

**Recommendations of the Board of Trade of Metropolitan Montreal as part
of the Government of Quebec's 2016-2017 prebudget consultations**



February 2016

Preamble

The Board of Trade of Metropolitan Montreal (the Board of Trade) has over 7,000 members. Its mission is to be the voice of Montréal's business community and to promote the city's prosperity. The Board of Trade is involved in key areas of economic development, promoting a philosophy of action based on engagement, credibility, proactivity, collaboration and innovation. The Board of Trade is the largest private economic development organization in Quebec.

Background

To prepare its 2016-2017 budget, the Government of Quebec is consulting the public and socioeconomic players throughout the province to gather their concerns and recommendations.

Every year, the Board of Trade of Metropolitan Montreal takes part in this crucial exercise for the economic development of Quebec and Montréal. The Board of Trade's President and CEO, Michel Leblanc, met with Quebec's Minister of Finance, Carlos Leitão, on February 1, 2016 to share the recommendations of the city's business community with respect to public finances and wealth creation.

This brief presents the Board of Trade's prebudget recommendations.

Introduction

The Board of Trade's prebudget recommendations come at a time when Greater Montréal's economy is gaining strength and the global and Canadian economies are weakened.

The Canadian economy is feeling the direct effects of more sluggish growth in the Chinese economy and its unstable rebalancing toward a more service-based economy. The slowdown in Chinese demand for raw materials combined with the increase in the crude oil supply have resulted in a drop in price for many of Canada's abundant natural resources, in particular in its energy sector. As a result, certain Canadian provinces are now in a recession, which inevitably has an impact on Quebec.

The economic picture for Quebec and Montréal is more positive. Stronger American growth, combined with a drop in the value of the loonie, has sustained growth in manufacturing and exports. As a result, the outlook for economic growth is stronger in Greater Montréal (2.3% in 2016) than in the rest of Canada (2.1% in 2016). Furthermore, Quebec still appears to be on track to balance its budget. However, we must remain cautious, because the outlook for growth for Montréal is lagging that of major Canadian cities such as Toronto and Vancouver.

Even though more jobs have been created in the past year, the unemployment rate in the CMA of Montréal remains high (8.7% in December) and is even more of a concern for downtown, where the unemployment rate is over 10%.

This is why the Board of Trade is emphasizing the importance of strengthening the economic motor of Quebec and improving the competitiveness of its business environment. The government has to leverage key determinants to support productivity and wealth creation. It needs to encourage businesses to invest, find the labour they need for their development and increase exports. More specifically, it must:

1. ensure more competitive taxation for companies and healthy public finances in the long term;
2. find the money required for strategic initiatives to improve the availability of labour that meets the needs of businesses;
3. invest in the city's strategic infrastructures;
4. promote the internationalization of companies.

I. Ensure competitive taxation for companies and healthier public finances in the long term.

a. Waste no time in implementing all of the recommendations of the Quebec Taxation Review Committee to do more to encourage work, productivity and investment.

The Board of Trade supported the Commission's report (the Godbout report) when it was published almost a year ago in March 2015. This rigorous, exhaustive and consistent report responds to the concerns of the city's business community. In its last budget, the government implemented only 28 of the report's 71 recommendations. But the report seeks to strike a balance, and to reap the anticipated benefits, it must be adopted in its entirety.

The Board of Trade therefore reiterates its call to the government **to adopt and apply all of the recommended measures and not to shelve the report.** It also asks that it resist any proposal to choose some measures over others. The taxation review has been done, clear recommendations have been made and the debates have taken place. **It is time for the government to act and implement all of the recommendations. Quebec needs this positive reform for its economic development.** The measures included in the Godbout report:

- adhere to the principles of predictability, simplicity, competitiveness and equity;
- take into consideration Quebec and Montréal's economic challenges, including the demographic crunch, weak business productivity, precarious public finances and major competition to attract and retain talent;
- increase the competitiveness of overall taxation, using the least economically damaging tools, so by increasing fees and consumption taxes and reducing personal and corporate income tax;
- do not increase the overall tax burden of individuals and businesses in Quebec, which is already the highest in North America and higher than the average for OECD countries;
- are zero cost for the government;
- generate economic benefits: close to \$2 billion in GDP, \$592 million in disposable income, \$584 million in private sector investment and the creation of over 20,000 jobs.

