



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

# **STAYING FOCUSED ON CANADIAN JOBS AND GROWTH**

## **Report of the Standing Committee on Finance**

**James Rajotte, M.P.  
Chair**

**DECEMBER 2011  
41st PARLIAMENT, 1st SESSION**

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# **THE STANDING COMMITTEE ON FINANCE**

has the honour to present its

## **FIFTH REPORT**

Pursuant to its mandate under Standing Order 83.1, the Committee has studied proposals in the budgetary policy of the government and has agreed to report the following:





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# CHAPTER 1: INTRODUCTION

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On June 27, 2011, the House of Commons Standing Committee on Finance (hereafter the Committee) launched the 2011 pre-budget consultations with an invitation for Canadians to participate in the consultation process by providing their views about how to achieve a sustained economic recovery in Canada, create quality, sustainable jobs, ensure relatively low rates of taxation and achieve a balanced budget.

While Canada did relatively better than most industrialized countries during the global financial and economic crisis that started in 2008, the nation's economic recovery is likely to be affected by a range of global and domestic factors and uncertainties: the continued fragile recovery in the United States, record-high levels of sovereign debt in some European countries, natural disasters, the impact of a high relative value of the Canadian dollar on various sectors, concerns regarding the level of personal indebtedness in Canada and the aging of Canada's population, among others. With these factors and uncertainties providing context for the future of Canada, this report summarizes the recommendations that were made by the Committee's witnesses, in person and/or through a written brief, and presents the Committee's recommendations for the next federal budget.

Federal finances are often a concern for taxpayers, both personal and corporate. Chapter 2 considers the nation's economy and federal spending.

Governments are often focussed on taking the actions that are necessary to ensure strong businesses, since they — like strong communities and people — are contributors to a nation's prosperity. For businesses, adequate access to affordable financing to become established and to expand into new products and markets, corporate and trade-related tax provisions that are fair and support growth, suitable regulations that exist for sound public policy reasons, properly enforced trade agreements that assure market access, and support for research and innovation that enhance productivity and provide the products that consumers want are thought to be key contributors to success. Chapter 3 comments on access to financing, various corporate tax matters, regulations, tax simplification, a number of issues related to international and internal trade, and research and innovation.

People live in, and businesses sell their goods and services in, communities that, ideally, are strong. Strong communities are another priority for governments. In supporting communities and helping to assure their strength, governments, businesses and people may focus on adequate and functional infrastructure, a healthy and safe environment, housing, arts and culture, charitable and volunteerism measures that contribute to a high quality of life, the unique needs of certain communities and support for those in other nations. Chapter 4 examines infrastructure, the environment, housing, arts and culture, charities and volunteerism, rural and remote communities, and domestic safety and security.

A common goal for governments is strong people, people who are taxed appropriately, who are healthy and well-educated, and who have needed supports

whether in or out of the labour force and in retirement. Certainly, strong people are better able to enjoy life, make meaningful contributions at their workplace and in their communities, and be an integral part of their nation's prosperity. Chapter 5 discusses strong people, with a focus on personal taxation, health, education, job and other supports, and pensions.

The report concludes with Chapter 6, which provides the Committee's final thoughts about strong federal finances, businesses, communities and people, all of which — in the Committee's view — contribute to a resilient nation and a sustained recovery.



## CHAPTER 2: STRONG FEDERAL FINANCES

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When Canada's businesses, communities and people are strong, the federal government receives comparatively more tax revenue, thereby enabling it to continue to provide the services that businesses, communities and people need to remain strong without having to increase the debt burden on future generations. As well, with a strong economy, federal spending on some programs may be relatively lower and the collection of tax revenue may be relatively higher, thereby enabling the government to provide the services that people value. Some witnesses shared their view that jobs and the economy should remain a priority. Their opinions about the Canadian economy and about a variety of issues related to federal spending are included in this report.

### **The witnesses requested ...**

#### **2.1 The Canadian Economy**

In a small, open economy like that of Canada, global occurrences — both positive and negative — can have significant economic impacts, as was evident during the recent global financial crisis. A number of witnesses provided suggestions relating to the Canadian economy, some of which concerned economic growth and others which were intended to stimulate business investment, either directly or indirectly.

##### **A. Economic Growth**

Some witnesses indicated that Canadian economic growth has been negatively affected by international factors, including Middle East unrest that is affecting energy prices, natural disasters that affect supply chains and global trade, and the ongoing sovereign crisis in some European countries. A

***"I certainly feel personally—and it is the position of the CWTA—that we're better off with lower corporate taxes, and lower taxes in general, to sustain economic activity, to create more jobs, and to create a climate for investment and for growth, where we invest in strategic infrastructure but we don't simply subsidize sectors. That's what will enable more growth and more job creation, and that's in the end what enables us to pay for the social programs we want, whether they're health care, education, or senior care, whatever we need."***

*Bernard Lord (President and CEO, Canadian Wireless Telecommunications Association), 18 October 2011*

A number of witnesses said that the Canadian economy is expected to grow more slowly in 2012 than was previously expected; their projections for gross domestic product (GDP) growth ranged between 1.5% and 2.5%, rates that are lower than the 3% growth that Canada experienced in 2010.

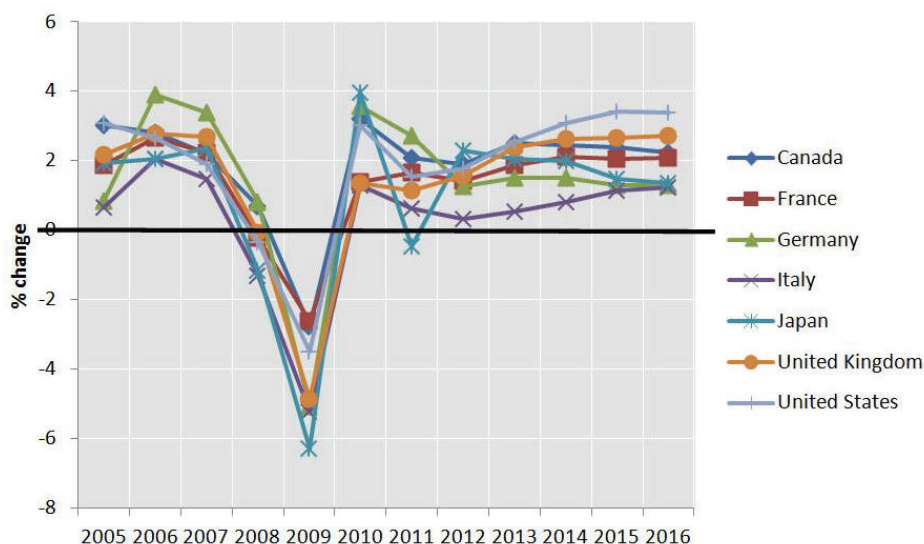
Certain witnesses proposed measures that they believed would stimulate the Canadian economy. For example, each of the following suggestions was advocated by one witness: the creation of an advisory board of chief executive officers and

entrepreneurs who would provide advice to the federal government on the challenges that businesses face with respect to technology, regionally coordinated economic development bodies, the maintenance of low levels of inflation, the creation of an economic development strategy, the development of government strategies to advance knowledge in such areas as agriculture, energy and the environment as well as the integration of new technologies and business models into these areas, and the adoption of gold as legal tender in Canada.

Two witnesses commented on alternative interpretations of economic concepts. One witness supported measures of employment that would consider unpaid but productive work, while another witness spoke about a measure that would divide the economy into various forms of capital — human, natural, infrastructure, financial, etc. — and would measure changes in the value of each type of capital from year to year.

Some witnesses spoke to the Committee about the importance of financial literacy among Canadians in light of record high levels of personal debt.

**Figure 1 — Real Gross Domestic Product, Group of Seven Countries, 2005-2016 (% change over previous period)**



Note: Data beginning in 2011 are projections.

Source: Figure prepared using data from the International Monetary Fund, *World Economic Outlook Database*, September 2011.

## B. Business Investment

According to a number of the Committee’s witnesses, business investment is the most important contributor to Canadian economic growth in the short to medium term; that said, in their view, businesses need to be confident about the potential for growth in the Canadian economy before they are likely to increase the amount of their investments.

Some witnesses suggested measures that they felt would assist certain industries and, therefore, help to restore business confidence. For example, a number of witnesses

supported continued funding for sectoral councils, one witness proposed the implementation of an internationally competitive automotive investment incentive program and the development of a value-added manufacturing strategy in order to expand Canada's manufacturing industry, and another witness urged the establishment of a private-public sector task force to study the foodservice and restaurant sector and to make recommendations to foster the sector's growth.

## 2.2 Federal Expenditures

Decisions about government budgets, especially during times of economic uncertainty, can be controversial, with some believing that governments should increase spending in order to stimulate economic growth, and others feeling that increased spending would lead to higher debt and economic hardship in the future. A number of the Committee's witnesses shared their views on federal spending, budgetary decision making, federal procurement practices and transfer payments to the provinces and territories.

### A. Federal Spending

Some witnesses supported the current goal to return to balanced budgets by 2014-2015, praised the government's ability to do what is necessary to protect jobs in the economy, and asserted that the government should maintain its fiscal track and its spending at the 2011-2012 level as a share of GDP, and perhaps adopt, as a guideline for spending increases, the rates of

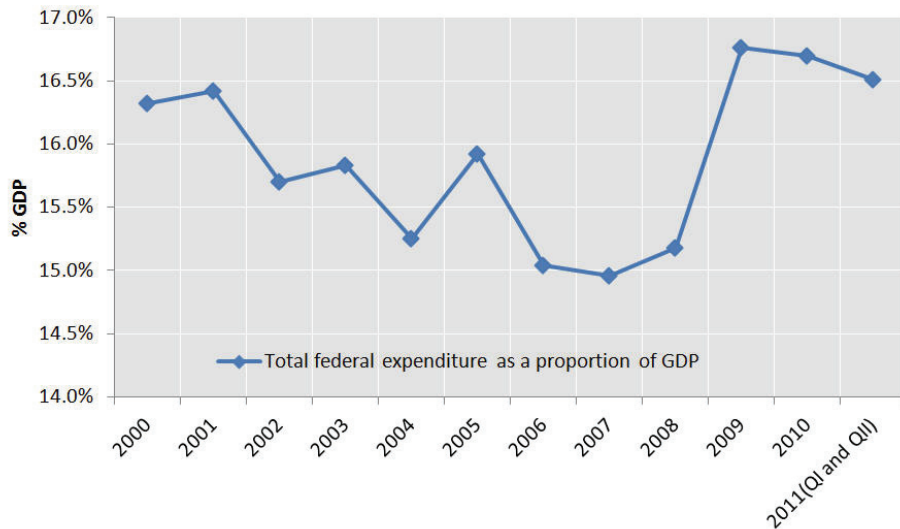
***“The system of pensions that has been developed for the Canadian public sector has been developed with the idealistic goal that public sector workers in Canada should have a disposable income close to their final salaries. The system has turned out to be a retirement bonanza for public sector employees. However, with today's current demographic reality, the pension system that is based on final salary is no longer sustainable. Successive governments have failed to make necessary changes to ensure that the system will be sustained over the long term. [...]. Doing nothing to control current pension obligations will cost public sector employees everything. [...]. There has been a serious lack of discussion in Canada about public sector pension reform, but other governments have begun to address the issue. [...]. We urge the government to reform public sector pensions now.”***

*William Tufts (Founder, Fair Pensions for All), 6 October 2011*

increase in the population, prices and GDP. However, other witnesses argued that the federal government should abandon the goal of budgetary balance in the short to medium term, and should instead focus on stimulating the economy — or on being prepared to do so — should economic circumstances worsen. A number of witnesses proposed that the federal government should cancel the strategic operating review and increase federal spending on public-sector jobs, with the allocation of sufficient funds for wage increases and for the protection of pensions and other benefits for federal public servants.

A number of the Committee's witnesses advocated additional federal spending reductions, which would mean an earlier return to budgetary balance, and one witness suggested that reduced federal spending could occur through the provision of certain services by families, charitable organizations and other non-governmental organizations. A variety of proposals aimed at reducing administrative and operational expenses were presented to the Committee, and each of the following suggestions was supported by one witness: clarification of the jurisdiction of federal, provincial and territorial, and municipal governments in order to avoid duplication, ongoing scrutiny of government programs, consideration of tax expenditures in reviews of spending, minimization of travel expenses incurred by federal employees through a policy requiring them to use the least expensive options, discretion in identifying documents that require

**Figure 2 — Total Federal Expenditure as a Proportion of Gross Domestic Product, Canada, 2000-2011 (QI-QII)**



Note: "QI and QII" presents the first and second quarter respectively. "GDP" is gross domestic product.

Source: Figure prepared using data from Statistics Canada, CANSIM Tables 385-0032, 380-0017, 380-0002, accessed November 17, 2011.

***"We recommend that governments stay focussed on eliminating the deficit in the medium term, and one important way of doing that is to start bringing federal public sector wages and benefits more in line with the private sector. There's also a need to review public sector pensions, and we suggest that governments start by implementing a common methodology for all public sector pension liability so that we can better understand what we're dealing with. In addition, we believe that federal public sector employees should increase their pension contributions from the current approximate 36% of their pension to 50% over time, which is the norm for most provincial public sector employees."***

*Corinne Pohlmann (Vice-President, National Affairs,  
Canadian Federation of Independent Business),  
18 October 2011*

translation, and enforcement of a policy that all internal and external correspondence be electronic, unless otherwise required.

Other proposals to reduce spending that were made by one witness in each case were focussed on abolition of the Senate of Canada, adherence to fixed dates for elections every four years, reduced financial support for visits from the monarchy, elimination of funding for the Canadian Human Rights Commission and the Canadian Human Rights Tribunal, and termination of all special interest funding.

***“Slaying the deficit dragon is also in the long-term interest of the country. We need to get our finances in order to gain the financial flexibility to deal with the gale force of an aging population and tackle areas that are crucial to Canada’s long-term competitiveness.”***

*Tina Kremmidas (Chief Economist,  
Canadian Chamber of Commerce),  
31 October 2011*

## **B. Budgetary Decision Making**

A number of witnesses provided suggestions regarding the way in which they think budgetary decisions should be made. For example, some witnesses proposed that certain decisions should be assessed in terms of the impact that they could have on various demographic groups, and urged the development of a policy that would require federal spending to be of equal benefit to each group affected by such a policy decision. Some witnesses proposed that the government should decentralize departments and create more offices outside of Ottawa. In order to inform public policy and budgetary decisions, a number of witnesses said that the government should find ways to collect and publish disaggregated data that demonstrate the differences among various socio-economic categories in order to identify and characterize those at structural and/or systemic disadvantages.

## **C. Federal Procurement Practices**

In speaking to the Committee about federal procurement practices, a variety of proposals were made, with each of the following suggestions supported by one witness: formulate government requests for work in terms of desired outcomes rather than in terms of specific tools to be used, discontinue the use of placement agencies, reduce bilingualism requirements in the procurement processes for services, limit the use of consultants for special assignments, implement social value weighting in all tenders, include community benefit agreements on all major contracts, use procurement as a tool to promote innovation and require that all construction projects financed with federal funds be tendered without any precondition regarding contractor-union involvement.

## **D. Transfer Payments to the Provinces and Territories**

A number of the Committee’s witnesses provided their views about federal transfer payments to the provinces and territories. While some witnesses felt that such payments for health, education and social services should be eliminated or drastically reduced, others felt that the amount of such payments should be maintained at their current level or

increased. One witness argued that a national standard of services should be applied equally across the country.

The Committee was told by one witness that the federal government should work with the provinces and territories and Canada's large urban centres to develop a new fiscal framework that would provide these centres with greater revenue-generating capacity. According to this proposal, any additional expenditures should be balanced with cost savings in other areas so that there would not be a net cost for the measure, and the framework should include sufficient governance, transparency and accountability provisions so that municipalities would be able to improve their delivery of infrastructure and services to their constituents.

### **The Committee recommends ...**

The Committee holds the opinion that strong federal finances are a pre-requisite for resiliency and a requirement in order to support businesses, communities and people. It is important that future generations not be burdened with debt, which requires a focus on budgetary balance. As stewards of taxpayers' money, governments should ensure that spending is effective and efficient. Recommendations are made by us in each of these areas, with a view to ensuring a continued ability to stimulate growth, as needed, and a sustainable financial future. We also make a recommendation about financial literacy, which is the subject of Bill C-28, An Act to amend the Financial Consumer Agency of Canada Act.

From that perspective, the Committee recommends that:

**The federal government continue to implement the Next Phase of Canada's Economic Action Plan to support jobs and economic growth.**

**The federal government continue to promote financial literacy.**

**The federal government limit new spending commitments in the upcoming federal budget. In the context of the current fiscal realities, massive new spending would be fiscally irresponsible. However, the government should continue to closely monitor the global and domestic economic situation and, if the Canadian economy weakens significantly, respond as necessary in a flexible and measured manner to support Canadian jobs and economic growth.**

**The federal government continue in its plan to return to balanced budgets in the medium term, including following through on its deficit reduction action plan in order to achieve at least \$4 billion in ongoing annual savings by 2014–2015.**

**The federal government continually review spending to eliminate waste and inefficiencies to optimize value for taxpayers' money,**

**including auditing every department on a rotating basis to ensure ongoing efficiency.**

**In meeting its commitment to return to budgetary balance, the federal government not raise taxes or cut transfers to persons, including those for seniors, children and the unemployed, or transfers to other levels of government in support of health care and social services, equalization, and the gas tax transfer to municipalities.**





## CHAPTER 3: STRONG BUSINESSES

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Businesses that are strong are better able to withstand global uncertainty as well as to contribute to the sustained and future well-being of Canada. In that context, some witnesses provided their views on a number of corporate issues that they believe would contribute to business strength: adequate access to financing, fair and competitive corporate taxation, capital cost allowances that reflect the useful life of assets, a move towards fewer regulations that are reasonable and determined transparently, trade-related taxes that do not inhibit commerce, trade agreements that enhance market access, and research and innovation that help to assure high levels of productivity and the ability to provide consumers with the products they want.

### **The witnesses requested ...**

#### **3.1 Access to Financing**

Timely access to affordable financing is important to every business: to those that want to become established, to those that want to expand in order to meet consumer demand for their product, and to those that want to enter new markets or pursue new product lines. Some witnesses provided the Committee with their thoughts about various tax credits, capital gains and preferred shares, access to foreign capital, co-operatives, social enterprises and financing-related measures for particular sectors.

#### **A. Tax Credits**

While a number of witnesses recognized that access to capital may be more problematic for businesses in certain sectors, they also noted that access to financing may be especially difficult for businesses in particular stages of development. In that context, they advocated the creation of tax credits for angel investors and for those who invest in businesses in the later stages of product development and commercialization, which could be beneficial for the information and communication technology sector, among others. As well, some witnesses highlighted the need to increase the Labour-sponsored Funds Tax Credit limit for a taxation year.

#### **B. Capital Gains and Preferred Shares**

One witness told the Committee that the favourable tax treatment of gains realized from the sale of shares may encourage small and medium-sized enterprises (SMEs) to distribute dividends to shareholders rather than to retain capital in the business for expansion, and argued for a decreasing capital gains inclusion rate that would be correlated with the length of time that the shares are owned.

In noting that the *Income Tax Act* contains a special tax regime for dividends received by preferred shareholders that results in a higher rate of taxation in relation to these dividends than on dividends received through other methods, some witnesses

supported a reduction in this higher rate as a means of enabling companies to raise capital through preferred shares.

### **C. Access to Foreign Capital**

In order to allow businesses to access the capital that is available to a subsidiary in a foreign jurisdiction, one witness informed the Committee that intra-corporate loans from foreign subsidiaries of Canadian parent companies should be permitted to occur without adverse tax consequences, such as withholding taxes, taxation of interest and foreign exchange gains, and attribution of income. Tax-free repatriation of profits from a foreign affiliate was also supported by that witness. One witness highlighted that it is easier for Canadian corporations to raise funds with a single securities authority.

