

ANSSR: Economy Priorities and Progress Assessment Measures

Canada

In 2006 the Government of Canada introduced its blueprint for structural reform in a comprehensive, long-term economic plan called Advantage Canada. This “whole-of-government approach” provided a framework for guiding decisions and building broad-based support for reforms. The plan aimed to implement structural reforms to enhance Canada’s global economic competitiveness and improve Canadian living standards in the face of a changing world economic order as well as domestic social, economic and demographic challenges.

Canada’s reform priorities – initially set out in Advantage Canada - continue to focus on five policy areas:

- Tax — reducing taxes for Canadians and lower tax rates on new business investment.
- Fiscal — strengthening fiscal position for current and future generations.
- Entrepreneurial — reducing regulation/red tape, and creating the right conditions for investment.
- Knowledge — creating a highly-educated, skilled and flexible workforce.
- Infrastructure — building modern, world-class infrastructure.

Recently, Canada’s structural reform initiatives were introduced as part of Canada’s Economic Action Plan to deal with the effects of the 2008 global financial crisis and the continued uncertainty and weakness in the global recovery. The aim of the Economic Action Plan was not just to stimulate economic growth to meet our G-20 commitments but to continue to position Canada in a highly competitive global economy.

Budget 2011 ensures the Action Plan will benefit Canadians into the future by dealing with long-term challenges such as population aging and increased global competition. Budget 2011 focuses on creating the right environment to attract investment and promote productivity growth to ensure a high quality of life for Canadians. It also includes strategic investments focused on enhancing the drivers of growth: supporting job creation; supporting families/communities; investing in innovation/ education/ training; and, preserving Canada’s fiscal advantage. Canada is also working with the US to establish a new long-term partnership that will accelerate the legitimate flow of people/goods between both economies.

Based on Canada’s experience, implementing structural reforms should be part of a comprehensive and effective response to current and future challenges in the global economy. A clear domestic framework can serve to prioritize choices and maintain a consistent approach over time. It should be noted that structural reforms are a gradual and long-term process. It is therefore important that progress to implement necessary structural adjustments is not delayed, given the lag time for these adjustments to have any impact. Finally, APEC’s New Strategy for Structural Reforms should aim to complement the G-20 initiative to achieve stronger, more sustainable and balanced global growth.

ANSSR Priorities

Promoting more open, well-functioning, transparent, and competitive markets	
Priority:	Further promoting an open and efficient trading system.
Progress assessed based on:	<p>Budget 2011 includes measures that further promote an open and efficient trading system and highlights Canada's ongoing negotiation of bilateral free trade agreements with a diverse group of countries. Progress on negotiations can be assessed based on a number of metrics, including the number of agreements successfully concluded. However, it should be noted that negotiations will vary in duration depending on the complexity of Canada's trading relationship with each country.</p> <p>Canada's long-term prosperity depends on its ability to engage in the global economy. The Government of Canada has launched an ambitious free trade and investment agenda that seeks to provide new and diverse opportunities to Canadian companies. Since 2006, Canada has concluded free trade agreements with nine countries and is currently in negotiations with some 50 other countries, including the European Union and India. Taken together, these latter two initiatives will provide Canadian businesses with improved access to markets of over 1.7 billion people and create thousands of job opportunities.</p> <p>Canada also continues to enhance its important trading relationship with the United States. This includes the announcement of an action plan to implement the Shared Vision for Perimeter Security and Economic Competitiveness with the United States. This initiative will accelerate the legitimate flow of people and goods between both economies, while strengthening security and economic competitiveness. Progress in this area will be assessed on the implementation of the Shared Vision for Perimeter Security and Economic Competitiveness.</p> <p>Finally, in recognition of the importance of open markets and trade, Canada is eliminating all tariffs on imported machinery and manufacturing inputs, making it the first tariff-free zone for manufacturers among the G-20. By reducing the cost of importing key factors of production, tariff relief encourages innovation and allows businesses to enhance their stock of capital equipment, making Canadian businesses more competitive at home and abroad. This is of particular importance to the needs of small and medium-sized manufacturers that link to global supply chains.</p>

Promoting better functioning and effectively regulated financial markets	
Priority:	Continued effective risk-based prudential regulation and supervision.
Progress assessed based on:	<p>The Government is undertaking a number of measures to safeguard Canada's competitive advantage in having one of the soundest financial systems in the world. Progress in this area can be assessed on whether the following measures are successfully implemented within their established deadlines.</p> <p>Review of Federal Financial Institutions Legislation – The Government is seeking to introduce amendments to renew statutes in federal financial institutions legislation in fall 2011. The amendments aim to ensure the legislation is up-to-date and responsive to global and domestic developments. The Government launched a 5-year legislative review in September 2010 and is aiming to renew the statutes before the sunset date of April 20, 2012.</p> <p>Implementation of the Basel III accord and agreed-upon G-20 financial sector reforms by established deadlines – Canada will implement Basel III rules well ahead of agreed to schedule for implementation. Work is proceeding on the implementation of the new countercyclical buffer for bank capital as well as the potential role for different forms of contingent capital. There is also a strong commitment to participate in the global review and finalization of the liquidity framework for banks. Canada's Office of the Superintendent of Financial Institutions has also issued guidance to all federally regulated financial institutions, requiring them to transition to the new Basel III standards according to internationally-agreed timelines.</p> <p>Transition to a Canadian Securities Regulator with participating provinces and territories – The Canadian securities regulator is targeted to begin operations in 2012.</p>

Promoting labour market opportunities, training, and education	
Priority:	Implementing reforms that support job creation and lay the foundation for sustainable economic growth and enhancing productivity.
Progress assessed based on:	<p>Progress to be assessed based on the timely implementation of the Government's following policy commitments under Budget 2011:</p> <p>Supporting job creation:</p> <ul style="list-style-type: none"> • Providing a temporary Hiring Credit for Small Business to encourage additional hiring by this vital sector. • Extending the work-sharing program and the Targeted Initiative for Older Workers to help Canadians in some of the hardest hit areas stay in the workforce. • Supporting the manufacturing and processing sector by extending the accelerated capital cost allowance treatment for investments in manufacturing and processing machinery and equipment for two years. <p>Investing in education and training:</p> <ul style="list-style-type: none"> • Helping apprentices in the skilled trades and workers in regulated professions by making occupational, trade and professional examination fees eligible for the Tuition Tax Credit. <p>Note: These policy commitments form part of the Government's Economic Action Plan and progress of implementation under each area will be highlighted in the annual budget process.</p>

Promoting effective and fiscally sustainable programs	
Priority:	As part of the Government's plan to return to balanced budgets over the medium term and in order to restrain the growth in spending, the Government will undertake a Strategic and Operating Review across all of government.
Progress assessed based on:	<p>The Strategic and Operative Review across all of government is scheduled to be completed in 2011-12. Progress will be assessed on the savings identified as a result of the Review process and how these savings are being used to help return to balanced budgets.</p> <p>The Government of Canada is committed to delivering programs and services that are efficient and effective, aligned with the priorities of Canadians and financially sustainable over the long term. To achieve these objectives, the Government of Canada is currently undertaking a Strategic and Operating Review which engages about 70 federal organizations to identify annual savings equal to roughly 5% of total federal direct program spending. The review will change the way the Government delivers programs and services to be more effective and efficient. As a result of these reviews (including the previous round of reviews from 2007-2010), all government departments will be streamlining operations, realigning their activities and transforming their organizations to deliver better programs and results to Canadians.</p>

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