The Board of Trade asks the Government of Quebec to implement all of the recommendations and specifically the following.

- Increase taxes and fees while ensuring, as indicated in the report, that they are accompanied by solidarity tax credits and other measures to protect the disadvantaged:
 - increase the QST by 1.025 percentage points to bring it to 11%;
 - increase the specific tax on tobacco products predictably by a dollar a year for five years;
 - increase the tax on alcohol by \$0.087 per litre of beer every year over five years;
 - increase the cost of the heritage pool by 0.8 cent per kilowatt hour;
 - introduce a 10% tax on the overconsumption of average domestic electricity in excess of 80 kilowatt hours a day;
 - set a single rate of \$35 a day for daycare and index it annually thereafter.

- Reduce payroll taxes and corporate income tax:
 - reduce corporate income tax to 10%;
 - introduce a growth bonus for SMEs, offering a marginal rate of 4% on revenue from \$100,000 to \$500,000;
 - reduce payroll tax rates for SMEs by setting the Fonds de services de santé at 1.6% for all SMEs.

The government has already started to implement some of the recommendations. However, the tax cuts announced are more modest than those proposed by the Commission. For example, the government announced a drop in the corporate income tax rate to 11.5% rather than 10% as the Commission proposed. The Board of Trade asks the government to go further in implementing the recommendations of the Godbout report.

Recommendation no. 1

The Government of Quebec must move quickly to adopt and apply the recommendations of the Godbout Commission in their entirety to improve the tax environment for businesses and individuals and to better support investment, work and productivity.

b. Continue efforts to stabilize public finances and reduce the debt.

After six years of running a deficit, the government, as announced in the update to the Quebec Economic Plan in November, is preparing to balance the budget, while many countries are still having difficulty stabilizing their public finances. The Board of Trade applauds the government's budgetary discipline and ability to control spending. This reassures investors and credit agencies and strengthens Greater Montréal's business environment.

However, as experts have often pointed out, the aging population and weak business productivity put a great deal of pressure on economic growth and therefore on the long-term viability of public finances. The Board of Trade asks that the government continue to be vigilant on budget planning and put in place the reforms needed to stabilize Quebec's public finances in the long run.

Specifically, the Board of Trade asks the government to adopt the following measures.

- **Create budgetary leeway.** It is important to have the leeway necessary to deal with the unexpected, particularly given the precarious economic situation in Canada and the world.
- **Control growth in public spending.** Growth in public spending must be lower than economic growth to allow the government to make strategic investments.
- **Implement the recommendations of the Permanent Commission on Program Review.** The Commission's report is thorough and structured. It echoes calls from the business community to improve the government's performance and the business environment of Quebec and Montréal. The Board of Trade applauds the implementation of the Permanent Program Review Bureau and asks that the government go further and put in place the Commission's other recommendations. Sound ongoing management of programs is essential for healthy public finances in the long run.

- **Meet the objective of reducing gross debt to GDP to 45% by 2026.** Quebec is the most indebted province in Canada. Gross debt to GDP reached a peak of 55% in 2015. This puts a great deal of pressure on public finances and our credit rating – and debt servicing already represents close to 12% of spending. **The Board of Trade expects the government to respect its commitment to allocate 50% of any surplus to debt reduction.**

Recommendation no. 2

The government must continue to be vigilant in its budget planning and introduce measures to ensure the long-term viability of public finances. It must:

- **always have a budget reserve to deal with the unexpected;**
- **control growth in public spending so that it remains lower than economic growth;**
- **implement the recommendations of the Permanent Commission on Program Review;**
- **meet the debt to GDP reduction objective of 45% by 2026.**

c. Reduce the tax burden of Quebeckers.