***“We have always been of the view that one of the best protectors for consumers is to deal with regulated financial institutions that fall under a proper supervisory regime, whether it’s financial institutions or registered and regulated advisers. I would also say, and I hearken back to a question I responded to earlier, that one of the great advantages that we see of a national approach to securities regulation, a Canadian security regulator, is that it would significantly strengthen enforcement and significantly strengthen the capacity to go after the bad guys.”***

*Terry Campbell (President and Chief Executive Officer, Canadian Bankers Association), 18 October 2011*

### **D. Co-operatives**

Some witnesses made suggestions in relation to co-operatives. For example, they advocated the creation of a federal co-operative development fund, which would provide repayable loans to co-operatives in partnership with the private sector, and argued that the temporary co-operative development initiative, which provides grants for business planning and technical assistance, should be made permanent. Furthermore, they spoke to the Committee about the creation of a tax credit for co-operative members and employees who invest in producer- and employee-owned co-operatives. Specific mention was made of producers in the agricultural, fisheries and forestry sectors.

### **E. Social Enterprises**

Regarding social enterprises, some witnesses shared their view that investment funds and tax measures are needed. In particular, they advocated the creation of national and regional investment funds that would partner with financial institutions to help social enterprises raise capital and the implementation of targeted tax incentives. One witness argued for the development of seed funding and micro-credit for social enterprises.

### **F. Sector-Specific Measures**

A number of the Committee’s witnesses made requests in relation to the financing needs of businesses in particular sectors. For example, some witnesses said that access

to venture capital in Canada is one of the biggest challenges faced by companies with products that take a long time to develop and commercialize; particular mention was made of the biotechnology and mining sectors.

In relation to biotechnology, one witness urged expansion of the flow-through share measure to include all junior biotechnology companies, while another witness argued for inclusion of businesses in the knowledge-based sector in the measure and for the flow-through share measure to be made permanent. Regarding the mining sector, for businesses that currently qualify for the flow-through share measure, one witness requested an increase in the annual limit of Canadian development expenses that may be converted to Canadian exploration expenses, and advocated expanded eligibility for the conversion by increasing the capital ceiling. As well, some witnesses suggested that the Mineral Exploration Tax Credit should be made permanent.

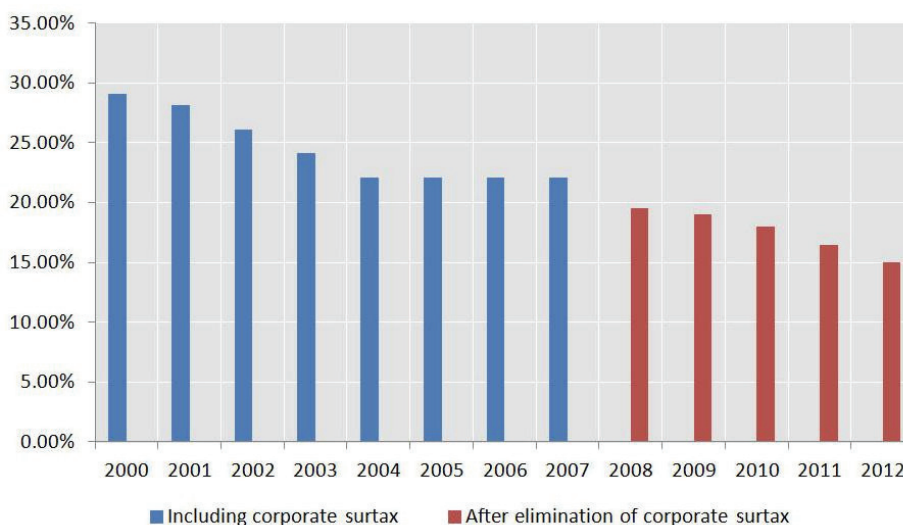
### 3.2 Corporate Taxation

As in other developed countries, corporations in Canada are liable for the payment of taxes on their income. A number of witnesses presented the Committee with their views about a variety of aspects of corporate taxation, including the general corporate income tax rate, the small business deduction, taxation of affiliated companies and international taxation, the deductibility of expenses and the taxation of capital gains.

#### A. Corporate Income Tax Rate

The Committee's witnesses held varying views about the general corporate income tax rate and, more specifically, about the rate reduction to 15%, scheduled for the 2012 taxation year. A number of witnesses supported implementing the scheduled rate change, which would lead to increased investment and competitiveness.

**Figure 3 — Federal Corporate Tax Rate, Canada, 2000-2012**



Source: Figure prepared using data from Brett Stuckey and Adriane Yong, *A Primer on Federal Corporate Taxes*, Library of Parliament, Ottawa, 2011, <http://www.parl.gc.ca/Content/LOP/Research/Publications/2011-44-e.htm>.

Holding the view that corporations are the major beneficiaries of public infrastructure, one witness called for suspension of the scheduled federal corporate tax rate reduction in 2012 to enable federal funding of infrastructure improvements. Some witnesses disputed that view and submitted studies showing that corporate taxes are borne by workers through reduced salaries and job losses, and by consumers through increased prices.

***“By reducing the federal corporate income tax rate from 21% to 15%, the government has confirmed its commitment to keeping Canada competitive, enhancing the prospects for sustainable economic growth, and increasing the attractiveness of investments in Canada.”***

*David Penney (President, Tax Executives Institute, Inc.), 29 September 2011*

A number of proposals in relation to corporate tax rates were suggested by one witness in each case, including: the provinces should maintain an overall federal-provincial tax rate of 25%, the general corporate rate should be increased by one percentage point, the 22% general corporate rate that existed for the 2007 taxation year should be reinstated or the scheduled rate change should be repealed, a special tax on corporate income exceeding a certain level should be introduced, income earned by privately owned businesses that have annual income below a specified amount should be taxed at a lower rate, and the “alternative minimum tax” should be eliminated or limited in its application.

## **B. Small Business Deduction**

Arguing that small, privately owned Canadian businesses in capital-intensive industries cannot use the lower tax rate associated with the small business deduction because the capital threshold makes them ineligible, a number of witnesses supported an increase in this threshold for capital-intensive businesses, such as automobile and recreational vehicle dealers as well as vintners, and a review of the fairness of the small business deduction. One witnesses suggested a general increase in the capital threshold, which has not changed since its introduction in 1994, and indexation of the threshold to inflation.

Some witnesses proposed technical changes to the small business tax rate rules. For example, they called for the exclusion of lien notes and inventory from the definition of “taxable capital” for purposes of establishing eligibility, flexibility for associated companies, elimination of the phasing out of eligibility for businesses with capital between certain amounts and an increase in the income limit to which the lower tax rate applies. For businesses that use retained earnings to finance expansion, one witness advocated an increase in the income limit to which the lower tax rate applies. Another witness urged a review of the rate’s application to personal services businesses, while yet another witnesses focussed on the need for a rate review in relation to rental property owners.

### **C. Business Group Taxation and International Taxation**

According to some witnesses, the Canada Revenue Agency (CRA) does not always permit affiliated companies to transfer losses, although businesses can transfer losses between associated companies in certain instances and during corporate reorganizations. From that perspective, they argued for taxation of corporate groups rather than taxation on the basis of an individual corporation, thereby enabling losses, profits and other tax attributes to be transferred among profitable and unprofitable entities. A number of witnesses supported a tax-loss or tax-attribute transfer system for corporate groups that is similar to the regime in the United Kingdom.

***“The government’s commitment to reducing the general corporate income tax rate to 15% by 2012 is important to our ongoing economic recovery and should be applauded. We also encourage the continued adoption of policies recommended by the Advisory Panel on Canada’s System of International Taxation.”***

*Gabe Hayos (Vice-President, Taxation,  
Canadian Institute of Chartered Accountants),  
18 October 2011*

Holding the view that a country’s tax system is one factor considered by multinational companies in determining whether to invest in a jurisdiction, some witnesses suggested that the federal government should implement the recommendations in the 2008 report of the Advisory Panel on Canada’s System of International Taxation in order to provide tax benefits that would result in increased investment in Canada and abroad. For example, they argued that dividends received from foreign affiliates of Canadian corporations should be exempt from taxation. One witness said that Canada and other countries should work together to determine a minimum taxation rate for income earned by large corporations, and other witnesses called for tax reform in an effort to reduce tax evasion and avoidance.

### **D. Deductibility of Expenses in Certain Sectors**

In order to increase investment in shale gas development, one witness told the Committee that natural gas drilling and costs incurred to create a functional well should be deductible for a limited time at a higher straight-line rate rather than at a lower rate on a declining-balance basis.

One witness informed the Committee that the list of eligible costs related to rental construction that are deductible from taxable income was reduced in the 1970s and 1980s, and suggested that the list should be restored to its original state for individuals who own rental real estate.

### **E. Capital Gains**

A number of witnesses made sector-specific comments about the taxation of capital gains. For example, they suggested that the capital gains deduction limit for small

business shares should be indexed to inflation. In relation to owners of rental residences, one witness said that – like other businesses that purchase replacement capital – these owners should be able to purchase replacement rental property without incurring a capital gain or loss until the property is not replaced within a certain time period.

### **3.3 Capital Cost Allowance**

The capital cost allowance (CCA) allows businesses to depreciate the cost of an asset used to generate income over the economic life of that asset. In discussing the CCA, a number of the Committee’s witnesses commented on the accelerated allowance for machinery and equipment and the CCA in relation to such sectors as broadband, heat and energy generation, wood buildings, agricultural equipment, information and communication technology, rail cars and shipbuilding.

#### **A. Accelerated Capital Cost Allowance for Machinery and Equipment**

Some witnesses highlighted the temporary two-year accelerated CCA for machinery and equipment, and suggested that the measure should be extended to allow for long-term business planning. They also advocated an expansion in the list of machinery and equipment eligible for the accelerated CCA; particular mention was made by one witness of machinery and equipment that use clean energy and/or have reduced emissions, while another witness highlighted diesel-powered mobile equipment and heavy-duty off-road vehicles. As well, in the view of one witness, businesses should be permitted to carry back losses that result from the application of the accelerated CCA to the previous seven taxation years.

#### **B. Sector-Specific Measures**

A number of the Committee’s witnesses made suggestions for improving the CCA regime for assets used in specific sectors. In general, these proposals were designed to promote investment and to better align the economic life of an asset with the depreciation rate.

In relation to next generation broadband networks, some witnesses supported a temporary straight-line deduction for the equipment most closely associated with broadband networks in classes 8, 42 and 46 of the *Income Tax Act* while, regarding access to high-speed networks, they advocated a temporary 100% CCA rate for investments in next generation broadband networks by network suppliers in designated underserved areas. They also argued for a suspension in the half-year rule, which limits the CCA to 50% of the normal rate, for newly purchased broadband network assets.

One witness told the Committee that, when compared to the rate applied to similar assets in other classes, equipment listed in classes 43.1 and 43.2 of the *Income Tax Act* — equipment used in the efficient generation of energy and/or heat from alternative and conventional sources — have a relatively higher CCA rate. The witness suggested that the equipment in class 43.1 should be reviewed and expanded, and that the temporarily increased CCA rate for class 43.2 should be extended.

Recognizing that, in the past, the CCA rate for buildings constructed using wood was higher than the rate for buildings constructed using concrete, one witness advocated changes designed to assist the rental housing sector. The witness argued that the CCA rate for wood-constructed buildings should be increased to 5% or, in the alternative, that the rate for wood-constructed buildings should be increased to 6% and the rate for concrete-constructed buildings should be increased from 4% to 5%. The witness also suggested that rental property owners should be able to deduct losses occurring as a result of the CCA deduction from other sources of income.

According to one of the Committee's witnesses, increases in the CCA rates for agricultural equipment could lead to investments that would improve food safety, lower input costs and reduce carbon emissions. Consequently, the witness supported increases in the CCA rate for aeration and bin temperature monitoring systems, on-farm fertilizer storage, global positioning system equipment, more efficient tractors and tractors with lower greenhouse gas emissions.

In order to reflect the short life of computer equipment and railway cars before replacement is required, a number of the Committee's witnesses commented on CCA rates in this regard. One witness proposed an increase in the CCA rates for information and communication technology equipment, while another witness argued for an increase in the rates for railway cars owned by railway companies, rail leasing companies and private car owners.

Regarding the shipbuilding industry, one witness suggested that owners of shipbuilding operations should be eligible for both the federal program that subsidizes loans for shipbuilding and the accelerated CCA rate for Canadian-built ships in order to permit companies to claim the full value of the capital cost allowance in the current taxation year.

### **3.4 Regulations, Regulation Making and the Regulatory Burden, and Tax Compliance and Simplification**

Regulations and the statutes that enable taxation govern a wide variety of business activities in Canada. A number of the Committee's witnesses spoke about regulations to address the demutualization process for insurance companies as well as about the making of regulations, the regulatory burden and new regulations. They also highlighted a variety of issues relating to tax compliance and simplification.

#### **A. Specific Regulations for Demutualization**

One witness indicated that regulations are required for the demutualization of property and casualty mutual insurance companies, and proposed measures that should be included in proposed regulations: giving each policyholder a vote on demutualization; requiring mutual insurance companies to prove, before demutualization is permitted, that other alternatives were considered and that demutualization would serve the best interests of all policyholders; and either treating all policyholders equally with respect to the distribution of the surplus in the event that demutualization occurs or prohibiting

distributions to policyholders by requiring the distribution of the surplus to the mutual and co-operative sector or to the charitable sector rather than to policyholders.

## **B. Regulation Making, the Regulatory Burden and New Regulations**

In order to reduce the regulatory burden on businesses, some witnesses called for enforcement of the Red Tape Reduction Commission's recommendations to ensure that federal departments and agencies are held accountable and that success is clearly measured, such as through a reduction in the number of regulations.

***“Another area of concern for our members is red tape and the cost of regulatory compliance. We are pleased to see the government taking action on this issue, and we look forward to the outcome of the red tape commission's review.”***

A number of witnesses made proposals regarding the regulation-making process, and the following suggestions were supported by one witness in each case: ensure both greater transparency when regulations are drafted and communication to the public about the objective and compliance costs of new or amended regulations, consider sunset clauses for regulations not in force, and repeal an existing regulation each time a new regulation comes into force.

*Nadine Miller (Chair, Canadian Construction Association), 18 October 2011*

Some witnesses made suggestions designed to reduce regulatory compliance costs for businesses. Proposals that were advocated by one witness in each case included: all federal departments and agencies should adopt standard language for business information reporting, such as eXtensible Business Reporting Language (XBRL), the income threshold in accordance with which employers are required to remit payroll deductions should be increased, paper forms should be replaced with electronic information transfer, and a single government contact for businesses should be created.

In an effort to reduce the cost associated with collection of the Goods and Services Tax/Harmonized Sales Tax (GST/HST) for small businesses, one witness informed the Committee that the income threshold for registration and collection of the GST/HST has not changed since 1991, and advocated an increase in the threshold.

Some witnesses commented on the regulatory burden in specific sectors, and the following suggestions were supported by one witness in each case: review, streamline and harmonize the regulatory process for new agricultural bioscience businesses among provinces and territories, ensure that licensing fees for the wireless communications sector are competitive with those in other countries, and maintain the number of personnel in Transport Canada's civil aviation office in order to ensure timely approval of new aerospace products.

The compensation practices of employers were highlighted by some witnesses, and the Committee was told that the federal government should take a variety of compensation-related actions regarding the Canadian workforce. Each of the following



proposals was supported by one witness: enact measures to require equal pay for work of equal value; introduce a national standard for the provision of a guaranteed livable income; ensure that shareholders are able to vote on executive compensation; require all corporations traded on Canadian stock exchanges to disclose the median salary of their employees; ensure, within a workplace, that the ratio of executive pay to the average employee salary does not exceed 30 to 1; reduce the threat of labour disruptions in the federal jurisdiction by considering and implementing initiatives that would settle disputes before disruptions to the economy occur; and remove the right to strike for public service employees.

A number of witnesses commented on the regulation of payment systems in Canada, and the following proposals were advocated by one witness in each case: add provisions to the 2010 Code of Conduct for the Credit and Debit Card Industry in Canada that would recognize emerging forms of payment, such as mobile and contactless and that would better recognize cash as a means of payment; make merchant fees for debit card transactions a flat amount; eliminate higher merchant fees for premium credit card transactions; ensure that credit cards issued to federal employees for transactions related to their work are used only for certain types of transactions; permit the debit card payment network to continue to act as a not-for-profit corporation; and amend financial regulations to increase minimum payment requirements for debt resulting from credit card use.

### **C. Tax Compliance and Simplification**

With one witness indicating that businesses spend \$12.6 billion each year on tax compliance activities and that federal administrative costs exist as well, a variety of suggestions for reducing compliance costs were made. For example, one witness highlighted the need to automate the tax filing process, extend the tax filing date, provide the CRA with greater authority to waive or reduce tax penalties in order to expedite tax settlements, and oblige tax authorities to help businesses comply with tax legislation. Another witness urged the CRA to assess tax returns in a timely manner, while yet another witness suggested shifting the compliance burden for services provided by a non-resident to the non-resident service provider.

Regarding tax simplification, some witnesses proposed a task force to review, simplify and modernize the *Income Tax Act* and other tax statutes as well as withdrawal of long-standing government-proposed amendments to the *Income Tax Act*. One witness suggested that sales tax regimes should be harmonized across all provinces and territories.

### **3.5 Trade-related Taxes, Agreements and Facilitation**

The United States, Canada's largest trading partner, is continuing to experience economic difficulties, with implications for the bilateral trade relationship. Other trade relationships and trade issues are also of interest at this time. A number of witnesses shared their views about duties, tariffs and excise taxes, trade agreements, import prices, selected transportation infrastructure that facilitates trade and travel, and internal trade in relation to wine.

## A. Duties, Tariffs and Excise Taxes

In speaking about foreign trade zones, which are geographical areas in or adjacent to a port of entry where commercial merchandise receives the same customs treatment as if it were purchased outside the domestic country, some of the Committee's witnesses requested that the federal government change the tax measures relating to foreign trade zones.

One witness spoke to the Committee about the Canada Border Services Agency's Duty Deferral Program and the CRA's Export Distribution Centre Program, which exempt imported goods that are ultimately exported from the payment of most duties and taxes, regardless of whether they are further manufactured in Canada. In relation to the Duty Deferral and Export Distribution Centre Programs, the witness proposed: simplification through the creation of a single point of contact between the government and the company; expansion, such as through reducing or removing restrictions on the percentage of goods that can be sold into Canadian markets; increases in the extent to which goods can be processed in Canada while still qualifying for the programs; a broadening of the qualification criteria so that more companies can access the programs; the identification of new foreign trade zones; funding for marketing activities designed to promote these zones as well as the programs; and the ability to defer payment of the GST/HST for purposes of the Duty Deferral Program.

One witness emphasized that the *North American Free Trade Agreement* allows individual consumers to purchase items, such as boats, in the United States for importation into Canada with lower duties applied than is the case when a Canadian business imports the same item. As a result, the witness proposed either an increase in the duties applied to items personally imported into Canada from the United States to match the duties paid by businesses importing such goods, or a reduction in the duties paid by businesses. Another witness advocated a general decrease in the duties applied on goods imported by Canadian businesses from other countries to reduce their overall costs.

One witness told the Committee that the lack of arrivals duty free in Canada's airports is placing those airports at a disadvantage, and suggested that the *Customs Act* and the *Duty Free Shop Regulations* should be amended in order to allow arrivals duty-free stores to be created and located in customs-controlled areas in Canadian airports.

The Committee was informed by one witness that the \$100 air conditioning excise tax on new vehicles, which was initially introduced as a luxury tax, should be repealed. That said, the witness suggested that, if the tax is not repealed, the revenue associated with the tax could be used to address environmental concerns related to ozone-depleting substances found in air conditioning systems.

