

Speaking Notes for

The Honourable John Baird

President of the Treasury Board

**To deliver at the
Institute for Competitiveness and Prosperity
Conference on Canada's Competitiveness and Prosperity**

**Ottawa
March 10, 2006**

Introduction

Je vous remercie de votre aimable présentation et de votre accueil chaleureux. Je suis ravie de participer au dialogue d'aujourd'hui, et de partager la scène avec d'éminents penseurs de ce pays, ainsi que de traiter des mesures requises pour que le Canada augmente sa prospérité au vingt et unième siècle.

I also want to bring warm greetings from the Minister of Human Resources and Social Development, Diane Finley. Minister Finley wishes she could be here today with you and sends her best regards.

Let me also say that your new Conservative government is focused on implementing five key priorities to help individuals, families and businesses get ahead. We want to:

- clean up government by passing the Federal Accountability Act;
- provide real tax relief to working families by cutting the GST;
- make our streets and communities safer by cracking down on crime;
- help parents with the cost of raising their children;
- and work with the provinces to establish a Patient Wait Times Guarantee.

We want to lower taxes, reward efforts, and make Canada a great place to do business.

I am pleased to see that The Institute, with Roger Martin as chair, is looking at many of the same themes. In the report you are releasing today, you have focused on several issues that cut to the heart of how to best improve economic progress. By highlighting once again the need for improved productivity and greater investment, you have underscored how we can best work together to help Canadians get further ahead.

Your paper has many great insights that will help inform the efforts of everyone working to make Canada a more prosperous place to live. In my talk today, I can't hope to cover all the themes you have touched on in your paper. Instead, I will focus my comments on human capital and its relation to Canada's competitiveness.

As a member of the new federal cabinet, I am eager to learn from all of you today and to determine how the Government can work with you to develop joint solutions to these key challenges.

- Our plan is built on the understanding that Government is neither the answer to all our problems nor the cause of them;
- that each of us has responsibilities as well as rights;
- and, that a dynamic, free market economy is the best hope and surest means of expanding opportunity for our country's citizens.

Le programme électoral de notre parti est basé sur le changement et c'est pour cela que les électeurs ont adopté ce programme.

Drivers of Change

Our agenda is driven by the recognition that the economic environment has changed, fundamentally, in the past 10 to 15 years. As a result, business as usual – or government as usual – is simply no longer good enough!

- Not when China and India are economic giants, tilting the traditional balance that once favoured our hemisphere in the globalized economy.
- Not when technology is changing the rules of the game, enabling individuals to work anywhere and to pursue economic opportunities everywhere.
- Not when innovators with a bright idea create whole new industries that can, almost overnight, make longstanding businesses obsolete.
- Not when nine million Canadian workers lack the necessary skills to keep pace with these changes.
- Not when workplace training is low on companies' priority lists and our major trading partners are already implementing strategies to boost labour productivity.
- Not when competition for international markets is brutal and competition for highly skilled and educated workers is even fiercer.
- Especially not when our country's demographics leave us vulnerable to these current trends.

Challenges Ahead

Canada's slow productivity growth puts us at risk in this volatile environment. As is well known, over the past few decades, productivity in Canada has not kept pace with that of the United States. The gap in living standards has been rising between our two countries, and as of 2004 reached nearly 33 per cent or \$12,000 in personal disposable income per capita. Ultimately it is this issue – Canadians' standard of living – that must motivate all of us to take action.

La vigueur du Canada est attribuable à celle de sa population et de ses collectivités. Afin que le Canada demeure concurrentiel et prospère, nous devons tirer profit du potentiel de tous les Canadiens et Canadiennes et consolider nos collectivités qui pourront s'épanouir dans un monde en évolution rapide.

We believe there are five major human capital challenges we have to overcome. We need to:

- Improve skills and promote lifelong learning
- Strengthen the economic union
- Increase labour market participation
- Support adjustment for individuals, sectors and communities; and
- Address economic and income security

We need to improve the skills of Canadian workers and promote lifelong learning so they can take advantage of the high-end, high-wage employment boom. That is why our Government has committed to open doors so young people can access the skilled trades and higher learning. We want to increase access to post-secondary education and encourage young people to consider a career in the trades by reducing the cost of apprenticeship.

