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**Presentation to Cabinet Economic Policy Committee
Tuesday, August 3, 2010 – 11:45 am - 12:30 pm
Cabinet Room – 10th Floor - Sir Richard Squires Building**

Introduction:

As the voice of the business community for the City of Corner Brook, and lead partner on other key Western NL economic issues, the Greater Corner Brook Board of Trade applauds the Provincial Cabinet's Economic Policy Committee in completing policy consultations in this region. The key to growth and a strong economy in our region is diversification and investing in the local economy.

The Government of Newfoundland and Labrador's multi-year tax reduction strategy and the government's strong commitment towards debt reduction has been well received by members of the Greater Corner Brook Board of Trade.

Investment in the local infrastructure, including the announcement of the new hospital, construction of the long-term health care facility, courthouse, industry leading high school, as well as ongoing repairs to the local road system and investment in promotion and exploration of the Western Newfoundland oil and gas industry, will help to stimulate business and community growth.

As an economic hub of Western NL it is essential to continue this investment in Corner Brook. Access to world-class health care, education and recreational facilities, plus arts and cultural activities, is more important than ever. As the baby boomer generation comes to retirement age they will be looking for places to retire. As the economy grows and we need to attract highly skilled labour, lifestyle and access are number one on the agenda in this decision making process. We must have an all-inclusive approach to economic and social policy.

A major cornerstone of the region is the Kruger-owned Corner Brook Pulp and Paper mill. We all understand the struggles in the newsprint industry worldwide. While we see a future in this industry in the City of Corner Brook and area, we must prepare our economy for the possibilities. The Greater Corner Brook Board of Trade recommends a Proactive Economic Diversification Strategy for Corner Brook and region, similar to the action committees established in Stephenville and Grand Falls-Windsor, but taking a proactive approach rather than being reactive.

The Greater Corner Brook Board of Trade is willing to aid Government in development of such policy and sit as a member of such a group.

Below is a synopsis of priorities for this region, including some overall strategies for the entire province. Categories of policy development and investment are as follows: Taxation; Infrastructure, Transportation and Industry Support.

Taxation:

Tax reduction directly impacts business costs and affects all businesses and industries regardless of size or market conditions.

1. Elimination of Payroll Tax

- Effective January 1, 2008 your government increased the exemption threshold to \$1 million for all employers. The Greater Corner Brook Board of Trade recommends continuing to increase the threshold to final elimination of this tax on jobs by 2012. Estimates for the 2010-11 budget show the Payroll Tax representing just \$111-million in revenue or 1.8% of total revenue for the province.

2. Reduction of the provincial Corporate Tax rates

- In Budget 2010 and effective April 1, 2010, the small business income tax rate was reduced from 5% to 4% on the first \$500,000 of business revenue (a measure instituted in Budget 2009 raising the threshold from \$400,000). The Greater Corner Brook Board of Trade recommends continuing to raise this threshold to reach \$1-million by 2015.
- The general Corporate Tax rate in NL is 14%. Across the country the median Corporate Tax Rate is 12%. The Greater Corner Brook Board of Trade recommends reducing the general Corporate Tax rate to 12% by 2013.

3. Continued reduction of Personal Income Tax rates

- Effective July 1, 2010 the second and third Personal Income Tax brackets were reduced from 12.8% to 12.5% and 15.5% to 13.3%, respectively. This follows reductions in the lowest tax bracket in previous budgets.
- The Greater Corner Brook Board of Trade recommends continuing to reduce the Personal Income Tax in all brackets as is fiscally responsible. Extra money in people's pockets becomes disposable income that aid business and the economy in general.

4. Reduction of the Gasoline Tax

- The Gasoline Tax represents \$161-million to the provincial coffers (2.6% of total revenue) according to Budget 2010-11 estimates.
- A reduction of the Gasoline Tax from the current 16.5¢/L rate would be a direct benefit to the businesses and individuals of the province. The Greater Corner Brook Board of Trade recommends reductions as is fiscally responsible.