To help Canadian spirit manufacturers compete with foreign manufacturers, one witness suggested that the federal excise tax on spirits should be reduced.

## B. Trade Agreements

A number of the Committee's witnesses stressed the importance of pursuing trade agreements and aggressively negotiating with trading partners in order to reduce barriers to trade, including tariffs. One witness highlighted non-trade barriers, such as those in relation to biotechnology and genetic modification.

A number of trade-related proposals were supported by one witness in each case, including: discussions occurring in the context of the Regulatory Cooperation Council related to the alignment of regulatory approaches in a range of sectors should include harmonization of common external tariffs, such as imported passenger vehicles; the joint study in relation to a possible comprehensive economic partnership agreement between Canada and Japan should be finalized in order to ensure that negotiations for an agreement are completed as quickly as possible; a review of science-based regulations in potential treaty-member countries during trade negotiations; and free trade agreements with the European Union (EU) and India, as well as an increased focus on the Asia-Pacific region, should occur.

***"I think more free trade is good. It gives us access to other markets. It increases competition at home, which is also good for our economy. It forces companies to sharpen their pencils on an ongoing basis. It really is allowing Canadian companies to take advantage of what are called global supply chains or global value chains as they change their business model. [...]. I could only encourage the government to pursue more free trade [...]."***

*Glen Hodgson (Senior Vice-President and Chief Economist, Conference Board of Canada), 27 September 2011*

## C. Import Prices

Some witnesses called for repeal of two measures related to the price of imported educational books: the parallel importation provision in the *Copyright Act* and a related provision in the *Book Importation Regulations* allowing book importers to apply a mark-up on books sold to retailers in Canada if the book is not imported through an approved distributor. They felt that the mark-up on imported books and the restriction on parallel importation provide a benefit to foreign-owned publishing companies and internet distributors.

***"Now is the time to modernize Canada's tax regime. The benefits are crystal clear. A simple tax system increases transparency and reduces uncertainty and the likelihood of aggressive tax planning. It means higher compliance rates, lower compliance costs for taxpayers, less paperwork for business, and lower administrative costs for the government. It means a stronger system with a more secure tax base and predictable revenue. In fact, a simple transparent and fair tax system with a low internationally competitive tax rate encourages investment and job growth, both of which are integral to the well-being and sustained revival of the Canadian economy."***

*Denis St-Pierre (Chair of the Tax and Fiscal Policy Advisory Group, Certified General Accountants Association of Canada), 4 October 2011*

## **D. Movement of People and Goods**

A number of suggestions to ensure the efficient transportation of goods for export were supported by one witness in each case, including: that the federal government consider funding for a second phase of the Asia-Pacific Gateway Corridor Initiative; that full responsibility for all day-to-day management, operational and financial issues of Ridley Terminals, a federal Crown corporation, be given to a private-sector consortium; and that the port in Prince Rupert be expanded in order to increase the exportation of Canadian resources.

Shipping on the Great Lakes was a concern of some witnesses. The Committee heard proposals in relation to renewal of the fleet of ice breakers operated by the Coast Guard and explore upgrades to port infrastructure located on the Great Lakes St. Lawrence Seaway in order to meet future shipping needs.

Regarding shipping by truck and rail as well as shipping in other regions, some witnesses requested increased support for more expeditious border clearances and inspections for more efficient north-south trade, such as new infrastructure to streamline operations and increase efficiency at the Detroit-Windsor crossing so that commercial truck inspection wait-times are reduced. A variety of measures were supported by one witness in each case, including: new infrastructure that enables north-south trade in North America, federal purchase of the privately owned Ambassador Bridge, creation of a North American perimeter, and establishment of federally mandated performance metrics and a commercial dispute-resolution process in order to increase railroad shipping competition.

One witness informed the Committee about the tax treatment of certain international shipping companies and their non-resident investors, and made two proposals: that the rules in the *Income Tax Act* for defining international shipping be modernized, and that applicable residency rules exempting shipping companies and their non-resident investors from Canadian taxation be expanded to include alternative business structures, such as joint ventures and partnerships.

The high cost of aviation travel to and from Canadian airports when compared to similar flights in the United States was emphasized by a number of witnesses. They presented proposals designed to reduce fees, taxes and rents with a view to increasing the international competitiveness of Canadian airports, airlines and destinations. Some witnesses argued for a comprehensive review of the aviation cost structure in Canada so that a competitive regulatory regime could be implemented.

## **E. Internal Trade**

A number of the Committee's witnesses advocated a reduction in overall internal trade barriers. They noted that the *Importation of Intoxicating Liquors Act* prohibits wine from being imported from another province or territory by an individual unless it is purchased by a provincial or territorial government-related entity, and supported a legislative amendment to permit consumers to purchase specified quantities of Canadian

wines directly from wineries and to have the wines legally shipped/transported across provincial or territorial boundaries for personal consumption.

### **3.6 Research and Innovation**

Research institutes and businesses need support at various stages of research and development, beginning with discovery through to post-commercialization. Some witnesses commented on a variety of issues in relation to data availability, federal research grants and the federal granting councils, collaborative research, scientific infrastructure, intellectual property, and private-sector research, development and commercialization support.

#### **A. Data Availability**

In speaking about the importance of publicly available, reliable data for research and other purposes, a number of witnesses requested measures designed to increase the quality and quantity of Canadian data. The following proposals were supported by one witness in each case: the federal government should increase Statistic Canada's base budget by 10%, the government should reinstate the long form census, and Statistics Canada should evaluate its sampling methodology to determine methods for securing information about the contract services and staffing sector. One witness specifically mentioned the need to continue Statistics Canada's National Longitudinal Survey of Children and Youth, and another witness mentioned the continuation of Statistics Canada's quarterly statistics on fertilizer, production, exports, inventories and shipments to Canadian farmers.

#### **B. Federal Research Grants and the Federal Granting Councils**

While acknowledging the existence of sustained federal support for research programs, some witnesses advocated higher spending for the Natural Sciences and Engineering Research Council of Canada (NSERC), the Canadian Institutes of Health Research (CIHR) and the Social Sciences and Humanities Research Council (SSHRC). Proposals included increasing the granting councils' funding to levels comparable to those of similar agencies in the United States, directing any increased funding to the promotion of innovation and/or to financing the full direct and indirect costs of research, and providing sector-specific funding, such as that for mining research through the NSERC.

Inadequate funding for the Canada Graduate Scholarship (CGS) program was also identified by some witnesses. They advocated a return of the funding growth rate to the rate that existed prior to the introduction of federal stimulus spending, higher funding based on enrolment in graduate studies, and reallocation of a portion of funding to other doctoral scholarships and postdoctoral fellowships.

Other suggestions that were made by a number of the Committee's witnesses in relation to federal research grants and the granting councils included: a requirement that all research funding be provided through the federal granting councils, the removal of barriers to commercialization — including intellectual property rights — that are contained

in qualification criteria for grants and other incentives, a commitment by the granting councils to support the development of professional and transferable skills in graduate students to ensure their competitiveness in both academia and the labour market, and a review of research-related programs and policies to assess their efficacy, with revisions made as required. Some witnesses told the Committee that funding for basic research should continue to be a priority for the federal government. They suggested funding increases of between 5% and 20% for basic research programs, depending on the witness, and for Genome Canada.

### **C. Collaborative Research**

In commenting that federal program spending should promote more collaborative research among academia, the private sector, the not-for-profit sector and the government, some witnesses made suggestions about the need for strengthened partnerships between researchers and businesses in an effort to close the innovation gap between discovery and commercialization. They also argued that a greater share of the government's industrial research and development (R&D) spending should be allocated to project-specific initiatives that partner the private and public sectors, and proposed that 5% of federal investments in R&D be allocated to applied research partnerships between colleges and SMEs. As well, one witness supported the development of best practices within technology transfer offices at universities.

With a view to maintaining Canada's international competitiveness in research and the nation's reputation as a top destination for international researchers, a number of witnesses advocated an expanded mandate for the Canada Excellence Research Chairs program, the allocation of funds to encourage the mobility of students engaged in research to and from Canada as well as across sectors, and the creation of a global research fund and a global partnership fund in order to promote international research collaboration.

One witness proposed the adoption of a scheme, similar to the international education strategy described in the 2011 federal budget, for international research collaboration.

Some witnesses requested additional funds to promote the creation of new innovation clusters, encouraged the government to provide more internships and fellowships with a commercial focus as well as more non-tax incentives and funding mechanisms for businesses to hire advanced research graduates, and urged more private-public partnerships in agricultural research and in the natural gas sector. A number of proposals were supported by one witness in each case, including: the need for collaboration between Transport Canada and the private sector in programs such as ecoTECHNOLOGY for vehicles, the need for colleges to make connections between foreign-trained professionals living in Canada and innovative businesses, the need for interaction between entrepreneurs and the students and firms associated with colleges, and the need to support programs that enhance research implementation, including the creation of a Canadian commercialization network to help small business creation and partnerships with the industrial sector.

## **D. Scientific Infrastructure**

A number of witnesses spoke to the Committee about program spending and policies that they believe need to be developed for scientific infrastructure in Canada, and some witnesses argued for a national policy on data accessibility and management that contains a commitment to long-term access and that protects intellectual property. Proposals that were supported by one witness in each case included a digital economy strategy that takes into account artists' concerns about copyright and revenue, and the development of digital infrastructure to facilitate R&D analytics and other empirically based and quantitative research. One witness made particular mention of the 2010 digital economy strategy consultation held by the federal government.

Some witnesses requested continued investments in Canada's Advanced Research and Innovation Network and in research infrastructure. A number of suggestions were supported by one witness in each case, including: increased funding for the development of a working model of a cross-disciplinary repository for research data across Canada, funding for national digital resources that would promote digital literacy and a workforce qualified in the sciences, technology, engineering and mathematics fields, and funding for public libraries and for access to the Internet through the federal Community Access Program.

Some of the Committee's witnesses supported increased, multi-year funding for the Canada Foundation for Innovation (CFI) and the program in relation to the indirect costs of research; in the latter case, mention was made of the need for support at a level that is more comparable to other developed countries. A number of proposals were made by one witness in each case: investments in world-class infrastructure through sustained investments in the CFI, a CFI funding increase to 15% of the amount provided to the federal granting councils, and enhanced funding for all essential government research programs, with these programs exempt from further spending reductions.

## **E. Intellectual Property**

Some witnesses provided a variety of suggestions in relation to Canada's intellectual property (IP) regime. Proposals that were supported by one witness in each case included: the implementation of a patent term restoration regime similar to that in other countries in order to allow innovators to have an extended period of protection to compensate for regulatory delays, changes to the *Patented Medicines (Notice of Compliance) Regulations* to give innovators an effective right of appeal and to prevent multiple litigations by innovators, and provisions to allow damages to be awarded to generic pharmaceutical manufacturers. While one witness argued that a Comprehensive Economic and Trade Agreement (CETA) between Canada and the EU should not include the EU's proposed amendments to patent rights, other witnesses asserted that the CETA negotiations and any subsequent agreement would promote competitiveness with businesses in other Group of Seven nations.

One witness told the Committee about the need for improvements to the *Data Protection Regulations* under Canada's *Food and Drug Regulations* in order to ensure that

Canada retains its international competitiveness with terms that are similar to those in other countries.

Some witnesses advocated strong protection in relation to arts and culture, and for *Copyright Act* changes that would not inhibit certain revenue streams for artists.

Regarding academic research, one witness told the Committee that the creator-ownership policy at the University of Waterloo allows professors and students to claim IP rights in relation to their creations, and suggested that federal granting councils should encourage universities to adopt a similar policy by making the adoption of such a policy a condition for obtaining grants from federal granting councils.

#### **F. Private-Sector Research, Development and Commercialization Support and Tax Credits**

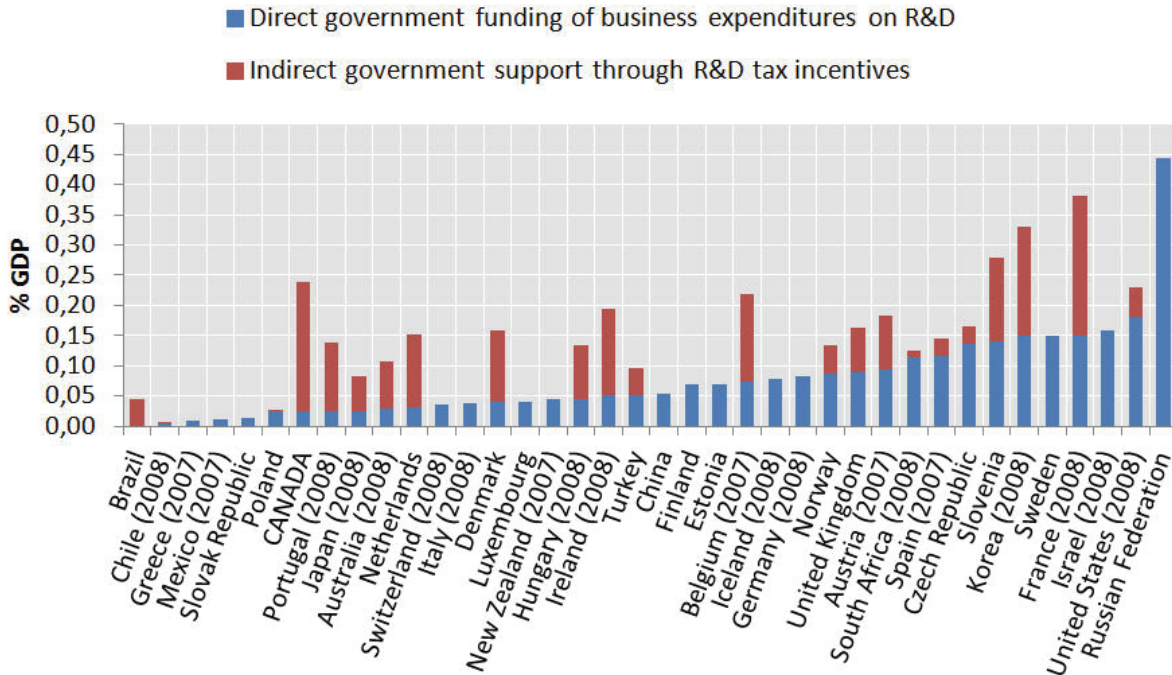
With a number of witnesses generally agreeing that fiscal and policy support for Canadian research should be a public policy objective, some witnesses made particular mention of the agriculture and agri-food industry, and suggested support for research, development and technology transfer, a national strategy for agri-food R&D, the application of check-offs or other types of mandatory payments to fund agricultural research, baseline funding levels for departmental research activities, and the treatment of royalty income generated by successful government innovation. Suggestions that were supported by one witness in each case included: proposals in relation to the granting of federal R&D funding on a competitive basis to initiatives that help to create sustainable jobs, an expanded mandate for the Industrial Technologies Office, and sector-specific R&D support, in relation to which witnesses mentioned the manufacturing industry, the mining industry and the aerospace industry.

Suggestions for federal program spending were also made in relation to the commercialization of innovative products and processes. One witness spoke about the need for a program of loans to assist innovative small and medium enterprises in developing a new product, process or service that will be commercialized, while another witness supported R&D funding that is more strategically targeted in order to promote commercialization.

Some witnesses spoke to the Committee about sector-specific commercialization measures, with the following proposals supported by one witness in each case: an accelerated innovation and commercialization strategy for small and medium enterprises (SMEs) in the medical technology sector, a strategy for the clean technology sector, technology demonstrators to showcase innovations in the aerospace industry, more funding for demonstrations of alternative fuels, clean energy and energy efficiency, and the creation of a cleantech accelerator fund to support the development, demonstration and commercialization of clean technology.



**Figure 4 — Direct and Indirect Government Support for Business Research & Development, Selected Organisation for Economic Co-operation and Development Countries, Various Years**



Note: “R&D” refers to “research and development.” Where no year is specified, the data reflect 2009.

Source: Figure prepared using data from the Organisation for Economic Co-operation and Development, *OECD Science, Technology and Industry Scoreboard*, 2011.

While one witness suggested that federal expenditures on R&D-related tax credits should be reduced because businesses are not performing R&D activities, another witness argued that the report of the Expert Panel on the Review of Federal Support to R&D should be reviewed prior to changes being made to tax measures, such as the Scientific Research and Experimental Development (SR&ED) investment tax credit.

Some witnesses provided comments about the SR&ED investment tax credit and its administration. For example, in relation to administrative matters, they requested that the measure be delivered in a more predictable and timely manner, that CRA officials become more knowledgeable about the research priorities of the various sectors that apply for the SR&ED credit, that the measure be modeled as a fee-for-service program similar to the Canadian Intellectual Property Office, and that administration of the measure be moved to a department, such as Industry Canada, where officials would be more familiar with technical issues.

Regarding the design of the SR&ED investment tax credit, a number of witnesses proposed that the credit be expanded in terms of its eligibility to include such other activities and expenses as collaborative research and process innovations, be claimable by investors involved in limited partnerships, be available at a rate that exceeds 35%, be deductible against both income and payroll taxes or — in the alternative — available as the existing credit or as a refundable wage credit, be refundable — including in the year of investment — and be available at a 35% rate for all businesses and not just for Canadian-controlled private corporations. One witness suggested expanding the SR&ED investment tax credit to include foreign R&D expenses, while another witness called for the inclusion of clinical trials.

Other suggestions in relation to private-sector R&D support included a request from one witness that the federal government use third-party organizations to facilitate efficient and effective administration of government R&D programs, and from another witness that out-dated regulations and conditions-of-license in the telecommunications industry, which require that a percentage of annual revenues be spent on pre-defined R&D activities, be eliminated.

### **The Committee recommends ...**

In the Committee's view, strong businesses contribute to a nation's prosperity. In order to be strong, and to prosper to the full extent of their abilities, businesses need appropriate taxation and regulatory regimes, programs and tax measures that support particular industries, domestic and international markets for their goods and services, and research and development, both generally and in respect of specific sectors. With these needs in mind, we make a variety of recommendations designed to help businesses succeed and thereby create jobs and contribute to the nation's prosperity.

For these reasons, the Committee recommends that:

**The federal government continue to ensure a competitive tax system to attract investments and jobs – including implement all planned corporate tax rate reductions as scheduled to 2012.**

**The federal government explore further ways to enhance the international competitiveness of Canada's business tax structure, including: continuing to consult on potential new rules for the taxation of corporate groups, examining the impact of sections 105 and 102 of the *Income Tax Regulations* on access to skilled service in Canada by non-residents, and continued implementation of the recommendations of the Advisory Panel on Canada's System of International Taxation.**

**To combat tax evasion, the federal government explore requiring all firms and individuals in the construction industry to register for a business number and increasing the number of auditors.**

**The federal government continue to provide strong support to protect, sustain, and promote Canada's traditional industries — like mining, forestry, and manufacturing — by maintaining support and tax incentives to assist them.**

**The federal government study the issue of intergenerational transfers of family businesses, including farms, to ensure tax fairness.**

**The federal government continue to review and reduce unnecessary regulations, especially through the Red Tape Reduction Commission.**

**The federal government continue its work in the development of a national securities regulator in order to better protect Canadians.**

**The federal government continue to take all necessary actions to ensure the resilience of banking systems and financial markets at home and abroad, including implementing Basel III reforms.**

**The federal government convene an expert panel to review, modernize and simplify the federal corporate tax system.**

**The federal government continue to open up new markets to Canadian goods and services by working toward the completion of trading agreements with foreign governments, and also working to eliminate trade barriers involving the US-Canada border.**

**The federal government continue to recognize the need to promote the trade and export of Canadian goods and services abroad, such as in natural resources and financial and educational services.**

**The federal government encourage the provinces and territories to review and remove internal barriers to trade, including support for amendments to allow for a personal exemption for winery-to-consumer sales and shipments from province to province.**

**The federal government review the aviation cost structure to ensure Canada is competitive with its international competitors.**

**The federal government continue its strong support of research and development in Canada, especially such successful programs as the Vanier Canada Graduate Scholarships, Banting Post-Doctoral Fellowships, Canada Foundation for Innovation and Canada Excellence Research Chairs.**

**The federal government continue to review the report of the Expert Panel on Federal Support to Research and Development to help the government's efforts to modernize programs in support of innovation, and improve Canada's productivity in the global economy, while also**

**upholding Canada's reputation as a top destination for global research talent.**

**The federal government continue to ensure increased effectiveness and efficiency of spending on agriculture research, development and technology transfer, including a return to market-based grain-based ethanol production.**

## CHAPTER 4: STRONG COMMUNITIES

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Strong communities are essential for both people and businesses: it is where they live and work, and strong communities enable people to have a higher quality of life, businesses to be more prosperous and a nation to be stronger. Some witnesses spoke about various issues related to communities, including infrastructure, the environment, housing, arts and culture, charities and volunteerism, rural and remote communities, and domestic safety and security.