The tax burden remains heavy in Quebec. It is far heavier than those of our neighbours. It is around 1.1 times higher than that of Ontario, 1.2 times higher than the average for Canada and 1.6 times higher than that of the U.S.¹ This situation is a check on the competitiveness of Greater Montréal's business environment and its ability to attract the talent, investments and businesses needed for its growth.

Now that the government is preparing to balance its budget, **it must respect its commitment to allocate 50% of any surplus to reducing the tax burden.**

In an effort to improve tax competitiveness for businesses, the government must place priority on reducing the use of tax tools that most hamper our economic base. The Board of Trade therefore asks the government to reduce payroll taxes and personal income tax.

Recommendation no. 3

The Board of Trade asks the government to respect its commitment to allocate, once the budget is balanced, 50% of any surplus to reducing the tax burden of Quebeckers. It needs to reduce payroll taxes and income tax.

¹ CENTRE FOR PRODUCTIVITY AND PROSPERITY, 2013 Overview.

II. Find the money required for strategic initiatives to improve the availability of labour that meets corporate needs.

Access to qualified labour is a critical issue for a knowledge-based economy dealing with an aging population. Businesses in Quebec and Montréal will have increasing difficulty filling their labour needs. According to Emploi-Québec forecasts, from 2013 to 2017, 330,000 jobs will need to be filled in the CMA of Montréal, 68% (224,900) of them replacements due to retirement.

To tackle this challenge, it is essential to act on a number of fronts, including strengthening the education system to increase the graduation rate, whether in technical, vocational or higher education, and improving the selection, integration and retention of qualified immigrants. The Board of Trade asks the government to adopt the following measures.

a. Improve funding to colleges and universities.

Colleges and universities play a critical role in developing qualified labour that is prepared for the needs of businesses. Greater Montréal has over 58 colleges and 11 universities within its territory.

As we all know, universities suffer from chronic underfunding. They need additional financial resources to improve their performance.

To achieve this, they can either reduce spending or increase revenue. But in recent years, universities have been subject to many cutbacks and have had to rationalize their spending while maintaining the same services. With respect to revenue, compared with other territories in North America, Quebec is the province that contributes the most to higher education. We cannot forget that an increase in subsidies would be an additional burden on our public finances.

One of the best avenues remains having students participate more in the cost of their education. However, Quebec society has made the choice to keep tuition fees well below the Canadian average. If we do not reconsider this approach (although the Board of Trade believes we need to raise tuition fees), we need to think further about tuition charged to students who are not Quebecers or Quebec residents.

To improve the performance of colleges and universities, the government must:

- ensure **sufficient, stable and predictable financing, which will develop the performance of colleges and universities;**
- **remove the ceiling on tuition fees for non-Quebec students (and those who are not Quebec residents) and modulate tuition to field of study and discipline.** It must also allow universities to set their recruitment strategy and ensure that they are encouraged to make efforts in this area. **The government must therefore allow universities to keep any additional amounts raised after the ceiling is lifted on tuition fees and give them the flexibility to determine the lump sum to require from students from outside Quebec in addition to tuition fees.**

Recommendation no. 4

The government needs to improve funding to colleges and universities:

- **by ensuring sufficient, stable and predictable funding that rewards performance;**
- **by lifting the ceiling on tuition fees for foreign students and modulating tuition fees to field of study and discipline, to improve the performance and financing of universities. The government must allow universities to keep any additional amounts raised from lifting the ceiling and give them the flexibility to set a lump sum required from non-Quebec students.**

b. Strengthen primary school infrastructures, the pillars of our society's education.