Infrastructure:

This government has contributed significantly to the local infrastructure with investments in a new hospital, long-term care facility, courthouse and the new high school in Corner Brook. It is critical that government continue to invest in the development of regional with support of the following:

5. Education:

- Budget 2010 saw additional funds allocated to address repair and maintenance issues. This was a positive move by the Government of Newfoundland and Labrador.
- The Greater Corner Brook Board of Trade recommends applying the same level of financial support to enhancing the K-9 schools as applied to senior level schools in this region.

6. Housing:

- The Greater Corner Brook Board of Trade commends government on its commitment in Budget 2010 to build an additional 200-bed residence at Sir Wilfred Grenfell College.
- According to the Canadian Mortgage and Housing Corporation, Corner Brook has the lowest vacancy rate in the province at 0.4%. Particularly affected are those who are on a fixed income – students, seniors, persons with disabilities, single parents, those burdened with student loan debts, and those employed in low-paying sectors of the economy.
- The Greater Corner Brook Board of Trade recommends government investigate and expand its tax credit and incentive to developers who commit to investment in the construction of multi-unit residential developments to aid the groups listed above.
- In Corner Brook, the availability of ready to develop land is becoming scarce. The Greater Corner Brook Board of Trade recommends government aid municipalities in development projects to ensure sufficient land is available for residential and commercial development.

7. Recreation:

- Government's increase in capital grants in Budget 2010 for recreation and sports is a very positive initiative. The Board supports efforts by groups in the City to provide services such as a family pool, not currently available and we feel are necessary for the recruitment and retention of young professionals, as noted in the lifestyle statements above.
- The Greater Corner Brook Board of Trade recommends government support such initiatives as they are presented for consideration.

8. Regional Waste Management & Land Use Planning:

- The Greater Corner Brook Board of Trade requests government carefully considers the significance of site selection in light of the associated costs that would be incurred by businesses to transport waste. Similarly, work by the Corner Brook-Humber Valley Land Use Planning Committee needs careful consideration before any legislation is passed. These two initiatives can have a major impact on business and we are closely monitoring these matters.

Transportation:

The Greater Corner Brook Board of Trade is pleased with the pilot project of government implementation of 24/7 snowclearing on the TCH and looks forward the expansion of this project to include the entire Trans Canada Highway.

9. Marine Atlantic

- While the Marine Atlantic ferry service is a Federal responsibility, it is prudent the Greater Corner Brook Board of Trade address a major issue for the business community and residents of this province.
- Given that the importance of the Marine Atlantic ferry service to the transportation of goods for business, as Marine Atlantic transports about 50% of goods entering Newfoundland, including 90% of perishable goods, coupled with the incredible strain on businesses the frequent delays in service to the Port aux Basques route, the Board strongly encourages the provincial government to be part of the solution.
- The Greater Corner Brook Board of Trade recommends the provincial government work hand in hand with federal counterparts in completing studies into the service of Marine Atlantic and the potential of improving the current port in Port aux Basques or development of an alternate port in Western NL to improve the movement of goods and services to and from the province of Newfoundland.
- On another policy matter, the Greater Corner Brook Board of Trade recommends government institute, based on the freight statistics above, an agriculture expansion strategy to move the province to more self-sufficiency with respect to food production.

10. Deer Lake Airport Development

- Deer Lake Regional Airport is very important entity in Western NL. The Greater Corner Brook Board of Trade recommends the provincial government support all progressive measures being undertaken by the Deer Lake Regional Airport Authority in its growth initiative.

11. Port of Corner Brook - Labrador

- Significant business opportunities between the west coast and Labrador, were highlighted this past winter with the Labrador ferry pilot project. The vessel Sir Robert Bond ran between Corner Brook and Blanc Sablon twice weekly from early February to early April, offering a service to residents and businesses not normally available during the winter months. As the pilot project progressed, the commercial and passenger traffic steadily increased with the ferry near capacity on its last several runs.
- The Greater Corner Brook Board of Trade recommends continuation and promotion of this service into the future and commends government on its foresight to extend for another year.

