Comments of the Conseil du patronat du Québec for the 2010 Quebec Government Economic Meeting

Lévis

January 20 and 21, 2010

Conseil du patronat du Québec

In preparation for the Quebec government's Economic Meeting in Lévis January 20 and 21, 2010, the Conseil du patronat du Québec (CPQ) wrote this brief document summarizing various proposals to increase Quebec's prosperity.

The document follows the CPQ's pre-budget brief with greater focus on the fundamental elements requiring action. Four themes encompass the proposals:

1 - **A prosperous Quebec**, which involves the long-term vision the CPQ proposes for the province's economy.

2 - **A responsible Quebec**, which involves the essential elements for achieving prosperity.

3 - **An active Quebec**, which describes specific short-term ideas to renew economic growth.

4 - **A Quebec transformed**, which consists of more fundamental suggestions for the medium term.

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The Conseil du patronat du Québec includes many of the province's largest companies as well as the vast majority of sector-based employers' associations, making it the sole employers' confederation in the province.

The CPQ's goal is to ensure that businesses have the best possible conditions in Quebec—particularly in terms of human capital—for sustainable prosperity in the competitive world economy.

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Long-term Vision

Status of the Quebec economy in 20 years

A prosperous Quebec

A. Canadian leader (GDP/capita):
- No longer an equalization recipient (eventual contributor).

B. OECD leader:
- Among the top 10 (GDP/capita and productivity).

C. A magnet for people and business:
- Sound public finances, with competitive and predictable taxation;
- Modern infrastructure (health, education, transportation, communications, innovation, research and development);
- Strategic and responsible use of abundant natural resources;
- Educated work force that is productive and well trained professionally and technically; value-added job opportunities; critical mass of graduates, post-graduates and academic researchers;
- Competitive energy, maintenance and construction costs.

D. Diversified economy:
- Several economic sectors (particularly knowledge-based) that have a critical mass and that use advanced technology (green technology, for example);
- Critical mass of exports toward markets in addition to the United States (rest of Canada, Europe, and emerging economies);
- Inclusion and participation of all social groups in an expanded work force.

E. Social environment distinct from the rest of North America:
- Responsible programs that foster equity, with high-quality, efficient public services;
- Unique cooperative and development structures;
- Far-reaching creativity that draws on a unique culture and linguistic wealth;
- Superior quality of life and healthy environment;
- Structured welcome for immigrants and a harmonious and effective integration.

F. Positive demographic growth:
- Sustained births and immigration.

Prerequisites

A responsible Quebec

A. Collective and active involvement of economic and labour partners:

- Encourage private investment, labour productivity, employment and the creation of wealth.

B. Sound public finances:

- Institute a stop mechanism for increased public expenses not compensated by savings in existing programs.

C. Competitive taxation:

- Reduce the tax burden to increase individual purchasing power and business investment capacity (after correcting the deficit).

D. Culture of education and training adapted to the labour market, with each player having greater responsibility:

- Profound societal change is required in which the attitudes and behaviour of employers (particularly small and medium-sized businesses), workers, educational institutions, students, parents, and education professionals are transformed;
- Add more demanding measures for graduation and success at each level.

E. Increased productivity:

- Generate investment in machinery, equipment, and technology by entrepreneurs (particularly small and medium-sized businesses);
- Generate changes in work organization, with greater flexibility in working conditions and regulations affecting trades and professions, particularly on the part of unions and professional orders;
- Generate an increase in hours worked, through the integration and adaptation of certain specific groups, such as older workers, immigrants, dropouts, Aboriginals, handicapped people, and those receiving social assistance.

F. Urgent correction of Montreal's economic situation:

- Strengthen investment and new growth initiatives in metropolitan Montreal by introducing measures specific to the context;
- Foster more active leadership by reducing the number of stakeholders;
- Capitalize on Montreal's competitive advantages to ensure its growth (universities, languages, cultures, creativity, knowledge);
- Ensure better integration of immigrants in the labour force.

G. Sustained demographic policy:

- Attract immigration targeted to labour market needs;
- Support a policy encouraging increased births.

A Few Specific Ideas

Short term

An active Quebec

A. Launch a bold economic action plan together with various parties, including news media, to encourage private investment by targeting decision makers (head offices, financial institutions) located in Quebec and abroad.