### **The witnesses requested ...**

#### **4.1 Infrastructure**

It is generally believed that adequate infrastructure that is in good repair is needed in order for people, businesses and communities to thrive and the economy to prosper. Some of the Committee's witnesses shared their thoughts about a number of aspects of the nation's infrastructure, particularly in relation to a federal infrastructure strategy, federal infrastructure procurement policies, federal funding for municipal infrastructure, and infrastructure in specific sectors, such as transportation, communications, electricity and energy systems, and information technology for mapping.

#### **A. Federal Infrastructure Strategy**

According to some witnesses, the federal government should continue to take a leadership role in the development of a national, long-term infrastructure strategy to replace the expiring Building Canada Plan and to work with the provinces, territories and municipalities to reduce the large public infrastructure deficit in Canada. They proposed a variety of measures that they believe would increase the effectiveness of a national strategy: ongoing asset management practices to assess the condition of existing infrastructure, ensuring that existing and new infrastructure can adapt to climate change, more accurate costing of infrastructure projects, realistic timetables for the completion of new projects, infrastructure investments that are publicly funded or cost-shared with the private sector, public-private partnership (P3) funding models and the imposition of tolls on new infrastructure.

***“Yes, we totally support the long-term infrastructure investment strategy, working with all three levels of government. As I mentioned earlier, different governments are responsible for different infrastructure. I think Canada would benefit from putting all the stakeholders at the table, including the engineering society and the construction industry.”***

*Nadine Miller (Chair, Canadian Construction Association), 18 October 2011*

One witness advocated the establishment of clearly defined financial and operational roles for each level of government, consultations with the infrastructure sector and municipalities, timely completion of projects through a reduced regulatory burden,

annual evaluation of progress in reducing the infrastructure deficit and elimination of the public infrastructure deficit within 20 years.

## **B. Federal Infrastructure Procurement**

One witness informed the Committee that improved planning of individual federal infrastructure projects could occur through the use of a life-cycle analysis approach to the federal procurement process that would consider up-front and long-term maintenance costs and environmental impacts as well as societal benefits over the lifespan of the infrastructure project.

Some witnesses suggested the adoption of guidelines to ensure that federal infrastructure projects are environmentally sustainable, including through a focus on enhanced energy efficiency, reduced greenhouse gas emissions and air pollution, clean water and effective waste management.

One witness advocated the use of portland-limestone cement as a construction material for new federal buildings.

A number of witnesses shared their view that P3 models to fund infrastructure expansion and renewal reduce the government's costs and share the risk associated with large infrastructure projects among government and businesses.

Some of the Committee's witnesses focussed on the federal tendering process, and suggested that all applicants should be treated equally.

## **C. Federal Funding of Municipal Infrastructure**

A number of the Committee's witnesses commented on sources of federal taxes that they believe should support municipalities. Regarding the Gas Tax Fund, some witnesses suggested that the \$2 billion annual cap should be indexed to inflation in order to keep pace with population and economic growth as well as to help replace aging infrastructure. Other witnesses expressed concern about raising taxes to finance indexation during this fragile economic time. One witness advocated an expanded list of eligible projects, believing that municipal administration complexes, recreation facilities, parks and sports fields should be eligible.

A request was also made by one witness in relation to federal excise tax, with that witness proposing that a portion of the revenue collected in excise taxes be transferred to municipalities to fund public transit.

## **D. Sector-Specific Support**

With Canadian commuters having some of the longest commute times in the world and in an attempt to provide more public transit options, some witnesses advocated a fund for long-term mass transit infrastructure, which they believe could be modelled on the P3 Canada Fund. One witness argued for the creation of a national public transport fund

that would facilitate integration of urban development with transit systems, while another witness called for an expansion of inter-urban transit systems and to reduce the municipal costs of providing public transit.

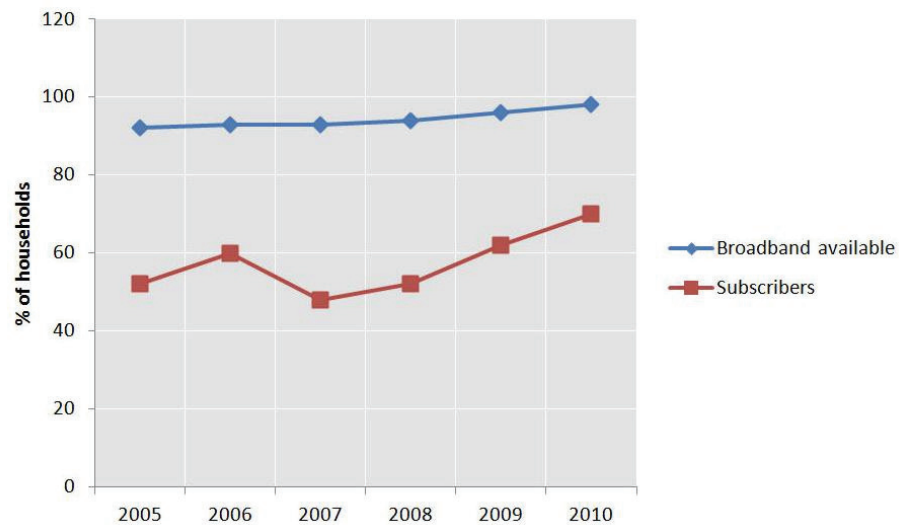
In relation to the building of roads, one witness spoke to the Committee about the requirements imposed by the *Navigable Waters Protection Act*, and suggested a review of the act and its definition of “navigable water.”

A number of witnesses suggested that there are significant infrastructure needs across the country and that the government should work with provinces, territories and industry to identify, and explore investments in, strategic transportation infrastructure projects in order to facilitate economic development and wealth creation.

Some witnesses advocated measures designed to increase high-speed Internet and wireless

wireless communications access as well as broadband Internet speeds. For example, they suggested the creation of a national digital policy framework and a specific program to help the communications sector expand broadband networks to regions where, at present, the provision of service would not be economically feasible. In the view of one witness, direct incentives and communications initiatives could close the gap between Canada and the United States in investments in communications technology.

**Figure 5 — Broadband Availability and Subscribers, Canada, 2005-2010 (% of households)**



Source: Figure prepared using data from the Canadian Radio-television and Telecommunications Commission, *Communications Monitoring Report*, various years.

In relation to rural and remote areas, one witness told the Committee that federal funding should be provided to network providers in Canada’s North, such as the Yukon, in order to link broadband networks there with networks in Canada’s provinces, enhance the

reliability of the northern networks, and increase broadband access for individuals and businesses outside urban areas.

Some witnesses spoke about government-mandated minimum levels regarding broadband access and speeds for rural and remote areas, which could be achieved through revenue obtained from future wireless spectrum auctions. In speaking about spectrum auctions, they proposed that the government should have unrestricted auctions, with successful bidders required to meet conditions regarding rural deployment.

In speaking about energy-related infrastructure, one witness called for a reduction in the regulatory burden for electrical generation and transmission operators in order to address the complexity resulting from supervision of Canada's electricity transmission network by multiple jurisdictions and associated delays in project approval. The Committee was also informed by one witness that the electricity transmission network or grid is either unreliable or non-existent in the Yukon and in northern British Columbia, and a suggestion was made by that witness for federal investments in a clean and reliable energy strategy for the Yukon, in combined heat and power systems, and in new transmission lines in northern British Columbia. The Committee was also told by one witness about the need for lower energy costs in northern and remote communities, and that witness suggested federal government support of private-sector energy initiatives.

One witness highlighted the importance of water monitoring and quality for communities throughout Canada, and requested funds for a variety of purposes: to support long-term forecasting of future water availability and safety, to upgrade water and wastewater systems throughout Canada, and to help municipalities meet the new wastewater requirements under the Canada-wide Strategy for the Management of Municipal Wastewater. Another witness urged upgrades to drinking water systems in First Nations communities, while yet another witness called for improvements to the collection and management of water data.

Arguing that the digitization of map information can help with emergency management, increase business productivity and create new markets, some witnesses urged the creation of a national geomatics action plan using existing funds from GeoConnections Canada and continued support for both the Geo-mapping for Energy and Minerals program and the Targeted Geoscience Initiative. In their view, the action plan would upgrade information technology infrastructure, acquire additional maps to ensure mapping of the entire nation, establish national guidelines and standards to integrate existing information, and provide a forum to share geomatic information with businesses.

## **4.2 Environment**

The environment is present in the daily lives of all individuals and businesses, and a sustainable environment is important for the long-term prosperity of Canadians. A number of witnesses identified environmental measures in relation to conservation, ecosystem rehabilitation and species recovery, conventional fuels, renewable energy and greenhouse gas emissions.



## **A. Conservation, Ecosystem Rehabilitation and Species Recovery**

The Committee was informed by one witness about a variety of ideas designed to preserve ecologically sensitive Aboriginal lands in northern Canada. For example, suggestions were made by one witness for the federal government to broaden the terms of reference for the Comprehensive Community Planning program and increase funding for regional land-use planning by Aboriginal Canadians so that they are able to work with the provinces and territories on land-use planning in relation to traditional lands.

In an effort to conserve Canada's boreal forests, one witness said that the federal government should support the Canadian Boreal Forest Agreement (CBFA) through investments in the CBFA Secretariat and related Aboriginal and First Nations institutions.

One witness spoke to the Committee about the need to improve the health of the Great Lakes St. Lawrence Seaway through increased funding for the implementation of the Great Lakes Water Quality Agreement, environmental monitoring, and the development of an invasive species and climate change impact strategy. Some witnesses mentioned that other aquatic environments require rehabilitation, and supported increased funding for the Lake Winnipeg Basin Stewardship Fund and for implementation of the Northwest Territories Water Stewardship Strategy.

As well, some witnesses presented their views on measures to prevent wildlife species from becoming extinct and to help in the recovery of species currently at risk. One witness supported an extension of funding for the federal species at risk strategy for another five years so that action plans could be implemented and Canada could meet the requirements of the Convention on Biological Diversity. Another witness made suggestions about the improvement of salmon stocks and their habitats in Canada, with specific requests for continued federal financial support for the Salmonid Enhancement Program and salmon conservation facilities, and for investments to restore the Strait of Georgia ecosystem in British Columbia.

## **B. Conventional Fuels**

A number of witnesses expressed opinions on the federal support that should be given to the conventional fuel extraction industry. One witness advocated amending the current Canadian exploration expense guidelines to allow companies to deduct costs associated with government requirements, while other witnesses requested that the Canadian exploration expense and the Canadian development expense be aligned with normal depreciation rates in order to reduce the tax incentives available to the conventional fuel extraction sector.

Some witnesses expressed their views on the implementation of a carbon tax. A number of witnesses supported the implementation of such a tax, while other witnesses did not.

### **C. Renewable Energy**

One witness spoke to the Committee about the need for increased awareness and education regarding energy efficiency and environmental impacts of consumer behaviour, and proposed the creation of a fund to assist small and medium-sized not-for-profit organizations in creating environmental awareness programs. Another witness urged the development of federal education programs modelled on the Energy Star program to promote environmentally responsible consumer behaviour.

To increase investments in renewable energy technologies, some witnesses urged continuation of the ecoEnergy for Renewable Power program, the implementation of a national green homes strategy and the creation of green bonds with government-guaranteed returns that would be marketed by Canadian financial institutions.

Solar energy was also identified by a number of the Committee's witnesses as requiring federal support. One witness requested the establishment of a national solar industry association that would facilitate investments and education in solar energy, develop and administer Canadian solar energy technology standards and codes, and promote P3 models to increase investment. Another witness suggested the creation of an investment tax credit for solar energy technologies.

### **D. Greenhouse Gas Emissions**

One witness spoke to the Committee about the regulation of greenhouse gas emissions, and suggested an alignment of Canada's regulations with those of the United States in order to prevent trade disruptions as well as federal consultations with the provinces and industry stakeholders, with a view to creating a national greenhouse gas management system consistent with international approaches.

Regarding clean energy and renewable resources, one witness encouraged the creation of a refundable investment tax credit that would support clean energy technology, while some witnesses called for federal identification of effective policy measures to increase the use of renewable resources in the manufacture of goods.

The transportation sector, notably vehicles, was a concern of some witnesses. Each witness made a suggestion designed to increase the use of cleaner fuels: maintain the excise tax exemption for natural gas fuel purchased for vehicular use, develop fiscal measures to encourage sustainable transportation, examine incentives to increase the adoption of natural gas, develop a strategy to promote a variety of clean fuels, create tax credits in relation to the use of alternative fuels, provide a tax credit in relation to the purchase of propane-powered vehicles and the construction of propane refuelling infrastructure, and create a tax credit for the commercialization of bio-fuels.

One witness mentioned that the use of vehicles powered by electricity and natural gas should be promoted, and suggested the implementation of an electric and natural gas vehicle incentive program for purchasers as well as a requirement that a portion of the federal fleet of vehicles operate using electricity. To increase the adoption of electric

vehicles, that witness urged the harmonization of codes and standards within North America, and federal funding of a portion of the installation costs associated with electric automobile charging stations. In order to ensure fairness for vehicle manufacturers that have increased the fuel efficiency of their vehicles, another witness called for elimination of the Green Levy.

To help developing countries meet climate change and emission objectives, and to address climate impacts on vulnerable populations, one witness advocated federal financial support for international aid initiatives.

### **4.3 Housing**

A number of witnesses shared their thoughts about the availability of affordable and accessible housing, house prices in Canada, and some issues related to home renovations.

#### **A. Availability of Affordable Housing and Housing that is Accessible to Persons with Disabilities**

Some witnesses encouraged the federal government to establish a national housing strategy to address a variety of socio-economic problems, with certain witnesses suggesting that the strategy focus specifically on the vulnerable as well as the needs of women and Aboriginal Canadians. A number of witnesses stressed the need for additional rental properties across Canada, which would both stimulate economic activity and assist low-income individuals in meeting their housing needs. To encourage the construction of rental properties, they proposed that those who purchase buildings intended for rental housing should be exempt from paying the GST/HST, and that capital gains taxation on rental property sold by an individual taxpayer should be deferred in situations where the proceeds from the sale are used to purchase another rental property, perhaps with a requirement that the property be of higher value.

One witness proposed that the government should increase funding for the Homelessness Partnership Strategy and create a national housing fund that would support investments in new affordable housing, while another witness urged the Canada Mortgage and Housing Corporation to prioritize developments that provide affordable housing to Canadians and provide insurance products that support housing affordability.

One witness supported enhancements to the Home Buyers' Plan and proposed a modification to the First Time Home Buyers Tax Credit that would provide incentives to increase housing accessibility for individuals who are eligible for the Credit for Physical and Mental Impairment.

#### **B. House Prices**

A number of witnesses informed the Committee that the average house price in Canada has nearly doubled in the past two decades, and expressed their concern that – in certain parts of the country – purchasing a home is becoming unattainable for the average

Canadian family. In an effort to ensure that certain government programs take increases in house prices into account, one witness suggested that the GST/HST New Housing Rebate thresholds should be adjusted in accordance with changes in a measure of average house prices, and another witness stated that the amount that can be withdrawn under the Home Buyers Plan should be indexed to changes in the Consumer Price Index (CPI).

One witness suggested that the First Time Home Buyers Tax Credit should be restricted to newly constructed homes with an appraised value below the average real estate prices in the locality and to home purchasers with incomes below the local median household income. Another witness proposed that the federal government should create a single house price threshold below which the GST/HST would be applied to the purchase price at a lower rate, with the difference in taxes paid at the lower rate and taxes paid at the unreduced GST/HST rates serving as a tax rebate, and above which the unreduced GST/HST rate would be applied to the purchase price but the rebate would equal the amount of the rebate at the threshold.

### **C. Home Renovations**

In order to mitigate the impact of the introduction of the GST on home renovations and decrease the use of contractors not registered with the CRA for GST purposes, one witness argued for a GST rebate on home renovations, while another witness supported a requirement that all small businesses register for a business number with the CRA. Yet another witness proposed that the government should explore funding for renovations to social housing.

## **4.4 Arts and Culture**

Arts and culture are important contributors to a society, enhancing individuals' quality of life, making communities with such amenities attractive to people and businesses alike, and adding to a country's gross domestic product. Some witnesses provided their suggestions about a variety of subjects related to arts and culture, including existing funds, credits and institutions, proposed funds and credits, and domestic and international marketing of arts, culture and tourism.

### **A. Existing Funds, Credits and Institutions**

A number of the Committee's witnesses proposed measures in relation to existing credits that assist arts and culture. For example, they spoke about the need for changes to the Canadian Film or Video Production Tax Credit, and proposed changes that were supported by one witness each: an increase in the credit's rate and the inclusion of labour costs associated with the production of digital content and costs associated with post-production activities; modification of the rules to provide theatrical productions with a larger credit; and extending eligibility to Web series and a broader range of costs. Some witnesses called for the ability to include relevant non-labour costs and for the measure to apply to all audiovisual content, whether destined for cinema, television, online or mobile devices.

The Committee also heard requests for support of existing funds and programs. For example, some witnesses urged an increase in, and indexation of, the Canada Media Fund's budget, while one witness proposed expanding the mandate of the fund to include support for research and development in the audiovisual industry. Regarding other audiovisual funds and organizations, some witnesses proposed an increase in funding for the Canada Council for the Arts, the Canadian Broadcasting Corporation, the National Film Board and Telefilm Canada. A number of proposals were supported by one witness in each case, including: an increase in the budget of the Canada Feature Film Fund, an increase in funding for the Telefilm Theatrical Documentary Fund, permanent funding for the Telefilm Theatrical Documentary Fund, separate funding for the Theatrical Documentary Program, and funding for Young Canada Works at Building Careers in Heritage internship and the Young Canada Works in Heritage Organizations program.

Regarding Canadian Heritage, some witnesses suggested that funding should be continued, while one witness encouraged support for Canadian Heritage programs that would ensure access to arts and culture for all Canadians and another witness supported federal investments to develop and maintain cultural infrastructure.

Noting that the Museums Assistance Program is delivered through a variety of programs administered by Canadian Heritage and that additional funds to museums are allocated from other federal departments, programs and agencies, one witness argued that these funding sources should be consolidated in order to improve efficiency.

A number of the Committee's witnesses commented on French arts and culture, and made suggestions designed to support Canada's linguistic diversity. For example, one witness urged the federal government to maintain its support for the Canadian Broadcasting Corporation/Radio-Canada, with part of its funding invested in the development of the arts and culture of the Canadian francophonie; this measure would facilitate a federal commitment to the long-term vitality of the arts and culture of the Canadian francophonie while promoting access to arts and culture for all Canadians through Canadian Heritage's official languages support programs. Some witnesses spoke about renewal of the Roadmap for Canada's Linguistic Duality, with the addition of an arts and culture component to the roadmap and improved bilingual services.