Transportation, continued:

- With so many projects moving forward in Labrador and the completion of the Trans-Labrador highway, we are very optimistic that the Port of Corner Brook can play a role in facilitating quality transportation links and economic activity between Labrador and Western Newfoundland.
- Development of the Lower Churchill project and the subsequent power corridor across the Straits and down the Northern Peninsula will be of great benefit to this region.
- Another advantage to the service originating from Corner Brook is the regularly scheduled container service to Halifax and Montreal through Oceanex. This link provides the opportunity for cost effective freight movement from Central Canada to and from Labrador.
- Last year Corner Brook Port Corporation announced the results of a feasibility study to fill in the basin between the port and Corner Brook Pulp and Paper to address the long term shipping needs of the paper mill. While the port continues to look for funding for this \$70 million project, the mill has been developing new markets that it needs to reach long before a project of this magnitude can be completed. Rather than wait for funding opportunities that may emerge, the port and the mill are working together to find other means of addressing the requirement to access larger ships to reach international markets overseas. Corner Brook Pulp and Paper has the benefit of its own power supply, convenient access to ocean shipping and a high quality product; significant advantages to compete in the world market. In addition, once they build their demand in emerging markets, they can increase production to earlier levels. While the paper mill cannot accommodate large paper vessels at their facilities, the port corporation has the necessary berth and water depth. There are many logistical issues to be addressed and some infrastructure improvements will be necessary to accommodate larger vessels, but we are hopeful that the port and the mill will be successful in their efforts.
- The Greater Corner Brook Board of Trade recommends the provincial government formally support initiatives of the Corner Brook Port Corporation in expanding the port facility with support from the federal government and other sources. The pulp and paper industry has been the backbone of the economy of this region, and the economic spinoff to Newfoundland and Labrador can continue to be quite significant for many years to come. With the opportunity to reach world markets, the mill has the potential to increase production to full capacity and we need to ensure that we have the necessary transportation and warehouse infrastructure to make this a reality.
- The Corner Brook Port Corporation welcomes members of government to view the facility. The port has made many improvements in the five and a half years since divestiture, and the waterfront is becoming a more vibrant part of the City. The completion of the R.A. Pollett building has provided an area for local residents and visitors to enjoy the waterfront while the investment in infrastructure such as the fixed pedestal crane has improved the business opportunities of the port.

Industry Support:

Western NL is represented by a number of key economic sectors - expansion in oil and gas, forestry, tourism, research and innovation and training are amongst the following policy topics.

12. Oil and Gas:

- The Greater Corner Brook Board of Trade applauds Government's investment to date in the promotion and exploration of oil and gas in Western NL. Nalcor's exploration investment in the Parson's Pond area is also a positive step and a firm message to investors, oil and gas companies, researchers, and community that government support this industry in this region. This continued support also recognizes the role the Board of Trade and its partners throughout the region continue to play in industry promotion including the Board's most recent launch of a new website dedicated to promoting not only the annual Symposium, but also more broadly, exploration and investment in Western NL – www.wnloilandgas.com.
- Budget 2010 announcements of \$1-million in the Oil and Gas Manufacturing and Services Export Development Fund and approximately \$12 million under the Energy Plan to advance petroleum resource marketing, geosciences data acquisition, data management, energy efficiency and conservation, and energy innovation is very progressive.
- The Greater Corner Brook Board of Trade recommends government build on and increase its efforts in this area including:
 - i. Investment in increased capacity for research required by industry in the geosciences for Western NL oil and gas industry;
 - ii. Continued and enhanced support of the International Symposium on Oil and Gas. The Board has a current ask on file for an increase in funding to the 5th International Symposium taking place September 22-24, 2010 at Marble Mountain Resort, Steady Brook;
 - iii. Consideration of a proposal from the Greater Corner Brook Board of Trade for multi-year funding of a permanent organization for the annual International Symposium and other efforts to promote exploration and development of the Western NL oil and gas industry to be submitted September 2010;
 - iv. Placement of a dedicated staff position associated with the Department of Natural Resources in the Corner Brook office with geosciences expertise focused on petroleum research and promotion of the Western NL oil and gas industry;
 - v. Continued partnership with the Western NL Oil & Gas Steering Committee, an initiative of the Greater Corner Brook Board of Trade with representation from Chambers of Commerce, Regional Economic Development Boards, and other key stakeholders in Western Newfoundland; on specific projects that help promote the Western NL oil & gas industry; a second study to follow-up the Supply and Services Study released earlier this year by government is being discussed for submission to government.