Many experts² have shown that interventions in early childhood and primary school have lasting effects on learning, motivation and school retention. The ability to learn is at its peak in childhood. Every dollar invested by the government in educating a child from six to twelve years old brings in one to four³ dollars and has a strong influence on school retention, public health and social unity. Essentially, a better education beginning in primary school has lasting benefits for all of society. And yet many schools suffer from a serious maintenance deficit, which impedes their performance.

In light of this, the Board of Trade asks the government to **strengthen primary schools. It must invest the amounts necessary in infrastructures and services to students to ensure students have better conditions and better tools to succeed.**

Recommendation no. 5

The government needs to strengthen primary schools. It must therefore invest the amounts necessary in infrastructures and services to students to ensure students have better conditions and tools to succeed.

c. Invest the amounts necessary to improve the integration of immigrant workers.

Integrating immigrants to the work force is essential, particularly given the current demographic crunch. However, the census metropolitan area (CMA) of Montréal, where almost 87% of the province's immigrants reside, still has difficulty properly integrating immigrants. In fact, the unemployment rate among immigrants in the city is 11.3%, or over four percentage points more

² James J. Heckman, Nobel Prize in Economics, 2000.

³ Jean-Pierre Dubé, *Petite enfance: investir très tôt dans l'apprentissage non cognitif*, February 2005.

than that for people born in Canada. This is a major discrepancy, particularly given that the difference is only one percentage point or less in the CMAs of Toronto and Vancouver.

As presented in its brief on Quebec's policy on immigration, diversity and inclusion, the Board of Trade asks the government to adopt the following measures.

- **Find the money needed to maintain its support to key organizations in the city that seek to promote contact between local businesses and organizations and unemployed immigrant workers.** Of course, it must continue to rely on the most worthwhile programs that have already proven themselves. To this end, the Board of Trade's Interconnection program is highly effective. Since 2010, 5,000 immigrant professionals have had contact with 1,000 participating businesses as part of 7,000 professional networking activities (speed-jobbing interviews, networking activities, internships). Last year, the placement rate for participants was 70%.⁴ This contact between employers and immigrants makes it easier to evaluate experience and skills acquired abroad.
- **Allocate the amounts necessary to develop a more advanced offer in French for integrating immigrants to the work force and helping them advance professionally.**

In recent years, the availability of distance French courses has improved for candidates who are preparing to come to Quebec as permanent immigrants. This improvement has been to the detriment of French courses given in Quebec, even though demand still exists. A poor command of French is the greatest obstacle to immigrants advancing to management positions. Requirements for communication are greater in management positions. This is explained by the nature of duties, which generally involve team management, communication with clients and suppliers and drafting documents. So a command of French is very important for the professional integration of immigrants. **The government needs to increase the francization courses available, particularly for advanced levels to help immigrant workers advance in their careers.**

Recommendation no. 6

To improve the professional integration of immigrants, the government must:

- **maintain its support to key organizations in the city that promote contact between local businesses and organizations and unemployed immigrant workers;**
- **allocate the money necessary to develop a more advanced French offer for integrating immigrants to the work force and for their professional advancement.**

III. Invest in the city's strategic infrastructures

Major public infrastructure projects have a strategic importance. In addition to allowing for the renewal and modernization of our infrastructures, they stimulate economic activity in the short term and improve productivity and economic performance in the longer term.

The state of infrastructures is a major concern for residents of Greater Montréal and for the Montréal business community. Upgrading them and quickly completing new infrastructures, particularly in transportation, is a priority. According to a study conducted by the Board of Trade in 2012,^[1] companies' decisions to invest rest in large part on effective, secure and functional infrastructure. Among transportation infrastructures, investment in public transit is particularly strategic. To this end, the Board of Trade asks the government to adopt the following measures.

a. Quickly strike agreements with the federal government to ensure Quebec and Montréal benefit from the New Building Canada Fund