A number of the Committee's witnesses advocated reduced funding for particular arts and culture activities and groups. One witness mentioned Telefilm Canada, the Canada Council for the Arts and the National Film Board.

## **B. Proposed Funds and Credits**

A number of the Committee's witnesses spoke about a variety of forms of media, including digital and interactive media as well as sound recording. Proposals that were supported by one witness in each case included: the need for incentives to encourage private investment in the audiovisual industry, the need for incentives for private investment in television and digital media production, the need for high-quality, professional arts training to support creativity and artistic innovation, and the need for

programs and resources within the Canada Council for the Arts and Canadian Heritage to enable artists and cultural workers to meet the challenges of the digital economy.

In addition, some witnesses proposed a permanent funding program for major festivals and events in small and large communities throughout Canada managed by Industry Canada. Proposals supported by one witness in each case were also made, including in respect of: a matching donation program to support Canadian museums as well as the establishment of a creative spaces children and youth infrastructure fund, a children and youth arts engagement fund, a youth arts training fund, a digital cultural fund and a creative industries investment fund.

In order to fund the future operational and programming activities of Canada's Sports Hall of Fame, one of the Committee's witnesses identified the need to support a partnership between Canada's Sports Hall of Fame and the federal government through Sport Canada. Other witnesses encouraged federal development of Canadian sport institutes.

Other suggestions that were supported by one witness in each case included proposals in relation to funding for skills acquisition and training through apprenticeships, access by book publishers to federal programs that support the production and distribution of digital content, reading programs for new Canadians, Aboriginal communities and others, and incentives for advertisers to support Canadian websites that feature Canadian context.

### **C. Domestic and International Marketing of Arts, Culture and Tourism**

A number of the Committee's witnesses urged the federal government to integrate arts and culture more fully into foreign policy initiatives, and proposed funding and programs for domestic and international touring by Canadian artists, for the development of foreign markets for Canadian arts and culture creators, institutions and industries, perhaps through international promotion assistance programs, and for cross-country and foreign exchange opportunities. They also supported re-evaluation of the funding model for the Canadian Tourism Commission and a competitive and stable funding base for it. One witness highlighted international co-production, with a proposal for the creation of a co-production fund with countries with which Canada has negotiated official treaties as well as the need for funding for a new export development program to encourage growth in the Canadian media production sector.

With a view to supporting tourism, some witnesses expressed the need for enhanced funding for agencies and organizations that affect tourism, such as the Atlantic Canada Opportunities Agency, Western Economic Diversification Canada, Parks Canada and the Canadian Tourism Human Resource Council. The Committee also heard proposals that were supported by one witness in each case, including: the importance of facilitating cross-border tourism, which could require changes in customs regulations; the need to position recreational boating as the focus of national tourism strategies; and the need for federal involvement in a cost-shared plan to promote, study and expand networks

of trails as well as infrastructure investments in trails that have national and regional significance, with Canada’s trails promoted locally and internationally.

#### 4.5 Charities and the Volunteer Sector

Charitable organizations and volunteers contribute to the well-being of people and the strength of communities by providing philanthropic, educational, religious and other services. A number of witnesses shared their views about tax incentives for charitable giving, financial, educational and other federal supports for charities and volunteers, measures that would improve the efficiency of the administrative requirements to which charities are subject, and foreign charitable giving in the form of foreign aid.

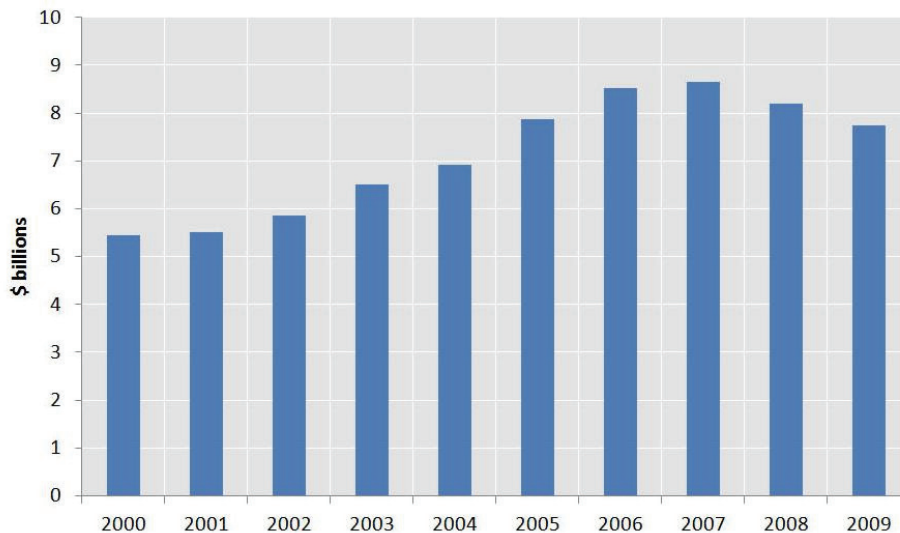
##### A. Tax Incentives

Some witnesses spoke to the Committee about measures that they feel would benefit charitable and not-for-profit organizations, through either increased donations or a reduced administrative burden. One measure advocated by them was a “stretch” tax credit, which would apply to amounts that exceed a donor’s previous highest level of giving and would provide an additional 10% credit for donations exceeding the previous highest level, up to an annual donation limit of \$10,000; two variations were suggested: with the first variation, the proposed measure would apply only to amounts exceeding the threshold of \$200, while no such constraint would exist with the second variation.

A number of witnesses supported the elimination of capital gains taxes on gifts of private company shares and real estate, subject to certain requirements: the charity would not

issue a tax receipt to the donor until receiving the cash proceeds from the sale of the asset; and, if the purchaser of the asset is not at arm’s length from the donor, the charity

**Figure 6 — Charitable Donations Claimed by Individuals, Canada, 2000-2009 (taxation year)**



Note: Charitable donation is the allowable portion of total donations, as reported on the individual’s income tax return.

Source: Figure prepared using data from Statistics Canada, CANSIM table 111-0001, accessed November 10, 2011.

would need to obtain two independent, professional appraisals to confirm that the charity is receiving fair market value for the sale of the asset.

Some witnesses argued that the federal government should review *Income Tax Act* provisions that prohibit limited partnerships as investments for private foundations. Other proposals supported by one witness each included: defining charitable remainder trusts as gifting vehicles for purposes of the *Income Tax Act*, increasing the value of the charitable tax credit beyond certain donation thresholds and/or creating additional thresholds, developing measures to encourage overseas volunteer activities, and ensuring the ability to hear appeals of charitable status registration or revocation in the Tax Court at the initial stage.

## **B. Financial, Educational and Other Supports for Charities**

A number of the Committee's witnesses requested new and/or enhanced financial support for charities and other not-for-profit organizations.

Some witnesses argued that charitable and not-for-profit organizations would benefit from collaboration with, and information from, other sectors of the economy, and urged the government to explore ways to foster collaboration among the private, not-for-profit, government and academic sectors. Suggestions that were supported by one witness each were made in relation to access to federal business development and capacity-building services and designation of November 15 as National Philanthropy Day on a permanent basis in order to recognize the contributions made by charitable organizations and volunteers.

## **C. Administrative Requirements**

A number of witnesses informed the Committee that the government should reduce the regulatory and information obligations experienced by charitable and not-for-profit organizations. With a view to enabling them to demonstrate their social impact more clearly, one witness urged the restructuring of reporting requirements in relation to charities; specific mention was made of the International Aid Transparency Initiative.

## **D. Foreign Aid**

Recognizing that Canada lives in a global community, some of the Committee's witnesses urged the federal government to increase funding for foreign aid. For example, they supported an increase in the federal aid budget and implementation of a timetable for reaching the United Nations aid target of 0.7% of gross national product within a specified period of

***"... [W]e believe that the next step for the Canadian government to improve aid effectiveness is to publish our aid information in a common, internationally agreed upon format through the International Aid Transparency Initiative."***

*James Haga (Director of Advocacy, Engineers Without Borders Canada), 31 October 2011*



time. A number of witnesses requested that Canada increase its contributions to certain initiatives, and educational initiatives, environmental initiatives, initiatives related to maternal and reproductive health, the fight against AIDS, tuberculosis and malaria, and microfinance projects were supported by one witness in each case. Another witness told the Committee that federal foreign aid spending should be reduced.

To provide financing for poverty reduction and climate change adaptation in developing countries, some witnesses called for the implementation of a financial transaction tax on financial institutions, while other witnesses were opposed to the implementation of such a tax.

#### **4.6 Rural and Remote Communities**

Canada's rural and remote communities differ, in fundamental ways, from their urban communities. They have different concerns and different requirements that must be met if they are going to become and remain strong. A number of witnesses commented on First Nations communities, the agricultural, forestry and fishery industries that are often located in rural and remote communities, and community enterprises.

##### **A. First Nations Communities**

Some of the Committee's witnesses expressed concern about the socio-economic status of some First Nations and Aboriginal communities, and suggested that the federal government should take a variety of actions. The following proposals were supported by one witness in each case: provide financial support for an initiative, perhaps entitled the "Framework Agreement," that would provide First Nations with the option to take control of their lands and resources, and would cause the land administration sections of the *Indian Act* to cease to apply; negotiate and resolve outstanding land claims; examine possible new investments that would improve the living standards of Aboriginal people; estimate the costs of meeting the policy requirements of the First Nations Child and Family Services Program; and take steps to redress the issues identified by the Auditor General of Canada regarding Directive 20-1, a national funding formula for First Nations child and family services agencies, and the 1965 *Indian Welfare Agreement*.

##### **B. Agriculture, Forestry and Fishery Industries**

Some witnesses highlighted their concern about the growing need of the world's population for food and the increasing costs of producing it. For example, one witness argued that some actions taken by governments, such as subsidies and mandates for the inclusion of grain-based ethanol in gasoline and tariffs that affect the importation of ethanol from countries other than the United States and Mexico, have increased the cost of grain-based ethanol products, thereby indirectly increasing feed costs for the beef industry. As such, reversal of these policies was urged. Other proposals, each of which was supported by one witness, included: the removal of inspection fees for federally registered meat processing establishments, streamlining of the Canadian agricultural regulatory environment, and the introduction of a food safety tax credit that would be based on eligible expenses for upgrading food processing capabilities.

A number of witnesses supported amendments to the *Income Tax Act* to defer taxation on businesses that qualify as a family farm corporation as well as changes that would either increase, or index to inflation, the small business lifetime capital gains exemption so that the transfer of farms between generations does not cause undue financial stress.

Some witnesses made requests for program improvements in relation to the agricultural, forestry and fishery industries. Regarding the agricultural industry, proposals that were supported by one witness each included: rebuilding and increasing structural capacity for public research at Agriculture and Agri-Food Canada for the development and commercialization of agricultural research, reinstating the Abattoir Competitiveness and the Slaughter Improvement Programs, implementing a wine quality enhancement program, and providing funds for the Canadian Beef and Cattle Market Development Fund. A number of witnesses supported changes to the Growing Forward programs, particularly to continue the current Business Risk Management (BRM) and non-BRM programs in Growing Forward 2 and to develop and expand BRM programs.

Some witnesses provided comments in relation to the forestry industry. For example, suggestions that were supported by one witness in each case included: better incorporation of wood into the National Building Code, and funding for the basic programs under the Forest Industry Long Term Competitiveness Strategy.

Regarding the fishery industry, proposals were supported by one witness in each case regarding funding that would extend the Atlantic Integrated Commercial Fisheries Initiative, the development of a federal aquaculture act, the creation of an ocean and food systems institute at a Canadian university, and implementation — with the participation of Canada's First Nations — of the Canadian Boreal Forest Agreement.

### **C. Community Enterprises**

Some of the Committee's witnesses spoke about the importance of community enterprises and cooperative businesses in the Canadian economy, especially in the economies of rural and remote communities. Suggestions that were supported by one witness in each case were made in relation to: the establishment of a fund that could be used to invest in social investment capital, and the creation of a fund that could be used to provide long-term loans at preferred rates to co-operatives.

#### **4.7 Domestic Safety and Security**

People and businesses want the communities in which they live, work and operate to be safe and secure, in part because safety and security enhances quality of life and provides an environment that supports higher levels of economic growth. Some witnesses shared their opinions about such domestic safety and security issues as crime prevention, criminal prosecution, victims of crime and prison condition issues, emergency services, and national defence and security.

## **A. Crime Prevention, Criminal Prosecution, Victims of Crime and Prison Condition Issues**

In speaking about crime prevention, one witness focussed on youth, and suggested that criminals' sentences should be longer. Other witnesses suggested that funds should be redirected from the criminal justice system to after-school recreation programs, and that multi-year funding should be allocated to organizations that work with Aboriginal, Inuit and Métis youth, youth in gangs, young girls and youth living in poverty.

Some witnesses informed the Committee about the manufacture, importation and sale of contraband cigarettes, and proposed measures to reduce these activities: enforce contraband laws and order the closure of illegal cigarette factories; create a Canada-Ontario-Quebec task force on illegal cigarettes to coordinate an effective response against contraband trade in tobacco; undertake a public education campaign; increase penalties for the manufacture, importation and sale of contraband tobacco; broaden the seizure powers of law enforcement authorities; create an anti-contraband Royal Canadian Mounted Police task force; and enhance security at the shared Canada-U.S. border through joint law enforcement procedures designed to reduce the importation of contraband tobacco.

Regarding law enforcement authorities, one witness urged the federal government to increase funding in order to train law enforcement units in the investigation and prosecution of human traffickers, while other witnesses advocated the provision of long-term funding for community policing, and enhanced support for cooperative efforts among national, provincial and municipal law enforcement authorities.

One witness informed the Committee that, with recent funding regulations and budget reductions at Status of Women Canada, the department's budget for 2010 amounts to \$1.78 per woman and girl in Canada. Some witnesses advocated increased spending for services that assist women experiencing violence and for organizations that are working on public policy solutions to violence. A number of proposals were supported by one witness in each case: grants, to be administered by Status of Women Canada, or multi-year funding to help address gaps in the provision of emergency shelter to women fleeing violent situations; the initiation of a national inquiry to examine violence against Aboriginal women and girls, and to focus on missing and murdered Aboriginal women and girls across Canada; the launch of federal, provincial and territorial and municipal discussions to ensure policy coordination, with input from relevant stakeholders, and funding to continue the "Sisters in Spirit" initiative.

To help victims of crime, one witness proposed an amendment to the *Criminal Code* to make victim fine surcharges mandatory during sentencing.

Regarding the treatment of women in the prison system, one witness suggested an amendment to the *Corrections and Conditional Release Act*, and supported funding for an independent national women's governance committee to monitor the imprisonment conditions of women.

## B. Emergency Services

Some witnesses provided the Committee with suggestions regarding emergency personnel and infrastructure. For example, one witness urged the creation of a national public safety officer compensation benefit for the families of fire fighters and other emergency responders killed in the line of duty, renewed funding for the hazardous materials training for first responders in order to prepare emergency personnel for chemical and biological attacks in Canada, and a review of the federal disaster assistance program. Other witnesses called for the establishment of long-term funding for the Canadian Coast Guard.

### Figure 7 — Canadian Coast Guard: Key Facts

On an average day, the Canadian Coast Guard:

- Saves 8 lives;
- Assists 55 people in 19 search and rescue cases;
- Services 60 aids to navigation, such as lighthouses or fog horns;
- Handles 1,547 marine radio contacts;
- Manages 2,325 commercial ship movements;
- Escorts 4 commercial vessels through ice;
- Undertakes 12 fisheries patrols;
- Supports 8 scientific surveys;
- Supports 3 hydrographical missions;
- Deals with 4 reported pollution events; and
- Surveys 4.4 kilometres of navigation channel bottom.

Source: Figure prepared using information from Fisheries and Oceans Canada, *Report on Plans and Priorities*, 2010-2011, <http://www.tbs-sct.gc.ca/rpp/2010-2011/inst/dfo/dfo02-eng.asp#CCG> and *Canadian Coast Guard*, "Levels of Service," 2011, <http://www.ccg-gcc.gc.ca/eng/CCG/WM>AboutCcg>.

## C. National Defence and Security

Military expenditures were a concern for a number of witnesses, and they provided suggestions about the level of spending on national defence that they believed to be appropriate. One witness proposed an increase in defence spending through the implementation of a long-term plan for equipment maintenance and the purchase of new equipment. Another witness advocated an increase in the amount of the yearly surplus that the Department of National Defence is allowed to carry forward to the next fiscal year, and a guarantee that the department's capital spending will not fall below 25% of its total budget.

Other witnesses supported a reduction in military expenditures. One witness argued that such spending should be returned to the levels that existed prior to September 11, 2001, while another witness suggested that management at the Department of National Defence should consult with employees in order to review and reduce expenditures on contractors.

Some witnesses advocated greater use of alternative service delivery, argued that lower-cost, private-sector delivery of aircraft services should occur and suggested that alternative payment methods should be explored. One witness called for increased parliamentary oversight of spending by the Department of National Defence on equipment in order to ensure effective management of military spending.

Regarding the level of research in relation to national defence and security, one witness suggested that the Industrial and Regional Benefits Program should provide more research and development support for Canadian businesses.

One witness told the Committee that a new Canadian space program should be created. In this witness' view, the program would focus on developing new technologies for export to the rest of the world as well as changes to the space technology procurement process to allow participants more flexibility in choosing the technology to be used in fulfilling requests.

In an effort to maintain the number of reservists through improved employment opportunities during their transition to civilian life, some witnesses suggested the development and implementation of a compensation program and tax incentives for employers that hire reservists or veterans as well as training for reservists to increase their employment opportunities following their military service

#### **The Committee recommends ...**

The Committee feels that strong communities support strong businesses and strong people, and contribute to a nation's prosperity and resiliency. Communities are where people live and businesses operate, and it is important that they be characterized by adequate and functional infrastructure, investment in the development and use of renewable and clean energy, a housing market that is viable, charitable giving that supports domestic and international priorities, and the absence of illegal and/or undesirable behaviours, such as those relating to contraband tobacco. In believing that policy actions are needed in each of these areas in order to ensure a resilient and prosperous future for our communities, with benefits for businesses and people, we make a number of related recommendations.

Consequently, the Committee recommends that:

**The federal government, as committed to in Budget 2011, continue to work with provinces, territories, the Federation of Canadian Municipalities and other stakeholders to develop a long-term plan for public infrastructure that extends beyond the expiry of the Building Canada plan, including ensuring support for rural communities.**

**The federal government continue to advance public-private partnerships (P3s) to produce value for taxpayers in the delivery of public infrastructure.**

**The federal government work with municipalities, especially in rural Canada, to continuously review the *Navigable Waters Protection Act*.**

**The federal government, in partnership with the provincial and territorial governments, continue to support economically viable clean energy projects that will assist regions and provinces in the replacement of fossil fuel with renewable fuel sources, such as the Lower Churchill hydroelectric project.**

**The federal government support the development and maintenance of standards and codes for Canadian solar energy technology.**

**The federal government continue to explore cost-effective ways to support greater energy cost savings, especially with regard to northern and remote communities and transportation choices for Canadians.**

**The federal government encourage the development of the natural gas vehicle industry by partnering with Canada's transportation industry and exploring ways to support sustainable transportation.**

**The federal government continue to invest in green technologies, business, household energy conservation and renewable energy development.**

**The federal government continue to use tax incentives to promote the development and use of renewable energy.**

**The federal government continue to monitor Canada's housing market and ensure its long-term stability.**

**The federal government continually commit to making its international assistance more accountable and transparent to improve the effectiveness of such investments, including continued and growing involvement in the International Aid Transparency Initiative.**

**The federal government continue to explore ways to encourage greater charitable giving by Canadians, including supporting initiatives such as the House of Commons Standing Committee on Finance's study on tax incentives for charitable donations.**

**The federal government examine the concept of a First Nations Property Ownership Act as proposed by the First Nations Tax Commission.**

**The federal government work with the provinces and territories to support Canada's agriculture industry with the continued development of the Growing Forward 2 agricultural policy framework, ensuring it is**

**frequently reviewed to ensure it helps the competitiveness and success of the industry in the most effective manner.**

**The federal government continue to acknowledge contraband tobacco and help reduce the problem of its trafficking, as it has become a black-market industry that makes it easier for children to start smoking, and results in losses in revenue and higher health care costs.**





## CHAPTER 5: STRONG PEOPLE

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Strong people are at the heart of a resilient nation — as family members and friends, employees and contributors to their communities — and, during times of economic uncertainty, they are essential in sustaining an economic recovery and a high standard of living. Some witnesses expressed their views on a range of issues facing individuals: a fair personal taxation regime that does not have a high compliance burden, access to health care and an adequate supply of health care professionals as well as support for caregivers and those with particular medical conditions, affordable education with sufficient support for educational institutions and for students, various supports for those in and out of the paid labour force, and retirement savings measures and pension plan provisions that help to assure adequate retirement income.