Industry Support, continued:

13. Research and Innovation

- The creation of the Newfoundland and Labrador Research and Development Council and the appointment of Glenn Janes as CEO are viewed as positive by the Board of Trade.
- The Board recommends government continue research and innovation support for the development, adoption and adaptation of new and improved products, services and processes by small and medium-sized enterprises, including the concept of the Centre of Environmental Excellence with the aim to attract more research and development, as well as commercialization dollars, to this region and Sir Wilfred Grenfell College and College of the North Atlantic for this purpose.

14. Tourism

- The Greater Corner Brook Board of Trade encourages government to continue to support market efforts for Western NL and continue investment in the Marble Mountain Development Corporation and the Western NL Destination Marketing Organization. Tourism represents a significant economic driver in this region.
- The Greater Corner Brook Board of Trade also commends government for its continued support of the Visitor Information Centre in Corner Brook and request the current funding level to be maintained for future years.

15. Forestry

- The Greater Corner Brook Board of Trade commends the steps government has taken working collaboratively with Corner Brook Pulp and Paper including the investments in forest management responsibilities announced in Budget 2010.
- In these times of economic uncertainty the Greater Corner Brook Board of Trade recommends government employ sufficient resources to continue to develop a model which will be sustainable not only in the short term, but in the medium to long terms as well. This model would include, as well, identification and development of new technologies, markets and products for new value-added opportunities for local and export market.
- The District Energy Project of using wastewater from Corner Brook Pulp and Paper to circulate heat to downtown buildings in Corner Brook is a good example of such a project that government should support and lead in partnership with the City of Corner Brook.

16. Education

- The Greater Corner Brook Board of Trade would like to acknowledge the recent announcement of funding and structural changes for Sir Wilfred Grenfell College. The Greater Corner Brook Board of Trade is looking forward to further developments with respect to the future growth of Sir Wilfred Grenfell College and the economic benefits that will stem from these developments, as well as those to other post-secondary institutions in the region.

Industry Support, continued:

17. Training & Business Support

- Small business owners are busy people. Many spend their days working 'in the business' and never spend time working 'on the business'. This is a place where the provincial government can help. With the devolution of many of the former Service Canada programs to the Department of Human Resources, Labour and Employment, there is an opportunity to reconfigure programs to better meet the needs of small businesses.
- The Greater Corner Brook Board of Trade recommends government, through its various departments, Business Retention and Expansion coordinators, zone boards and other stakeholders, develop a more proactive approach to aiding entrepreneurs. The newly implemented performance management system for zone boards is a great first step in developing accountability around this point.
- The Greater Corner Brook Board of Trade recommends expanding hiring programs to allow for longer term funding with specific interest in succession planning hires. The Greater Corner Brook Board of Trade/INTRD BR&E study has identified succession planning as a major gap in this region. Many entrepreneurs are planning to retire in the next decade and a program aimed at securing these businesses for the future would be very progressive.
- Another finding of the report and member polling shows the need for a more proactive approach in aiding business in expansion. From actually presenting opportunities to aiding in filling out the actual applications, government can be a huge help to those with the ideas, but not sure how to get to the next steps. Government can aid with providing more support to consultants and departmental staff to complete these tasks on a performance based incentive basis.

Conclusion:

The Greater Corner Brook Board of Trade is a very progressive body and recommends Cabinet's Economic Policy Committee schedule more regular consultation sessions with the Board and its membership.

As presented to previous Ministers of Business, the Greater Corner Brook Board of Trade is willing to sit at any time and discuss matters of importance to this region. The Board is also willing to coordinate regional meetings with the other chambers of commerce and business organizations in Western NL.

Again, thanks for this opportunity and if you have any further questions of clarification simply contact the Board and we'll be there to aid in any way possible.

Thank-you.