The New Building Canada Fund has been in effect since 2014 and has a budget of \$14 billion dedicated to infrastructure over a ten-year period. It is divided into two components: the National Infrastructure Component and the Provincial-Territorial Infrastructure Component. The National Infrastructure Component has a budget of \$4 billion for major national projects. The Provincial-Territorial Infrastructure Component has a \$10 billion budget for infrastructures for municipalities with fewer than 100,000 residents. This is the demographic reality for many municipalities on the outskirts and within the agglomeration of Montréal. The latter budget is allocated based on the demographic weight of provinces. In 2015, Quebec's demographic weight in Canada was an estimated 23%, which means that there is a potential \$2.3 billion for infrastructure over the next ten years.

Since the launch of this fund to invest in the country's infrastructures, the Government of Quebec has not had a project approved by the federal government. Agreements with the federal government must be concluded soon to ensure the city takes advantage of these significant amounts for economic development.

Recommendation no. 7

The government must quickly enter into agreements with the federal government to ensure Quebec and Montréal benefit from the New Building Canada Fund.

b. Reserve the amount necessary for priority public transit projects.

The city is suffering from major traffic problems that are hampering its productivity and economic performance. The cost of this traffic is an estimated \$1.8 billion.^[2] Investments in public transit infrastructures will improve the flow of people and merchandise, which will contribute to wealth creation. The government must prioritize public transit projects by adopting the following measures.

^[1] BOARD OF TRADE OF METROPOLITAN MONTREAL, *Competitiveness of the Greater Montréal Business Environment*, June 2012.

^[2] MINISTÈRE DES TRANSPORTS DU QUÉBEC, 2013.

- **Put in place preferential measures for buses.** Preferential measures for buses improve the performance of the public transit system. They make it possible to conduct integrated land use and transportation service planning, and to increase the efficiency of reserved lanes in the agglomeration of Montréal by improving speed, punctuality and traffic flow.
- **Complete the implementation of the Pie-IX BRT as soon as possible – at an estimated \$400 million.** The bus rapid transit (BRT) project on Pie-IX Blvd. in the east end of Montréal is an important public transit project and is yet to be completed. The Agence métropolitaine de transport (AMT) has been working on it since 2007. The official announcement was made in 2009, and the project was to be completed in 2012. Now there will be a gradual implementation beginning in 2016-2017, to complete the project in 2022. The cost of the project is now \$416.5 million.
- **With the Caisse de dépôt et placement du Québec, pursue the process to implement a modern, efficient public transit system on the new Champlain Bridge and on the West Island of Montréal, connecting Montréal-Trudeau Airport to downtown.** Major public transit infrastructure projects must be implemented to improve the flow of people and merchandise. It is a particular priority to ensure the new Champlain Bridge, the West Island of Montréal and Montréal-Trudeau Airport have a modern, efficient public transit system, through the agreement between the Government of Quebec and the Caisse de dépôt et placement du Québec.
- **Extend the blue line of the metro to Anjou.** The project to extend the blue line of the metro to Anjou is also a long-anticipated project in the city. Initial discussions took place over 30 years ago. A project office on extending the metro network was created in September 2009, concluding four years later that the priority was the blue line. A new project office was then created in September 2013 to assess the different methods of completing and financing the extension of the blue line toward the east. At the time it was anticipated that the metro would reach the borough of Anjou at the beginning of the 2020s, the cost of which is an estimated \$1.5 billion.

Recommendation no. 8

To improve the flow of people and merchandise, the government must invest in public transit projects by adopting the following measures.

- **Introduce preferential measures for buses.**
- **Complete the implementation of the Pie-IX BRT as soon as possible – project worth an estimated \$400 million.**
- **With the Caisse de dépôt et placement du Québec, pursue the process to implement a modern, efficient public transit system on the new Champlain Bridge, as well as on the West Island of Montréal, connecting the Montréal-Trudeau Airport to downtown.**
- **Extend the blue line of the metro to Anjou.**

- c. **Complete priority roadwork as soon as possible and on budget and limit road congestion during the work.**

The government must also complete various road projects to improve the flow of people and merchandise. It must ensure that they are completed on budget and on time and introduce

mitigation measures to limit the impact of the work on traffic. The government must take the following measures.