### **The witnesses requested ...**

#### **5.1 Personal Taxation**

The level and manner of taxation of individuals by a country are important for a variety of reasons. For example, choices about where to live, how much to work and how much to save, among other decisions, may be affected. A number of witnesses spoke to the Committee about a variety of personal taxation issues, including tax reform, compliance and special measures for such groups as those with low income, caregivers of children and other dependants, disabled persons and those with income that fluctuates — at times significantly — from year to year.

#### **A. Tax Reform**

Believing that Canada should have a personal taxation system characterized by fairness, some witnesses proposed measures that they believe would achieve this goal. For example, each of the following proposals was supported by one witness: a redesign of the system to achieve greater income redistribution; measures to address the relatively higher taxation of wage income than dividend income when payroll deductions are taken into account; consideration of the effect of the tax system on parents who have earned income and on parents who choose to not participate in the paid workforce; use of the family unit for taxation purposes; a review of the effect of the current tax system on single-income families; and a comprehensive review of tax provisions that affect estate and succession planning, particularly in respect of the taxation of transfers of family-owned businesses.

A number of witnesses provided the Committee with varying opinions about changes regarding personal income taxation. For example, some witnesses proposed an increase in the tax rate for high-income earners, while other witnesses advocated a phased-in decrease in the tax rate for those earning income in the top two tax brackets. A number of proposals were supported by one witness in each case, including suggestions in relation to: an increase in the number of tax brackets, a more general

reduction in personal income tax rates in order to facilitate retirement saving, and a rate reduction for high-income earners in order to encourage immigration and retain workers in Canada.

One witness requested a reduction in investment-related tax incentives, such as the capital gains inclusion rate as well as the deduction and deferral of taxation for registered retirement savings plan contributions.

Canada's personal taxation system was compared to that in other Organisation for Economic Co-operation and Development countries by one witness, with a suggestion for changes to Canada's personal and consumption taxes.

Some witnesses made suggestions in relation to specific groups of taxpayers. For example, each of the following proposals was supported by one witness: an increase in the Working Income Tax Benefit to a level that would bring the income of all Canadians with full-time employment up to the appropriate low-income measure, an increase in the personal exemption to reflect the appropriate low-income measure for all individuals living in poverty, and an increase in the ceiling amount of the lowest tax bracket to align with the yearly maximum pensionable earnings stipulated in the Canada Pension Plan.

## **B. Compliance**

A number of the Committee's witnesses argued that the compliance costs associated with filing a personal income tax return are too high, and requested simplification of the *Income Tax Act* in order to reduce paperwork for individuals and tax administration costs for the federal government. To aid individuals who have complex tax returns, some witnesses proposed that the tax filing date be extended to June 15 to provide individuals with additional time to obtain official documents from third parties, such as investment administrators. In the view of one witness, simplified tax legislation would increase transparency, reduce uncertainty for tax preparers and taxpayers, and decrease the likelihood of aggressive tax planning.

## **C. Measures for Particular Groups**

Proposals related to caregivers and tax credits were presented to the Committee by a number of witnesses, with some commending the government for tax credits that have been put in place, such as the family caregiver tax credit, the disability tax credit and the Age Tax Credit; other witnesses suggested that these tax credits should be made refundable. Each of the following proposals was supported by one witness: consolidation of caregiver tax benefits to prevent overlap; streamlining of tax benefits to mitigate income and pension accumulation losses when a person leaves the workforce to care for a dependent family member; extending benefit eligibility for caregivers who live apart from the dependent person receiving the care; and removal of the limit on the amount of eligible expenses that caregivers can claim under the medical expense tax credit for a dependent relative.

According to some witnesses, specific tax measures in relation to child care and children need adjustments. For example, they advocated direct child care subsidies for parents rather than tax benefits in order to enable workforce entry or re-entry, an increase in the value of the Canada Child Tax Benefit and the National Child Benefit Supplement, and family income-splitting for the purposes of taxation.

Recognizing that some individuals have variable levels of income from year to year, a number of the Committee's witnesses advocated income averaging for self-employed artists, as well as allowing professional artists and creators to use their revenue in the current year in order to establish contribution room for purposes of registered retirement savings plans. They also proposed a tax credit for production of live performances, including theatre, dance and opera, exemptions from taxation in respect of income derived from copyright and residual payments and of arts grants, and tax measures that would enable writers and other creators to earn a better living from their creative efforts.

## **5.2 Health**

A healthy population is an indicator of, and a contributor to, a nation's health and prosperity. Some witnesses spoke to the Committee about such health-related issues as drugs, caregivers and care facilities, health promotion and disease prevention, mental and oral health, health care professionals and facilities, health-related research and innovation, the future of health care and its costs, and the needs of people with disabilities or other medical conditions.

### **A. Drugs**

A number of witnesses told the Committee about the need for improvements to Health Canada's regulatory review processes for drugs and other medical products, including natural health products, and they proposed certain changes. For example, they supported funding for the department's Natural Health Products Directorate and the Health Products and Food Branch Inspectorate to enable it to implement and enforce natural health product regulations. Each of the following proposals was supported by one witness: natural health products should no longer be defined as drugs under the *Food and Drugs Act*; funding for the Canada Border Services Agency and the Canada Post Corporation to prevent illegal natural health products from entering Canada; and changes to Health Canada's approval system by moving to a "management-by-exception" system based on post-market compliance that would allow low-risk and high-risk health care products to be regulated differently.

A number of witnesses advocated the creation of a national pharmacare plan to ensure that all Canadians have access to medically necessary drugs, with some proposing a cost-sharing arrangement with the provinces and territories to finance such a plan. One witness informed the Committee about the need to develop an implementation plan to ensure that the elements of the National Pharmaceuticals Strategy of the *2004 Health Accord* are realized.

Some witnesses made suggestions in relation to Health Canada's Therapeutic Products Directorate, the proposed labelling requirements regarding pharmaceutical drugs for human use and the production of medical marijuana. In particular, one witness proposed that, in order to support successful implementation of the revised cost recovery framework, resources at Health Canada's Therapeutic Products Directorate should not be affected by the strategic operating review. Another witness argued that certain changes outlined in the *Draft Guidance Document- Labelling of Pharmaceutical Drugs for Human Use* should not be implemented, while yet another witness believed that the production of medical marijuana should be closely monitored.

Measures that acknowledge and nurture global partnerships, such as support to develop targeted regional biopharmaceutical corridors across Canada, were presented by one witness.

## **B. Caregivers and Care Facilities**

A number of the Committee's witnesses requested the development of a national caregiver strategy as a framework for directing and coordinating measures to support family caregivers, believing that such a framework could be the basis for a dialogue with the provinces/territories on targeted measures for family caregivers. Proposals supported by one witness in each case included: the introduction of employer incentives to reward family caregivers; funding and support for home care and patient's medical homes, with each patient having a family physician; the development of advanced access booking systems and strategies for after-hours coverage; and support for health information systems and technology.

## **C. Health Promotion and Disease Prevention**

Recognizing that physical activity contributes to good health and disease prevention as well as to potentially less frequent or less intensive use of health care services, a number of witnesses advocated changes to the Children's Fitness Tax Credit, which some believe should be fully refundable for non-taxpaying individuals, and the establishment of a national child's physical literacy achievement award. The following proposals were supported by one witness in each case: the introduction of an adult fitness tax credit linked to requirements such as healthy eating education and behaviour modification, the development of a monitoring system to improve children's health and well-being, and funding for participACTION.

Some witnesses supported investments in new vaccines, in a permanent, national immunization trust fund that is separate from the Canada Health Transfer and in a national immunization strategy to ensure timely adoption of newly recommended vaccines. One witness highlighted the need to develop a public immunization program against shingles.

A number of witnesses proposed strategies to support health promotion and disease prevention. For example, the following measures were supported by one witness in each case: the development of a national activity guide; an education campaign to

increase awareness about sodium and the benefits of reduced sodium consumption; and measures aimed at reducing diabetes, including through a pan-Canadian healthy weights strategy, a Canadian diabetes strategy and an Aboriginal diabetes initiative.

#### **D. Mental and Oral Health**

Some witnesses commented on mental and oral health issues, both generally and in relation to particular populations. For example, a number of witnesses told the Committee about the mental health and addictions program needs of First Nations youth and Inuit communities, and one witnesses highlighted the need for expanded oral health promotion and disease prevention among Inuit and First Nations through the Children's Oral Health Initiative of the Non-Insured Health Benefits (NIHB) program.

A number of witnesses urged the establishment of a national network of depression research and intervention centres as well as investments to support recovery programs for First Nations, military and youth who suffer from addictions. One witness requested a plan that would provide consistent, Canada-wide public health programs focussing on oral health promotion and the creation of a public health system that meets the oral health needs of Canadians.

#### **E. Health Care Professionals and Facilities**

Some witnesses shared their views on health human resources, and requested the establishment of a sustainable health human resources plan, including in relation to physicians, and a national health human resources data and analysis centre. One witness advocated the creation of a unique identifier for each Canadian health professional as a means of ascertaining the number of health human resources in Canada, the establishment of a system linking these unique identifiers with patients' electronic health records, and system improvements that would enhance the integration of health information from different sources.

According to one of the Committee's witnesses, the federal government should increase the GST rebate on all eligible purchases made by publicly funded, not-for-profit health care institutions.

One witness proposed the establishment of a national health human resource infrastructure fund to support health professionals in delivering new models of health care, inter-professional practice and research and innovation, while another witness encouraged the government to strengthen and support primary health care through ensuring the existence of a sufficient number of health care professionals and providers as well as infrastructure and governance.

Suggestions that were supported by one witness in each case included: the creation of a national health delivery infrastructure fund to provide academic health care organizations with an incentive to enhance their capacity to provide Canadians with timely access to care in a way that uses green and digital technology markets in Canada; a comprehensive set of pan-Canadian health system indicators that demonstrate quality

improvement across the continuum of care; the establishment of a national medication management centre to reduce adverse drug events and to enhance patients' management of their medication; support for data-reporting infrastructure in relation to drugs; and the creation of a link between the Canada Health Infoway and Canada's digital strategy. Proposals supported by one witness in each case were also made in relation to medical schools and students: the creation of a medical education opportunities fund to promote careers in medicine, the granting of bursaries, the development of databases to understand more accurately the demographic profile of Canadian medical students, funding of such measures as bridging programs to enhance the participation of internationally educated health professionals, targeted education and skills training programs for health care workers, the availability of employment opportunities following graduation was urged.

One witness commended the government for current strategies regarding student loan forgiveness in relation to health care professionals who practise in rural and remote areas, and some requested that such loan forgiveness be extended to include such professionals practising in other regions.

A number of witnesses requested a more integrated, government-wide policy approach to later-life, serious-illness and end-of-life issues. The Committee also heard a number of suggestions that were supported by one witness in each case, such as investments in order to ensure that all Canadians have access to hospice, palliative and end-of-life care; the need to encourage Canadians to discuss end-of-life care with their relatives; and funding of new, community-integrated palliative care approaches.

## F. Health-related Research and Innovation

Some witnesses spoke to the Committee about the need to ensure that effective tax policy supports health care as well as health-related research and innovation. A number of witnesses expressed their opinions on the Canadian Institutes of Health Research (CIHR), and supported the acceleration of leading-edge research and innovations into Canada's health care system through the CIHR Strategy on Patient-Oriented Research; one witness proposed greater support for CIHR. Another witness informed the Committee about the requirement to develop a medical device and technology strategy to help achieve long-term health system goals, while still another witness supported promotion of pan-Canadian sharing of innovative practices in the delivery of health care.

***“In other words, we can reduce the nursing shortage and all the costs associated with the shortage and improve patient outcomes by simple innovations that increase productivity and improve retention rates.”***

*Pauline Worsfold (Secretary-Treasurer,  
Canadian Federation of Nurses Unions),  
19 October 2011*

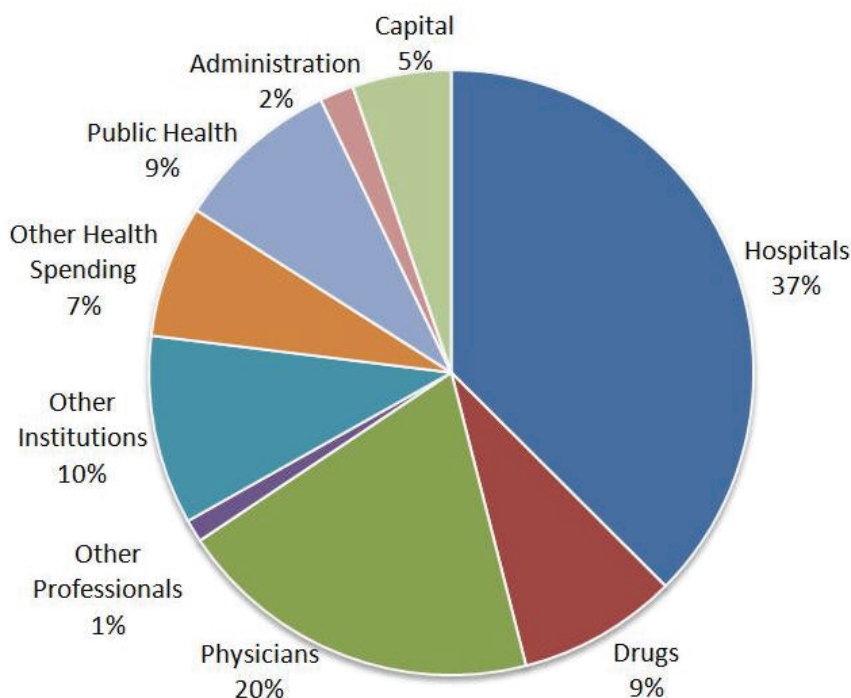
In relation to research on chronic diseases one witness informed the Committee about the need for investments that would support research regarding the incidence and patterns of diseases, the use of health facilities, the effectiveness of various interventions and approaches, individual and population health outcomes, and cost-effectiveness.

## G. Future of Health Care and its Costs

With the *2004 Health Accord* expiring in 2014, some of the Committee's witnesses spoke about negotiations for the next accord and the elements that should be included in it. One

witness advocated an increase in health care funding, while another witness supported the inclusion of a home care strategy, reinforced the five principles of the *Canada Health Act*, and stressed the importance of establishing a consultation process involving all key stakeholders, including those with chronic conditions, and a nationwide dialogue about the health care system.

**Figure 8 — Total Health Expenditure by All Level of Government, by Use of Funds, Canada, 2011 (%)**



Notes: Data are projections. "Capital" refers to the physical infrastructure of hospitals, clinics, first aid stations or residential care facilities. Expenditures on "hospitals" and "other institutions" include: salaries of healthcare professionals, including physicians, for services provided in the institution; administration; drugs and provincial and territorial medical insurance plans.

Source: Figure prepared using data from the Canadian Institute for Health Information, "Public and Private Sector Health Expenditures by Use of Funds," *National Health Expenditure Database*, 2011.

One witness highlighted the need for tax incentives in relation to public and investor returns in social impact financing, which could attract private capital in the development and implementation of service delivery innovations.

A number of proposals in relation to funding for specific programs or agencies were presented to the Committee, with the following suggestions supported by one witness in each case: current support for the Public Health Agency of Canada should be maintained;

additional financial and program support to existing initiatives that assist Aboriginal Canadians, including the First Nations and Inuit Health Branch, the NIHB program and Aboriginal Head Start On Reserve Program, should be allocated; additional funds to family support programs, including Community Action Program for Children and Canada Prenatal Nutrition Program, should be provided; and additional funding of Aboriginal health care systems as well as the setting of specific targets to improve Aboriginal mental and physical health should occur.

In noting that health care costs continue to rise, some witnesses requested that the federal government promote cost control and productivity in health care. Proposals supported by one witness in each case were focussed on the need for private health care providers, funding linked to the patient, the creation of a registered health savings plan in order to help employers and employees prepare for post-retirement health care expenses, and the purchase of long-term care insurance or contributions to a designated registered savings plan for this purpose.

Other suggestions supported by one witness in each case were in relation to the use of actuarial science to ensure objective analysis, the importance of following expert advice on health care design, benefit coverage and funding, the need for consultations on the development of a national continuum-of-care policy, and the value of partnerships between the private and public sectors, such as that between the Juvenile Diabetes Research Foundation and the Federal Economic Development Agency for Southern Ontario.

## **H. People with Disabilities or Other Medical Conditions**

Some witnesses made suggestions in relation to people with disabilities or other medical conditions. For example, one witness requested that the federal government renew the Social Development Partnership Program and the Canada's Community Inclusion Initiative for people living with disabilities.

Requests in relation to particular disabilities were also made. For example, a number of witnesses requested renewed funding in order to research spinal cord injury cures, to improve accessibility and inclusivity in relation to people living with spinal cord injuries, and to support new social innovations.

One witness supported the creation of a national autism council and a Canadian national autism strategy.

To assist in reducing the social, economic and health burden of Canadians living with an acquired brain injury, one witness told the Committee about the need for increased funding for the Brain Injury Association of Canada to enable the creation of a national movement for people living with brain injuries, to support research in the field of brain injuries and to create awareness about such injuries.



One witness spoke to the Committee about the need for funding for a national research program in relation to the health of veterans and other members of the military, and incentives for investments in research related to military and veteran health.

Suggestions to assist those with disabilities and other medical conditions that were supported by one witness in each case included: the need for a national program to facilitate the early identification of, and intervention in respect of, speech and language disorders in young children, the need for implementation of a preventive treatment program for respiratory syncytial virus among Inuit babies born in remote Nunavut communities, the need for investments in the dissemination of best practices to improve the diagnosis and treatment of respiratory illness, the need for support for the frail elderly; the need for funding to accelerate the early detection of lung illnesses, and the need for measures that would lead to reduced exposure to hazardous pollutants and to sources of exposure.

