce Focus Group with our members, that your government increase the number of weeks required for EI to support employee retention and ensure more people are staying in the workforce (i.e 28 weeks).

We also ask your government to remove the current two-zone EI system in Prince Edward Island, to ensure a level playing field for both employers and employees when it comes to EI. In June, our Chamber gave remarks to the Canadian Senate Standing Committee of Agriculture and Forestry calling for the reconstitution of PEI as one EI zone. Many of our members have expressed concerns over the two different zones and the lack of parity between them, especially unfair given how small geographically PEI is, with many employees living in one area but working in another.

Continued Immigration Supports

Immigration growth continues to spark both cultural and economic growth within our province. Immigration is also key in solving our labour shortage issues, particularly in Prince Edward Island as we see more people retiring than entering the workforce. According to Statistics Canada, in 1980, there were 24 young workers available in Atlantic Canada for every ten retirees. Today, there are only seven young workers available for every ten retirees.

Our Chamber welcomes your government's new goal of welcoming 500,000 immigrants per year by 2025 to tackle the ongoing labour shortage. From July 2021 to July 2022, PEI saw the highest annual growth rate in the country, and we look forward to welcoming many more new Islanders to our province in the coming years. With such aggressive immigration targets, we ask that the federal government continue to provide financial assistance for immigration support services (e.g. [PEI Connectors](#), [Immigrant & Refugees Services Association PEI](#), [Language](#)

[Instruction for Newcomers to Canada](#) at Holland College, the [Professional Communication Skills for Newcomers Course](#) at UPEI, [La Coopérative d'intégration francophone de l'Île-du-Prince-Édouard](#), etc.) and employer EDI training programs (e.g. [Lead the Shift](#)) to ensure PEI has the necessary settlement services, infrastructure, and career support for newcomers starting their lives in PEI. Without the necessary support, immigrants may not choose to stay in our region long-term and we risk losing much-needed workers.

Additional ways your government could support small businesses looking to recruit and retain newcomers include:

- Permanently remove the 20-hour-per-week work limit for international students. We appreciate the temporary removal of this work limit until December 31, 2023, but we suggest permanently removing this limit to create more employees within the market.
- Reduce the backlog and red tape administrative burden in government approvals to make it more effective for employers to hire an immigrant.
- Provide Temporary Foreign Workers with a permanent residency pathway, creating a way for long-term TFWs to be retained within the industry.
- Accelerate and reduce the complexities and red tape burdens of the Foreign Qualification Recognition.

Support for impact of Hurricane Fiona, and future damaging storms, on Island businesses

Our Chamber was pleased to see \$1 billion set aside for Hurricane Fiona-related requests, as announced in the 2022 Fall Economic Statement. The damages and impact from Hurricane Fiona were unlike anything we have seen before on the Island and came on the back of a challenging 36 months for the business community.

According to an online survey we conducted on our membership, 83% of respondents reported having to temporarily close business due to the hurricane, with some closed as long as 14 days. Over 30% reported damage to their property, and 70% of businesses saw a significant drop in revenue and production due to the storm. We have heard from members who had estimated losses of over six figures, as well as one respondent reported over \$40,000 in infrastructure damage to their business. In December, our Chamber hosted a roundtable with Minister of Tourism Randy Boissonnault where we shared this data and advocated for some of the \$1 billion set aside to go towards businesses on the Island who experienced these damages and revenue loss. In this submission, we re-iterate this ask.

With climate change expected to bring damaging storms on this scale more frequently, we also ask the federal government to be proactive, instead of reactive, by preparing aid for future

storms of this scale and provide further, more accessible and business-specific education for business owners on how climate change will impact business operations.

Infrastructure Funding for Small Airports

Enhance Current Airport Funding Programs and Expand Eligibility

Prince Edward Island is a major tourism destination in Canada and last year our province experienced the highest annual population growth rate in Canada. With a growing population and strong tourism demand, comes a growing demand on air travel.

In a phased project that will take place over the next four years, the Charlottetown Airport Authority will be completing an approximately \$20-million terminal expansion. This expansion will allow the airport to keep up with the demand of traffic by expanding space, amenities, and services to handle more flights and people. However, because the Charlottetown airport is considered a small airport, is on federal land, and this project is related to passengers rather than focused specifically on cargo, this terminal expansion may be excluded from many of the airport funding options currently available.

Small airports, such as Charlottetown, require access to adequate infrastructure funding to address current, emerging, and future passenger demand and needs. Our Chamber recommends your government enhance current federal programs by expanding streams and qualifications to support the infrastructure and innovation needs of small airports. Examples include expanding and widening the eligibility criteria of the National Trade Corridors Fund (NTCF) and/or the Airports Capital Assistance Program.

Regional Connectivity

Consistent and reliable air travel will be crucial for PEI and Atlantic Canada's recovery and prosperity. Without air routes regularly, and reliably, servicing our region, there is minimal opportunity for tourism, immigration, or economic growth. We appreciate that during the pandemic, the federal government provided financial support to maintain regional connectivity and jobs. We are asking your government to provide further support and leadership to ensure Islanders and businesses are not severed from the rest of Canada due to limited availability of airlines and routes for our Island's only airport. In particular, we call on your government to support infrastructure projects that aim to strengthen regional connectivity to PEI and Atlantic Canada, supporting tourism, business development, and workforce growth in the region.

Getting back to balance

Our Chamber recognizes that deficit spending was required to ensure the safety and security of individuals and businesses throughout the pandemic. As a result of the high government

spending and a range of other issues, Canada is experiencing high inflation that has been particularly acute in Prince Edward Island where our province consistently faces the highest inflation rates in the country, dramatically impacting the cost of living for Islanders. The Greater Charlottetown Area Chamber suggests tackling the rising inflation numbers by building a plan that returns the Federal Government to a balanced budget in the years to come.

The building of this plan would ease the uncertainty within certain areas of the business community as our members want to know what measures the federal budget will need to take, over time, to return to balance. The plan should be a blueprint to combat inflation, laying forth clear policy steps and what taxes and fees, if any, will need to go up to achieve the goal. We want the government to be clear with the state of our country's financial position. Transparent forecasts will give businesses advance notice to prepare for change and will signal to investors that Canada has a long-term plan.

We thank you for your consideration of our recommendations ahead of the federal government's budgeting process. We look forward to continuing to work with you in the future as we begin the road towards economic recovery and growth.

Sincerely,

A handwritten signature in cursive script that reads "Bill DeBlois".

Bill DeBlois

GCACC 2022-23 Board President

CC: Hon. Randy Boissonnault, Minister of Tourism and Associate Minister of Finance; Hon. Lawrence MacAulay, Minister of Veteran's Affairs and MP for Cardigan; Sean Casey, MP for Charlottetown; Heath MacDonald, MP for Malpeque; Robert J. Morrissey, MP for Egmont