- Multi-party leadership (employers, government, unions, financial institutions, media).

B. While ensuring government expenses in business aid remain at the same level, reallocate transfer budgets, tax credits and loan guarantees through strategic financial support measures that are simple and adapted, according to the four following criteria. Business aid must help:

- Create added value for a product or service through innovation;
- Improve technological and labour productivity;
- Access a new market;
- Improve a company's environmental performance.

C. In each of these areas, launch a constructive strategy involving partnerships between business, institutions, investment funds, and unions, if applicable.

D. Reorganize existing resources and establish better support services for small and medium-sized businesses: better communication of available programs, accompaniment to ensure businesses benefit, more dialogue between small and medium-sized businesses, and access to new markets with the help of economic partners.

- Potential contribution for accompaniments from Quebec multinational head offices or Quebec subsidiaries of foreign multinationals.

E. Facilitate and support the transfer of companies from retiring directors to new leaders, particularly in the case of family businesses.

F. Take advantage of current collective bargaining in the construction sector to allow for changes to working conditions with greater flexibility, more productivity and lower costs in the industry.

G. Maintain the resources required to pursue efforts for public employment services required for people re-entering the labour market or who can't integrate in the short term, as well as the measures of the Pacte pour l'emploi Plus, until the end of 2011.

H. Take advantage of current collective bargaining in the teaching sector to allow for changes to working conditions with greater flexibility, new methods of education, and professional and technical training.

I. Foster a competitive university education system distinguished by the quality and quantity of its graduates and by its capacity to attract the best financial and human resources in research.

J. Continue the current negotiations with other governments toward better economic cooperation, labour mobility, and the free trade of goods and services within Canada and abroad.

K. Emploi-Québec should establish a directory of experts (companions) in different trades to help small and medium-sized businesses, especially with finding resources to facilitate the training of their workers. Such experts could be drawn from a bank of retired and retiring workers. Small and medium-sized businesses could hire the experts temporarily to train their own employees.

- Goals: To help small and medium-sized businesses overcome the difficulties they face training workers and to capitalize on the knowledge of older workers for Quebec's economic development.

L. We recommend greater effort to recognize the skills of foreign workers, particularly by adding to the existing list of professions and trades whose recognition of foreign worker skills is facilitated. Priority could be given to trades and professions that appear to be heading toward labour shortages.

- Goal: To increase the productivity of foreign workers.

Other Ideas

Medium term

A Quebec transformed

A. Establish a multi-party campaign for prosperity seeking a social culture that encourages the prosperity and entrepreneurship of the business world among citizens and influential people.

- Celebrate success and fight inertia.

B. With the help of teachers, parents, institutions, and businesses, undertake a true transformation of the education and professional training systems to be better adapted to the needs of the labour market.

- Prevent school dropouts and foster a better work-training synergy.
- Increase the number of graduates and implement measures to stimulate university research.

C. Continue modernizing and maintaining strategic infrastructure.

- Health, education, transportation, communications, innovation, research and development.

D. Pursue investments in major projects that help structure the Quebec economy, particularly in the areas of water, energy, sustainable development, and centres of excellence, etc.

E. Prepare a strategy to develop a new more open economic sector in health care, to complement the current offer of public health services in Quebec. Ensure there is at least one major influential project in this area.

F. Capitalize on Montreal's bilingual university network to attract foreign students and researchers in niche areas in which Quebec can demonstrate a distinct advantage, with attractive study, residence and employment conditions. Use this network particularly as a magnet for students from emerging economies.

G. We recommend that each Quebec worker have the opportunity to evaluate the skills he or she has acquired over the years. This evaluation should be compared to the skills required by the labour market. The result, if applicable, could be a description of missing skills related to available training to fill the gap in missing training. Workers would then be officially recognized by the sector concerned, attesting that they have the skills required by the labour market.

- Goal: To increase the productivity of Quebec workers.

H. We recommend that various measures be implemented to increase the working longevity of older workers.

- Goals: To reduce the cost of tax losses due to retirement, and to ensure on a voluntary basis a better use of the resources of older workers for the economic development of Quebec.

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