- **Rebuild the Turcot and Dorval interchanges on budget and on time, and begin planning work to redo the Metropolitan Expressway.** The condition of the Turcot Interchange is raising concern and involves maintenance work for a piece of road infrastructure that will soon be torn down. The reconstruction of the Turcot Interchange has become unavoidable with the passing of the years. This project has now climbed to \$3.7 billion and should be completed in 2020. The project to redo the Dorval Interchange seems to have been put on ice for the past few years and is creating confusion for drivers. There are now plans to complete it for 2019. It is essential to complete this construction to improve the flow of 15 million passengers annually who travel to and from Montréal-Trudeau Airport. Furthermore, the deterioration of the Metropolitan Expressway's structures is increasingly visible and is raising concern among the city's drivers. The reconstruction of this strategic artery must be planned soon to determine costs and schedules for the work.
- **Improve mitigation measures on arteries affected by major construction sites for the new Champlain Bridge, the Turcot and Dorval Interchanges and the Bonaventure project to optimize the movement of people and merchandise.** By ensuring the flow of traffic in spite of the many road construction sites and connecting players involved at Mobilité Montréal, we can reinforce mitigation measures on roads affected by major construction. This will improve traffic around the locations that would suffer the repercussions.

Recommendation no. 9

To improve the flow of people and merchandise, the government must invest in the following road projects.

- **Reconstruction of the Turcot and Dorval Interchanges on time and on budget.**
- **Planning work to redo the Metropolitan Expressway; strengthening mitigation measures on the arteries affected by work in the major construction sites for the new Champlain Bridge, the Turcot and Dorval Interchanges and the Bonaventure project.**

d. Create the budget conditions to strengthen Montréal as a transportation and logistics hub, particularly through the Maritime Strategy.

The Maritime Strategy, presented in June 2015, will strengthen Montréal's position in the global transportation and logistics chain and expand access by Quebec and Montréal businesses to international markets. It gives the city a dominant place that reflects the leading role it plays in shipping and its strategic location in North America. In fact, Quebec and Montréal must be equipped to face increasingly intense competition from ports along the American East Coast. The Maritime Strategy must facilitate access by local SMEs to international markets. The entry into force of the Comprehensive Economic and Trade Agreement between the European Union and Canada will increase the number of incoming and outgoing containers by sea. The Board of Trade therefore asks the government to adopt the following measures.

- **Inject \$400 million over five years to develop logistics hubs, including Vaudreuil and Contrecoeur, to maximize the efficiency of merchandise transfers at the Port of Montréal and industrial port areas.** Specifically for our city, Bill 85 provides for the implementation of two logistics hubs and a corridor of economic development along Highway 30 as well as the development of industrial port areas in Greater Montréal. These projects will maximize the efficiency of merchandise transfers at the Port of Montréal and industrial port areas.
- **Start work to improve road access to the Port of Montréal via Highway 25, by opening a new exit on Highway 25 South, adding a third southbound lane, adding a new onramp for Highway 25 North, and beginning work to extend L'Assomption Blvd. and Souigny Ave. This will make it possible to establish an industrial area alongside this road development, bringing in private investment to the east end of Montréal and increasing road access to the Port of Montréal.**

Recommendation no. 10

The government must continue efforts announced as part of the Maritime Strategy and:

- **inject \$400 million over five years to develop logistics hubs, including Vaudreuil and Contrecoeur, to maximize the efficiency of merchandise transfers in the Port of Montréal and industrial port areas;**
- **start work to improve road access to the Port of Montréal via Highway 25, by opening a new exit on Highway 25 South, adding a third southbound lane, opening a new onramp for Highway 25 North, and starting work to extend L'Assomption Blvd. and Souigny Ave., which will make it possible to establish an industrial area alongside this road development, bringing in private investment to the east end of Montréal.**

e. Invest in implementing major strategic projects in the city.