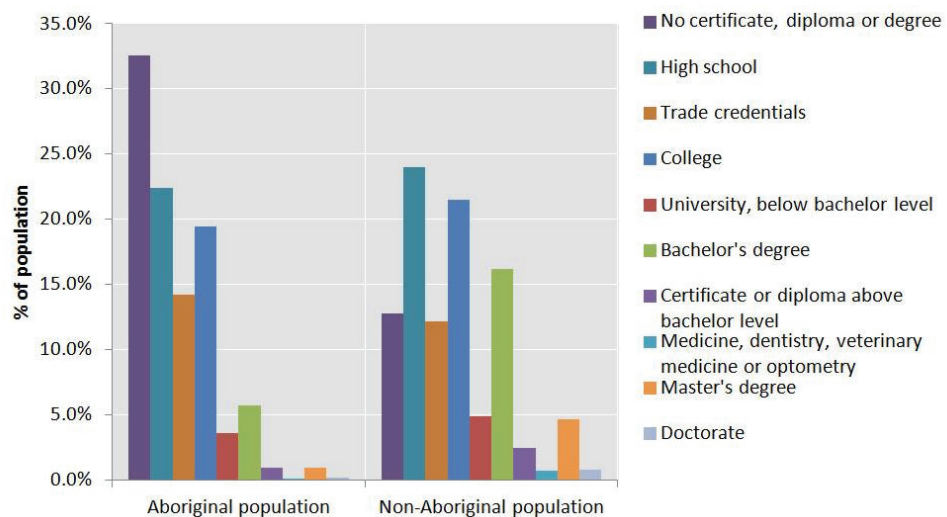
### 5.3 Education

Education is valued for the contribution it makes to enhancing an individual's quality of life, for the way it improves an employee's productivity, and for the impact that it has on decisions made by foreigners and foreign businesses about where to live and invest, among other reasons. A number of witnesses shared their views about federal support to the provinces and territories and First Nations for education, support for students, and measures in relation to international students and Canadians studying abroad.

#### A. Federal Support to the Provinces, Territories and First Nations

Some of the Committee's witnesses presented suggestions in relation to federal support for education, which is provided to provinces and territories through the Canada Social Transfer. For example, a number of witnesses

**Figure 9 — Educational attainment of Aboriginal and Non-Aboriginal population, 25-54 years, 2006**



Source: Figure prepared using data from Statistics Canada, "2006 Census: Data Products."

proposed the development of a separate post-secondary education transfer, with funds allocated on a per-student basis, and the creation of a post-secondary education act that is modeled on the principles of the *Canada Health Act*. One witness advocated the establishment of a post-secondary education advisory council on which provinces would be represented, and another witnesses asked that the level of federal funding for the post-secondary sector be increased.

A number of witnesses advocated investments in teaching facilities to ensure that equipment meets industry standards. One witness supported continued federal investments in literacy, numeracy and problem-solving skills — alone or in partnership with provincial and territorial governments and/or the private sector — while another witness made suggestions regarding financial support for the college system. Some suggestions made by the Committee's witnesses were supported by one witness in each case, including those in relation to: the creation of a national skills strategy to increase post-secondary enrolment, the development of a pan-Canadian strategy to improve the quality and accessibility of post-secondary education, and support for the entrepreneurial mission of post-secondary institutions.

The particular needs of Aboriginal students were identified by a number of the Committee's witnesses. In order to meet those needs, they proposed an increased investment in Aboriginal education, including the removal of the 2% cap on spending increases in relation to Aboriginal Affairs and Northern Development Canada's Post-Secondary Student Support Program, and adequate financial assistance for every eligible Aboriginal learner. One witness told the Committee about the need to support Métis and Non-Status First Nations learners through an initiative, to be developed by the federal government and Aboriginal organizations, that would extend non-repayable financial assistance to them.

Some witnesses requested an increase in core funding for Aboriginal institutions, while a number of proposals were supported by one witness: a fiscal framework that would support First Nations systems in delivering excellence in education, enhanced post-secondary education for Aboriginal Canadians through sustained funding, and the implementation of a national strategy on Inuit education.

Some witnesses urged the federal government to take the actions needed to raise the educational attainment rates of First Nations, Inuit and Métis students to national averages as well as to increase the skills of Aboriginal Canadians. One witness asked for the development and implementation of a comprehensive strategy and action plan to close the educational gap between Aboriginal and other Canadians, with regular reports to Parliament and First Nations about the progress being achieved, while another witness told the Committee about the need to engage universities in discussions about successful outcomes for Aboriginal students and underfunding of education for First Nations.

## **B. Support for Students**

Some witnesses presented the Committee with suggestions designed to support students through changes to the Canada Student Loans Program (CSLP). For example,

they advocated an increase in the income threshold used to determine eligibility for student loan interest relief, an increase in the number of needs-based grants and low-interest loans, a revision to loan limits, an increase in the payment and interest deferment period, the appointment of an independent ombudsperson to resolve disputes, a reduction in the repayment interest rate, an increase in the maximum amount of debt reduction available to borrowers who are experiencing difficulty in making their loan payments, and a change to the CSLP's assessment of borrower assets in order to permit an exemption for a single vehicle.

A number of the Committee's witnesses advocated the reallocation of existing federal tax expenditures related to post-secondary education to grants and bursaries administered through the Canada Student Grants Program (CSGP). Other suggestions were supported by one witness in each case, including proposals related to: a tax exemption for the Apprenticeship Incentive Grant, an increase in the maximum amount per student available through the CSGP, maintained — if not increased — support for the Canada Graduate Scholarships Program, measures to encourage young people to remain in — and graduate from — high school, and a review of federal tax measures designed to assist high-need students and under-represented groups, such as students from low-income families, students with disabilities, Aboriginal students and adult learners. The Committee was also presented with proposals designed to help students enter and remain in the workforce, and a number of these suggestions were supported by one witness in each case: career guidance programs, the establishment of a federal work-study program to help students transition from post-secondary education to full-time employment, and expansion of internship programs coincident with the creation of complementary programs, such as industry fellowships and exchanges.

One witness encouraged investments in programs supporting the ability of all students to obtain a university education in Canada as well as in programs that support domestic and international students' ability to obtain affordable and high-quality education in Canada; particular attention was paid to the need to recruit Aboriginal students.

### **C. International Students and Canadians Studying Abroad**

The Committee heard about the need to support Canadian students wishing to study abroad and international students wishing to study in Canada. In particular, one witness supported measures to strengthen and promote Canadian education globally and to make Canadian graduate scholarships available to international students, while another witness advocated support for programs and policies to attract international students.

#### **5.4 Job and Other Supports**

For their own sake, and for the sake of their families and communities as well as the nation, citizens need supports to help them be full participants in society, whether in or out of the labour force. Some witnesses provided their comments on measures that support labour force participation, including child care as well as on-the-job training and employment insurance, and on labour shortages as well as supports for those who are not in the paid workforce.

## **A. Child Care**

According to a number of the Committee's witnesses, access to child care is often a major barrier to entry into, and continued participation in, the workplace for Canadian parents and guardians of young children. Some witnesses stated their appreciation for the Universal Child Care Benefit (UCCB) and the Canada Child Tax Benefit (CCTB). Certain witnesses argued for an increase in both the UCCB and the CCTB and for a new benefit that would provide parents of children aged up to 18 years with a refundable tax credit.

Recognizing that child care is often discussed in the broader context of early childhood education and care, a number of witnesses commented on the importance of appropriate levels of support from each level of government, including First Nations, provinces and territories, and municipalities, and suggested that all levels of government work together to identify possible solutions to deficiencies in child care and early learning services.

## **B. On-the-Job Training**

Some witnesses shared proposals in relation to on-the-job training. For example, they supported the creation of a tax credit for employers that engage in workplace literacy and essential skills training, including language training, and a training tax credit creditable against Employment Insurance premiums. One witness proposed a tax credit for formal training expenses for apprentices.

A number of witnesses encouraged the government to invest in the digital skills of all Canadians, to advance financial literacy, to promote the importance of essential skills in the workplace, and to provide sustained funding for — and conduct an examination and review of — the current *Labour Market Development Agreements* with the provinces, territories with a view to allowing a greater ability to access courses at accredited training centres and to ensuring standardized funding formulae among regions.

One witness praised the Knowledge Infrastructure Program, and advocated its continuation with a broadened mandate.

Some witnesses also discussed the need to increase support for education and skills development, to encourage employers to hire and train workers, and to ensure the provision of skills training programs for post-secondary students and graduates. One witness encouraged the government to invest in, and expand, successful workforce development programs.

## **C. Labour Shortages**

According to some of the Committee's witnesses, there are skilled labour shortages in Canada that are expected to worsen with the aging of Canada's population; the implications for both citizens and employers are expected to become more pronounced over time. They suggested that older workers who have already left the workforce may have the skills required for certain jobs, and one witness urged the government to remove

any disincentives to re-entering the workforce, such as the requirement to repay Old Age Security benefits should income earned exceed a certain amount.

A number of witnesses stressed the importance of labour mobility as a means by which to address labour shortages, especially for sectors that tend to employ individuals for short term-contracts. They suggested that the federal government should create a tax credit that would allow transitory workers to deduct employment-related expenses, including some travel expenses, incurred while temporarily relocated. They also proposed a national skills strategy that would address deficiencies among the various funders and providers of labour market programming in Canada, and that would establish solutions for labour market shortages.

***“If you look at the labour market information available, you will find that areas like Newfoundland and Labrador will face significant labour shortages from now until 2014. Ontario will be flat until 2015. Alberta, Nova Scotia, and Quebec need numbers of workers. ... The baby boomer generation, which no one expected was ever going to retire, is going to retire. We have spaces for nearly 2,500 people to enter the construction industry in the next five years, and another 163,000 people in the five years after that. It's an industry that is going to change. If we have trained people all across the country, we need to be able to move them.”***

*Robert Blakely (Director, Canadian Affairs, Building and Construction Trades Department, AFL-CIO, Canadian Office), 3 October 2011*

Some witnesses proposed immigration as another solution for addressing current and future labour shortages, with Canada competing with other countries for foreign students and workers. They argued for improvements to the immigration process that would allow more immigrants with particular job skills to settle in Canada more quickly, and urged the federal government to improve processes at Citizenship and Immigration Canada in order to expedite the process of attaining permanent residency, as well as to improve the Canadian visa application process for workers from emerging countries. They also advocated greater support for immigrants entering the workforce. One witness suggested that the government should allow occupation lists for immigration eligibility to be flexible and to adapt them as needs change in certain sectors of the economy.

A number of witnesses spoke to the Committee about the need to improve the integration of immigrants into the labour market once they have arrived in Canada. The following suggestions were supported by one witness in each case: expand existing overseas pre-arrival services for foreign credential recognition that are part of the Canadian Immigration Integration Project, fund mutual recognition programs for professional qualifications, create a research mentorship program for foreign-trained professionals at colleges and polytechnics through funding from regional development agencies, renew federal-provincial immigration agreements, continue funding – at 2011-2012 levels – for settlement and integration services, and expand services at colleges to facilitate international students in becoming permanent residents.

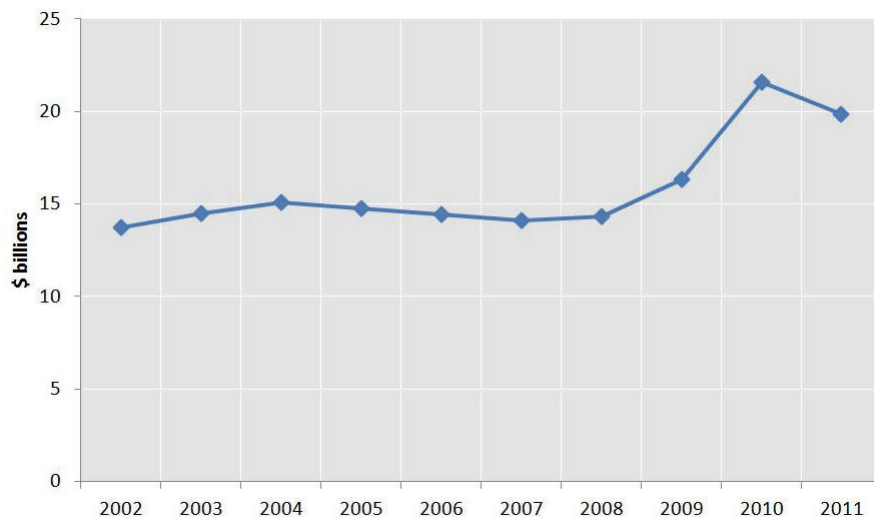
Feeling that disabled persons are another group that could help to address labour shortages, particularly if appropriate job supports are provided, some witnesses supported making the disability tax credit refundable. Other proposals were supported by one witness in each case, including those in relation to: a tax incentive for small business owners to undertake certain installations and modifications designed to increase accessibility for persons with disabilities, investments in labour market initiatives that allow people with intellectual disabilities to enter and remain in the workforce when they are able, and development of a national body to oversee and report on the coordination of disability support and service programs, as well as to establish options for those people with episodic disabilities within disability benefit programs.

#### D. Employment Insurance

The Committee was presented with suggestions that, in the view of some witnesses, would strengthen the Employment Insurance (EI) program. A number of witnesses supported reform of the EI program to expand eligibility, reduce the number of hours required for eligibility, eliminate the two-week waiting period, increase the compassionate care benefit, base benefit levels on fewer best weeks of earnings, introduce a minimum yearly basic exemption, make the EI hiring credit permanent, and increase the percentage of earnings replaced. Another witness suggested extending EI if the individual is willing to relocate for employment.

Some witnesses commented on payroll taxes, one component of which is EI premiums, and proposed no increases in EI premiums or Canada Pension Plan (CPP) contribution rates. One witness proposed a baseline amount of earnings below which workers would be considered to be temporarily hired, with the corresponding requirement that employers make the necessary payroll contributions, while another witness suggested the creation of a board of referees for the

**Figure 10 — Employment Insurance Benefits, Canada, 2002-2011**



Note: Data reflect year ended 31 March.

Source: Figure prepared using data from *Public Accounts of Canada 2011*, "Summary Report and Financial Statements," 2011.

Northwest Territories and Nunavut, and yet another witness proposed that the government contribute to the EI fund.

## **E. Support for Those Not in the Labour Force**

Some of the Committee's witnesses advocated an anti-poverty strategy, program spending measures aimed at providing employment opportunities for Canadians facing poverty, and national strategies with measurable targets, timelines and indicators aimed at poverty reduction and housing security, particularly for individuals with disabilities.

### **5.5 Pensions**

With the aging of Canada's population, ongoing concerns about the level of personal indebtedness in Canada and historically low interest rates on investments, there is an increasing public policy focus on how Canadians will support themselves in retirement. Some witnesses commented on three prevalent sources of retirement income in Canada: personal savings, occupational pension plans, and retirement benefits provided through the Canada Pension Plan/Quebec Pension Plan (CPP/QPP) and Old Age Security (OAS) programs.

#### **A. Personal Savings**

A number of suggestions in relation to existing and proposed measures designed to enhance retirement savings were provided to the Committee, with the following proposals supported by one witness in each case: increases in the contribution limits for Tax-Free Savings Accounts and registered retirement savings plans (RRSPs), taxation of RRSP withdrawals according to the nature of the underlying income, the creation of a retirement savings grant for young Canadians with limited federal matching of their retirement contributions, an exemption from the application of the GST for portfolio management services in relation to retirement savings plans, a trust that would provide parents with tax benefits should they wish to leave a portion of their estate to their children for retirement purposes, an expansion in the list of stock exchanges in relation to which RRSP-approved investments could be made, and the addition of variable benefits to the definition of "qualified pension income" in the *Income Tax Act* to permit non-periodic payments to be split with a spouse or common-law partner.

Some witnesses supported income splitting at age 55 with respect to three additional sources of pension income: registered retirement income funds (RRIFs), pension plan funds that have been transferred to a locked-in plan and amounts transferred from RRIFs to a retirement plan of a spouse.

In order to provide Canadians with clarity about the nature and magnitude of their retirement savings, one witnesses suggested that the Canada Revenue Agency should send taxpayers a personalized "check up letter" indicating the current status of their retirement savings and a projection of estimated retirement income.

## B. Employer-Sponsored Pension Plans

A number of witnesses commented on a range of employer-sponsored retirement plans, including group RRSPs. In particular, one witness said that contributions made by employers to group RRSPs should be exempted from payroll taxes and that these contributions should be locked in until retirement, while another witness suggested that individuals should be permitted to transfer severance income into an RRSP without any effect of their contribution room.

***“Second, I’d like to talk very briefly about Canada’s pension system. We fully support the government’s proposal for pooled registered pension plans. [...]. We believe these plans will provide Canadians with a simple, efficient, and cost-effective opportunity to save for retirement. As we understand it, the public policy objective of PRPPs is to expand the retirement coverage of individuals who currently do not participate in a pension plan, particularly the self-employed and employees of small businesses.”***

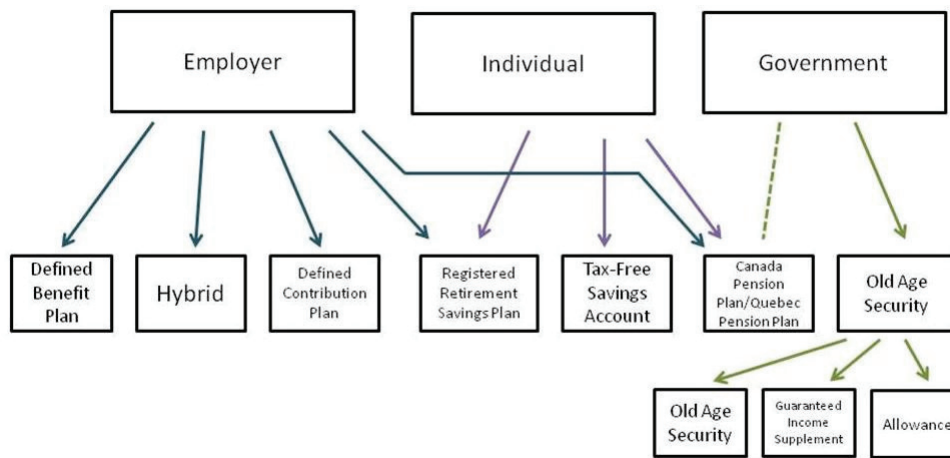
*Terry Campbell (President and Chief Executive Officer,  
Canadian Bankers Association),  
18 October 2011*

A number of witnesses made requests in relation to pooled registered pension plans (PRPPs), which they felt would lead to increased retirement savings should PRPPs be implemented. In order to ensure sufficient and gradual use of the proposed measure, some witnesses suggested a feature that would automatically enrol both employers and employees, but that would give them the opportunity to opt out should they so choose. Other suggestions in relation to PRPPs, each of which was supported by one witness, were: the locking-in of funds until retirement, a gradual and automatic increase in contribution limits over time, a requirement that a person’s RRSP contribution room be unaffected by his or her initial contribution to a PRPP, the ability to transfer assets between PRPPs and RRSPs without tax implications, the addition of a section to the *Income Tax Act* that would designate PRPPs to be a form of tax-registered savings vehicle and thereby regulated federally, and a requirement that most administrative responsibilities related to the PRPP be handled by a third-party administrator.



Some witnesses urged the government to take one of three actions: provide a temporary employer-employee savings grant, supplement initial contributions to the proposed PRPP measure, or provide a temporary tax credit to employers for their contributions to the PRPPs of their employees.

**Figure 11 — Retirement Savings and Income Vehicles**



Notes:

1. Registered retirement savings plan (RRSP) includes individual and group RRSPs.
2. Employers may also offer other arrangements, such as deferred profit sharing plans and employee stock options.
3. The Canada Pension Plan and Quebec Pension Plan, which are statutorily based, are funded by individuals and employers.

Source: Figure prepared using information from Human Resources and Skills Development Canada, “Canada’s Public Pension System,” [http://www.hrsdc.gc.ca/eng/publications\\_resources/service\\_providers/public\\_pensions/presentation/page00.shtml](http://www.hrsdc.gc.ca/eng/publications_resources/service_providers/public_pensions/presentation/page00.shtml).

One witness also urged the federal government to confirm that group RRSPs are “qualifying alternatives” to PRPPs, and another witness asked that the minimum 150-unit-holder rule to qualify for “mutual fund trust” status be reduced to a minimum of 50 unit holders and that individuals who invest directly or through an insurance segregated fund be designated as one unit holder.

Some witnesses commented on pensions for federal public sector employees, and suggested the removal of the early retirement provisions in the federal public service pension plan, and the calculation of retirement benefits on the basis of the person’s salary over the course of his or her public service career. One witness also suggested that federal public sector defined benefit pensions be replaced by PRPPs.