Mais cette solution ne suffit pas. Nous devons également resserrer l'union économique afin de pouvoir établir une meilleure corrélation entre les personnes à la recherche d'un emploi et les employeurs qui ont grandement besoin d'une main-d'œuvre. Le Canada peut s'adapter davantage aux fluctuations de l'économie si nous rendons notre marché du travail plus efficace. Cependant, pour y arriver, nous devons briser l'impasse juridictionnelle qui restreint la mobilité des travailleurs.

Another pressing issue, given growing skills and labour shortages, is maximizing the contributions of under- and un-employed Canadians. We need to fully utilize the talents of those Canadians not fully participating in the labour market. That's why we will work with Aboriginal people to improve their opportunities. That's why we are committed to creating a foreign credential recognition agency to enable immigrants to better integrate themselves into the Canadian labour market.

We also have to look at how to best support older workers, so that those who want to stay on the job, can do so. We have to figure out how to maintain the appeal of employment as older workers approach their retirement years, so that we can make the most of their massive corporate memory and intellectual capacity.

Finally, we need to ensure our country's income support system provides Canadians with meaningful incentives to work. We need to make sure our social investments provide people with the necessary support to make smooth transitions as their circumstances change, so they can succeed in the 21st century.

New Approach

Ces nouvelles réalités exigent une nouvelle façon de penser ainsi que d'autres points de vues et façons de travailler.

Notre gouvernement reconnaît que l'on doit apporter des changements fondamentaux aux programmes et aux politiques afin d'aider les entreprises canadiennes à demeurer concurrentielles.

Canadians have told us that tax relief is part of the competitiveness puzzle we are trying to solve. To this end, our government is committed to reducing the GST by one per cent immediately, putting money back into the pockets of hard-working Canadians. It's a tax cut for everyone. A tax cut you see every time you buy something.

Of course, it's not the only tax relief taxpayers will see. The government is also committed to business tax relief promised, but not delivered, by the previous government. During the election we campaigned on reducing corporate taxes and following through on eliminating the federal capital tax. Rewarding Canadians, in other words, who reinvest their money and create jobs.

Our Government's commitment to co-operation has already been demonstrated in the Prime Minister's early discussions with the Premiers. Skills and learning was a high priority when they met. Our Government has made a firm commitment to strengthen and renew our partnerships with our provincial/territorial colleagues.

To help accomplish this, we plan to work with the provinces to achieve a long-term agreement to address the fiscal imbalance that has existed in this country for the last 8 years. This will deliver many benefits to the provinces, including helping them more effectively provide educational programs needed to strengthen the skill set of Canadians.

We want to find out how we can enhance existing relationships and cultivate new working arrangements that respect jurisdictions and reflect the full complement of our strengths. We must discover how we can capitalize on each other's expertise to fashion solutions to the problems undermining Canada's competitiveness.

OECD Meeting

Our partnerships must extend beyond our domestic borders. We must learn from international best practices in order to improve the results of our programs.

Canada will be hosting the OECD Ministers of Employment and Finance on June 15th and 16th in Toronto to examine the policy recommendations presented in the Job Strategy Reassessment and set the OECD's employment agenda for the coming years. This offers an excellent opportunity to build strategic partnerships with social and business stakeholders as well as the provinces and territories.

Conclusion

As the topics on today's agenda underscore, the challenges confronting our communities and our country defy easy answers. We don't believe in quick fixes and don't pretend to have it all figured out.

Je suis certaine d'une chose : le Canada ne pourra être davantage concurrentiel et prospère que si nous assumons nos responsabilités dans nos propres sphères d'influence et que nous collaborons dans des secteurs où nous avons des intérêts communs.

I am grateful to the Institute for Competitiveness and Prosperity for this opportunity to explore these connections and begin building new relationships. I look forward to working with you to develop innovative solutions that will keep Canada at the forefront in the 21st century. Thank you.