Covering the Ville-Marie Expressway will help create an attractive Quartier de la santé with the new Centre hospitalier de l'Université de Montréal (CHUM) and its research centre nearby. These structuring projects will promote the city's economic development. The government therefore needs to respect the announced schedules for completing the project to cover the Ville-Marie Expressway.

Recommendation no. 11

The government must invest and establish an economic centre around plans to cover the Ville-Marie Expressway and create a health sciences centre around the CHUM Research Centre.

IV. Promote the internationalization of businesses

To develop, businesses in Quebec and Montréal need to diversify their markets and increase exports. The drop in value of the Canadian dollar and more robust American growth create a context that is favourable for exporters.

The government needs to take advantage of the situation to help companies better position themselves on foreign markets. The government's budget needs to enable support to companies, particularly SMEs, in their efforts to develop their activities internationally. The Board of Trade asks the government to adopt the following measures.

- **Facilitate access to financing for developing export markets.** International performance by exporters in the past 12 months is not what it should be given the favourable economic context. We recommend that the government **increase the budget for the Export Program to \$25 million (currently \$17 million), or, at the very least, reinstate the program's 2014-2015 budget of \$19 million.**

Furthermore, some of the financing for the internationalization of Quebec businesses is done based on location (by region) and sector criteria, and not only based on the scope of the project or the company's investment. This can compromise growth-generating projects and, as a result, act as a check on the performance of businesses on the international scene. We also need to reduce the red tape for eligibility for export programs. This financial aid comes with many limits and conditions that weigh down the process and can discourage entrepreneurs from exploring export markets with the government's support.

- **Invest in access to information and the expertise needed to help internationalize companies.** To expand, companies need access to information and advanced expertise about the most promising markets in their niches. Databases are expensive, but they are essential to the internationalization of businesses. The amount and quality of data entrepreneurs have access to needs to be reviewed, and the window businesses can now take advantage of to internationalize is the perfect opportunity for that review. The government has to put in place a program alongside the Export Program dedicated to access to information. It can also include a network of sponsors and advisors who have successfully positioned themselves abroad, which would be a definite source of support for entrepreneurs.
- **Increase support to business training and support organizations – particularly for SMEs – to do business internationally.** These organizations are more in touch with the needs of businesses and are better able to enlighten and guide them in their export efforts, by offering strategic advice, targeted training and trade missions in countries with strong potential. For example, the SME Passport Program offered by the World Trade Centre Montréal, Québec International and their partners has enabled 45 SMEs in the past two years to take their first steps internationally or in a new market by taking advantage of the advice of recognized experts and the organization of trade missions. Furthermore, 23 other SMEs are currently soliciting business, which shows the viability of SME Passport.

Recommendation no. 12

The government's budget must support businesses, particularly SMEs, in their efforts to develop their activities abroad. It needs to:

- **facilitate access to financing for developing markets outside Quebec and increase the budget for the Export Program to \$25 million (currently \$17 million), or, at the very least, reinstate the program's 2014-2015 budget of \$19 million;**
- **increase support to business training and support organizations – particularly for SMEs – to do business internationally;**
- **invest in access to information and the expertise needed to facilitate the internationalization of businesses.**

Conclusion

Now that the government is ready to balance its budget, it needs to concentrate on effective initiatives to drive the economy of Greater Montréal and increase its productivity.

From this perspective, it is essential to first improve the competitiveness of the city's business environment to give companies the conditions in which to prosper. This is why it is essential that the government implement all the recommendations of the Godbout Commission, that it invest in measures to increase the availability of labour that meets company needs, and that it move ahead with strategic infrastructure projects. The government also needs to take advantage of the favourable economic situation to institute a strategy to increase exports.

SUMMARY OF RECOMMENDATIONS OF THE BOARD OF TRADE OF METROPOLITAN MONTREAL

Recommendation no. 1

The Government of Quebec must move quickly to adopt and apply the recommendations of the Godbout Commission in their entirety to improve the tax environment for businesses and individuals and to better support investment, work and productivity.

Recommendation no. 2

The government must continue to be vigilant in its budget planning and introduce measures to ensure the long-term viability of public finances. It must:

- always have a budget reserve to deal with the unexpected;
- control growth in public spending so that it remains lower than economic growth;
- implement the recommendations of the Permanent Commission on Program Review;
- meet the debt to GDP reduction objective of 45% by 2026.

Recommendation no. 3

The Board of Trade asks the government to respect its commitment to allocate, once the budget is balanced, 50% of any surplus to reducing the tax burden of Quebecers. It needs to reduce payroll taxes and income tax.

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The government needs to improve funding to colleges and universities:

- by ensuring sufficient, stable and predictable funding that rewards performance;
- by lifting the ceiling on tuition fees for foreign students and modulating tuition fees to field of study and discipline, to improve the performance and financing of universities. The government must allow universities to keep any additional amounts raised from lifting the ceiling and give them the flexibility to set a lump sum required from non-Quebec students.

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The government needs to strengthen primary schools. It must therefore invest the amounts necessary in infrastructures and services to students to ensure students have better conditions and tools to succeed.

Recommendation no. 6

To improve the professional integration of immigrants, the government must:

- maintain its support to key organizations in the city that promote contact between local businesses and organizations and unemployed immigrant workers;

- allocate the money necessary to develop a more advanced French offer for integrating immigrants to the work force and for their professional advancement.

Recommendation no. 7

The government must quickly enter into agreements with the federal government to ensure Quebec and Montréal benefit from the New Building Canada Fund.

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To improve the flow of people and merchandise, the government must invest in public transit projects by adopting the following measures.

- Introduce preferential measures for buses.
- Complete the implementation of the Pie-IX BRT as soon as possible – project worth an estimated \$400 million.
- With the Caisse de dépôt et placement du Québec, pursue the process to implement a modern, efficient public transit system on the new Champlain Bridge, as well as on the West Island of Montréal, connecting the Montréal-Trudeau Airport to downtown.
- Extend the blue line of the metro to Anjou.

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To improve the flow of people and merchandise, the government must invest in the following road projects.

- Reconstruction of the Turcot and Dorval Interchanges on time and on budget.
- Planning work to redo the Metropolitan Expressway; strengthening mitigation measures on the arteries affected by work in the major construction sites for the new Champlain Bridge, the Turcot and Dorval Interchanges and the Bonaventure project.

Recommendation no. 10

The government must continue efforts announced as part of the Maritime Strategy and:

- inject \$400 million over five years to develop logistics hubs, including Vaudreuil and Contrecoeur, to maximize the efficiency of merchandise transfers in the Port of Montréal and industrial port areas;
- start work to improve road access to the Port of Montréal via Highway 25, by opening a new exit on Highway 25 South, adding a third southbound lane, opening a new onramp for Highway 25 North, and starting work to extend L'Assomption Blvd. and Souigny Ave., which will make it possible to establish an industrial area alongside this road development, bringing in private investment to the east end of Montréal.

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The government must invest and establish an economic centre around plans to cover the Ville-Marie Expressway and create a health sciences centre around the CHUM Research Centre.

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The government's budget must support businesses, particularly SMEs, in their efforts to develop their activities abroad. It needs to:

- facilitate access to financing for developing markets outside Quebec and increase the budget for the Export Program to \$25 million (currently \$17 million), or, at the very least, reinstate the program's 2014-2015 budget of \$19 million;
- increase support to business training and support organizations – particularly for SMEs – to do business internationally;
- invest in access to information and the expertise needed to facilitate the internationalization of businesses.