**C. Canada/Quebec Pension Plan and Old Age Security Programs**

Some witnesses spoke to the Committee about issues related to the Canada Pension Plan/Quebec Pension Plan (CPP/QPP). For example, they supported an increase

in the replacement rate for those with earnings below a certain amount, a doubling of CPP benefits, an ability for individuals to increase their contributions in order to compensate for periods of unemployment, the introduction of a dropout provision for certain caregivers, and an increase in CPP/QPP survivor benefits. Other witnesses advocated either the status quo or reduced CPP/QPP contributions.

One witness told the Committee that the federal government should create an administrative department where a hospital, nursing home or funeral home could send a death certificate in order to avoid situations where CPP/QPP benefits are paid after death.

Some witnesses commented on Old Age Security programs and argued for increases in, and extension of, benefits to all low-income persons aged 60 to 64 years.

### **The Committee recommends...**

The Committee believes that people should be healthy, well-educated and fairly taxed. It is important that a nation's residents be healthy not only for their own sake and the sake of their family, but also in order that they can reach their potential and fully contribute in their workplace, if any, and in their community. Consequently, we make recommendations related to health care, education, personal taxation, job supports for selected groups, and retirement income and savings. It should be noted that our recommendation in one of the areas noted below – pooled retirement pension plans – is the subject matter of Bill C-25, An Act relating to pooled registered pension plans and making related amendments to other Acts.

Therefore, the Committee recommends that:

**The federal government, contingent on a return to balanced budgets, continue to reduce personal taxes through measures like income splitting and doubling the contribution limits for Tax-Free Savings Accounts (TFSA's).**

**The federal government review the tax filing due date and methods for individuals, including exploring alignment with the small business tax filing due date for improved efficiency, and explore increased use of new compliance mechanisms like telephone audits.**

**The federal government convene an expert panel to review, modernize and simplify the personal tax system.**

**The federal government continue to support improvements to health human resources and health research for all health professions, including nursing, through the continued and growing use of innovative new technologies, such as electronic health records.**

**The federal government continue its review of the Registered Disability Savings Plan to ensure it meets the needs of Canadians with severe disabilities, and their families.**

**The federal government continue to work collaboratively with the provinces and territories to renew the Health Accord.**

**The federal government continue to work with provinces and territories to address shortages of doctors, nurses and other health care professionals – especially in rural and remote areas.**

**The federal government continue to conduct research to promote military and veteran health.**

**The federal government study the treatment of personal vehicles under the Canada Student Loans Program's assessment of borrower assets.**

**The federal government make progress in engaging in a new approach to providing support to First Nations and Inuit post-secondary students to ensure that students receive the support they need to attend post-secondary education and engage in the labour market. The new approach should be effective and accountable, and coordinated with other federal student support programs.**

**The federal government continue to support and promote the skilled trades, to better allow Canadians to take advantage of opportunities in such areas – including helping skilled workers with tax incentives or other incentives to move between provinces with greater ease.**

**The federal government continue to help foreign-trained workers, including skilled immigrants and Canadians with international training or education, make contributions to Canada's labour market and economy, including providing loans for recent immigrants to pay for skills training and accreditation.**

**The federal government continue to support all Canadian Forces members as they transition from military to civilian life, especially through initiatives like the Helmets to Hardhats Program, while continuing to explore ways to improve reservists' employment opportunities.**

**The federal government continue to work cooperatively with provinces and territories on retirement income and pensions issues, and specifically implement the Pooled Retirement Pension Plan.**

**The federal government review public sector pensions to ensure their ongoing cost and sustainability.**

**The federal government review the rules surrounding Registered Retirement Income Funds (RRIFs) and Registered Retirement Savings Plans (RRSPs) to better support retirement savings.**

## CHAPTER 6: CONCLUSION

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The Committee launched its pre-budget consultations in June 2011. With this report, we conclude our 2011 consultations in an international setting in which a number of countries and regions are experiencing economic turmoil. Canada is a small, open economy: what happens internationally affects our nation as well as its citizens and businesses.

As discussed in Chapter 1, the federal government often implements public policy measures designed to strengthen federal finances, businesses, communities and people. Moreover, as also noted in that chapter, the Committee believes that strength in each of these four areas contributes to a resilient nation and a sustained recovery from the global economic downturn. In turbulent times, and with continued economic challenges abroad, actions should be taken to promote strong federal finances, businesses, communities and people.

The resiliency of a nation is sustained by sound federal finances. In this context, the Committee made recommendations in relation to continued support for jobs and growth, financial literacy, constrained spending, a review of spending to ensure efficiency and effectiveness, and federal budgetary balance. These recommendations are designed to ensure federal finances that will enable the federal government to stimulate economic growth, as required, and that will ensure that future generations do not face the burden of ever-increasing debt.

The nation's resiliency and economic recovery will be influenced by the prosperity of Canada's businesses. A country's businesses are the engines of economic growth because they employ people, provide the goods and services that society wants, and make investments that increase productive capacity and productivity. In seeking to support the nation's businesses, the Committee made recommendations about corporate taxation, tax evasion, regulations, support for particular industries, internal and international trade, and research and development. In our view, implementation of these recommendations would enhance the ability of Canadian businesses to prosper, for both their own benefit and that of the nation.

As well, Canada is more resilient when communities support the people and businesses that live, work and operate in them. Communities include infrastructure, the environment, housing and property ownership, domestic and international charitable giving and aid, support for selected industries and limits on certain activities that are either illegal and/or undesirable. The Committee made recommendations in each of these areas, believing that their implementation would enhance the strength of communities.

Canada's sustained recovery depends in part on the ability of people to contribute to their country, as family members, employees and community members. In an effort to support Canadians, the Committee made recommendations in the areas of personal taxation, health, education, job support, and retirement savings and income. These recommendations are designed to contribute to Canada's prosperity.

In conclusion, the Committee feels that Canada's strength is enhanced by strong federal finances, businesses, communities and people, and that resiliency will help to sustain the economic recovery that is under way in Canada but that remains vulnerable to the turmoil being experienced in a number of nations worldwide. Canada needs a sustained recovery for the benefit of its businesses, communities and people, and we believe that implementation of the recommendations in this report will help to bring about the strength needed for a prosperous future.

# LIST OF RECOMMENDATIONS

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## CHAPTER 2: STRONG FEDERAL FINANCES

**The federal government continue to implement the Next Phase of Canada's Economic Action Plan to support jobs and economic growth.**

**The federal government continue to promote financial literacy.**

**The federal government limit new spending commitments in the upcoming federal budget. In the context of the current fiscal realities, massive new spending would be fiscally irresponsible. However, the government should continue to closely monitor the global and domestic economic situation and, if the Canadian economy weakens significantly, respond as necessary in a flexible and measured manner to support Canadian jobs and economic growth.**

**The federal government continue in its plan to return to balanced budgets in the medium term, including following through on its deficit reduction action plan in order to achieve at least \$4 billion in ongoing annual savings by 2014–2015.**

**The federal government continually review spending to eliminate waste and inefficiencies to optimize value for taxpayers' money, including auditing every department on a rotating basis to ensure ongoing efficiency.**

**In meeting its commitment to return to budgetary balance, the federal government not raise taxes or cut transfers to persons, including those for seniors, children and the unemployed, or transfers to other levels of government in support of health care and social services, equalization, and the gas tax transfer to municipalities.**

## CHAPTER 3: STRONG BUSINESSES

**The federal government continue to ensure a competitive tax system to attract investments and jobs – including implement all planned corporate tax rate reductions as scheduled to 2012.**

**The federal government explore further ways to enhance the international competitiveness of Canada's business tax structure, including: continuing to consult on potential new rules for the taxation of corporate groups, examining the impact of sections 105 and 102 of the *Income Tax Regulations* on access to skilled service in Canada by non-residents, and continued implementation of the recommendations of the Advisory Panel on Canada's System of International Taxation.**

**To combat tax evasion, the federal government explore requiring all firms and individuals in the construction industry to register for a business number and increasing the number of auditors.**

**The federal government continue to provide strong support to protect, sustain, and promote Canada's traditional industries — like mining, forestry, and manufacturing — by maintaining support and tax incentives to assist them.**

**The federal government study the issue of intergenerational transfers of family businesses, including farms, to ensure tax fairness.**

**The federal government continue to review and reduce unnecessary regulations, especially through the Red Tape Reduction Commission.**

**The federal government continue its work in the development of a national securities regulator in order to better protect Canadians.**

**The federal government continue to take all necessary actions to ensure the resilience of banking systems and financial markets at home and abroad, including implementing Basel III reforms.**

**The federal government convene an expert panel to review, modernize and simplify the federal corporate tax system.**

**The federal government continue to open up new markets to Canadian goods and services by working toward the completion of trading agreements with foreign governments, and also working to eliminate trade barriers involving the US-Canada border.**

**The federal government continue to recognize the need to promote the trade and export of Canadian goods and services abroad, such as in natural resources and financial and educational services.**

**The federal government encourage the provinces and territories to review and remove internal barriers to trade, including support for amendments to allow for a personal exemption for winery-to-consumer sales and shipments from province to province.**

**The federal government review the aviation cost structure to ensure Canada is competitive with its international competitors.**

**The federal government continue its strong support of research and development in Canada, especially such successful programs as the Vanier Canada Graduate Scholarships, Banting Post-Doctoral Fellowships, Canada Foundation for Innovation and Canada Excellence Research Chairs.**



**The federal government continue to review the report of the Expert Panel on Federal Support to Research and Development to help the government's efforts to modernize programs in support of innovation, and improve Canada's productivity in the global economy, while also upholding Canada's reputation as a top destination for global research talent.**

**The federal government continue to ensure increased effectiveness and efficiency of spending on agriculture research, development and technology transfer, including a return to market-based grain-based ethanol production.**

#### **CHAPTER 4: STRONG COMMUNITIES**

**The federal government, as committed to in Budget 2011, continue to work with provinces, territories, the Federation of Canadian Municipalities and other stakeholders to develop a long-term plan for public infrastructure that extends beyond the expiry of the Building Canada plan, including ensuring support for rural communities.**

**The federal government continue to advance public-private partnerships (P3s) to produce value for taxpayers in the delivery of public infrastructure.**

**The federal government work with municipalities, especially in rural Canada, to continuously review the *Navigable Waters Protection Act*.**

**The federal government, in partnership with the provincial and territorial governments, continue to support economically viable clean energy projects that will assist regions and provinces in the replacement of fossil fuel with renewable fuel sources, such as the Lower Churchill hydroelectric project.**

**The federal government support the development and maintenance of standards and codes for Canadian solar energy technology.**

**The federal government continue to explore cost-effective ways to support greater energy cost savings, especially with regard to northern and remote communities and transportation choices for Canadians.**

**The federal government encourage the development of the natural gas vehicle industry by partnering with Canada's transportation industry and exploring ways to support sustainable transportation.**

**The federal government continue to invest in green technologies, business, household energy conservation and renewable energy development.**

**The federal government continue to use tax incentives to promote the development and use of renewable energy.**

**The federal government continue to monitor Canada's housing market and ensure its long-term stability.**

**The federal government continually commit to making its international assistance more accountable and transparent to improve the effectiveness of such investments, including continued and growing involvement in the International Aid Transparency Initiative.**

**The federal government continue to explore ways to encourage greater charitable giving by Canadians, including supporting initiatives such as the House of Commons Standing Committee on Finance's study on tax incentives for charitable donations.**

**The federal government examine the concept of a First Nations Property Ownership Act as proposed by the First Nations Tax Commission.**

**The federal government work with the provinces and territories to support Canada's agriculture industry with the continued development of the Growing Forward 2 agricultural policy framework, ensuring it is frequently reviewed to ensure it helps the competitiveness and success of the industry in the most effective manner.**

**The federal government continue to acknowledge contraband tobacco and help reduce the problem of its trafficking, as it has become a black-market industry that makes it easier for children to start smoking, and results in losses in revenue and higher health care costs.**

## **CHAPTER 5: STRONG PEOPLE**

**The federal government, contingent on a return to balanced budgets, continue to reduce personal taxes through measures like income splitting and doubling the contribution limits for Tax-Free Savings Accounts (TFSA's).**

**The federal government review the tax filing due date and methods for individuals, including exploring alignment with the small business tax filing due date for improved efficiency, and explore increased use of new compliance mechanisms like telephone audits.**

**The federal government convene an expert panel to review, modernize and simplify the personal tax system.**

**The federal government continue to support improvements to health human resources and health research for all health professions, including nursing, through the continued and growing use of innovative new technologies, such as electronic health records.**

**The federal government continue its review of the Registered Disability Savings Plan to ensure it meets the needs of Canadians with severe disabilities, and their families.**

**The federal government continue to work collaboratively with the provinces and territories to renew the Health Accord.**

**The federal government continue to work with provinces and territories to address shortages of doctors, nurses and other health care professionals – especially in rural and remote areas.**

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**The federal government study the treatment of personal vehicles under the Canada Student Loans Program’s assessment of borrower assets.**

**The federal government make progress in engaging in a new approach to providing support to First Nations and Inuit post-secondary students to ensure that students receive the support they need to attend post-secondary education and engage in the labour market. The new approach should be effective and accountable, and coordinated with other federal student support programs.**

**The federal government continue to support and promote the skilled trades, to better allow Canadians to take advantage of opportunities in such areas – including helping skilled workers with tax incentives or other incentives to move between provinces with greater ease.**

**The federal government continue to help foreign-trained workers, including skilled immigrants and Canadians with international training or education, make contributions to Canada’s labour market and economy, including providing loans for recent immigrants to pay for skills training and accreditation.**

**The federal government continue to support all Canadian Forces members as they transition from military to civilian life, especially through initiatives like the Helmets to Hardhats Program, while continuing to explore ways to improve reservists’ employment opportunities.**

**The federal government continue to work cooperatively with provinces and territories on retirement income and pensions issues, and specifically implement the Pooled Retirement Pension Plan.**

**The federal government review public sector pensions to ensure their ongoing cost and sustainability.**

**The federal government review the rules surrounding Registered Retirement Income Funds (RRIFs) and Registered Retirement Savings Plans (RRSPs) to better support retirement savings.**

# APPENDIX A LIST OF WITNESSES

Organizations and Individuals	Date	Meeting
<p><b>As an individual</b>            Marc Lavoie, Full Professor, Department of Economics,            University of Ottawa</p>	2011/09/27	10
<p><b>BMO Capital Markets</b>            Douglas Porter, Deputy Chief Economist</p>		
<p><b>Canadian Labour Congress</b>            Sylvain Schetagne, Senior Economist, Social and Economic            Policy Department</p>		
<p><b>Conference Board of Canada</b>            Glen Hodgson, Senior Vice-President and Chief Economist</p>		
<p><b>Laurentian Bank Securities</b>            Carlos Leitao, Chief Economist</p>		
<p><b>Aerospace Industries Association of Canada</b>            Maryse Harvey, Vice-President, Public Affairs            Jim Quick, President and Chief Executive Officer</p>	2011/09/29	11
<p><b>As an individual</b>            Donald K. Johnson, Member of Advisory Board,            BMO Capital Markets</p>		
<p><b>Association of Canadian Community Colleges</b>            James Knight, President and Chief Executive Officer</p>		
<p><b>Canada Without Poverty</b>            Harriett McLachlan, Director            Rob Rainer, Executive Director</p>		
<p><b>Canadian Alliance of Student Associations</b>            Zachary Dayler, National Director</p>		
<p><b>Canadian Association of Mutual Insurance Companies</b>            Normand Lafrenière, President</p>		
<p><b>Canadian Conference of the Arts</b>            Alain Pineau, National Director</p>		
<p><b>Canadian Council for International Co-operation</b>            Fraser Reilly-King, Policy Analyst,            Aid and International Co-operation</p>		
<p><b>Canadian Electricity Association</b>            Sandra Schwartz, Vice-President, Policy Advocacy</p>		

**Canadian Institute of Actuaries**

James K. Christie, President

Michel St-Germain, Member

**Canadian Nurses Association**

Barb Mildon, President-elect

**National Coalition Against Contraband Tobacco**

Gary Grant, Spokesperson

**Shipbuilding Association of Canada**

Peter Cairns, President

**Tax Executives Institute, Inc.**

David Penney, President

**Brain Injury Association of Canada**

2011/10/03

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Jeannette Holman-Price, Vice-Chair

**Building and Construction Trades Department, AFL-CIO, Canadian Office**

Robert Blakely, Director, Canadian Affairs

**Canadian Federation of Students (Newfoundland and Labrador)**

Jessica McCormick, Chairperson

**Council of Canadians with Disabilities**

Susan Ralph, Vice-Chairperson

**Genome Canada**

Pierre Meulien, President and Chief Executive Officer

**St. John's Board of Trade**

Jo Mark Zurel, Chair

**Atlantic Provinces Community College Consortium**

2011/10/04

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Ken MacRae, Executive Director

Brian McMillan, President, Holland College

**Canadian Real Estate Association**

Gregory Klump, Chief Economist

Gary Simonsen, Chief Executive Officer

**Certified General Accountants Association of Canada**

Denis St-Pierre, Chair of the Tax and Fiscal Policy Advisory Group

**Every Woman's Centre**

Louise Smith-MacDonald, Coordinator

**Agence métropolitaine de transport**

2011/10/05

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Joël Gauthier, President and Chief Executive Officer

**Association of Universities and Colleges of Canada**

Paul Davidson, President and Chief Executive Officer

**Bell Canada**

Wayne Tunney, Senior Vice-President, Taxation

**Canadian Federation of Agriculture**

Ron Bonnett, President

**Canadian Hospice Palliative Care Association**

Sharon Baxter, Executive Director

**Climate Action Network Canada**

Graham Saul, Executive Director

**Confédération des syndicats nationaux**

Pierre Patry, Treasurer

**Conseil du patronat du Québec**

Georges Dick, Vice-President of the Board

Norma Kozhaya, Director of Research and Chief Economist

**Fédération des travailleurs et travailleuses du Québec**

Yvon Bolduc, Chief Executive Officer, Fonds de solidarité FTQ

**Manufacturiers et Exportateurs du Québec**

Audrey Azoulay, Director, Research and Government Relations,  
Quebec Region

**Société de transport de Montréal**

Marvin Rotrand, Vice-Chair of the Board

**Union des consommateurs**

Élisabeth Gibeau, Social and Fiscal Policies Analyst

**Association of Equipment Manufacturers**

2011/10/06

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Howard Mains, Canadian Public Policy Advisor

Howard Sellick, President, Sellick Equipment Limited

**Canadian Natural Gas Vehicle Alliance**

Alicia Milner, President

**Canadian Shipowners Association**

Bruce Bowie, President

**Canadian Solar Industries Association**

Patrick Bateman, Policy and Research Advisor

**Canadian Urban Transit Association**

Michael Roschlau, President and Chief Executive Officer

Penny Williams, Vice-Chair, Finance

**Encana Corporation**

Sam Shaw, Vice-President, Natural Gas Policy Development

**European Aeronautic Defence and Space Company Inc.**

Pierre Delestrade, President and Chief Executive Officer

**Fair Pensions for All**

William Tufts, Founder

**Greater Kitchener Waterloo Chamber of Commerce**

Art Sinclair, Vice-President

**Sarnia Lambton Chamber of Commerce**

Garry McDonald, President

Debra Taylor, Chair, Board of Directors

**Spirits Canada / Association of Canadian Distillers**

Jan Westcott, President and Chief Executive Officer

**Canadian Bankers Association**

2011/10/18

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Terry Campbell, President and Chief Executive Officer

**Canadian Construction Association**

Nadine Miller, Chair

**Canadian Co-operative Association**

John Anderson, Director, Government Affairs and Public Policy

**Canadian Federation of Independent Business**

Corinne Pohlmann, Vice-President, National Affairs

**Canadian Healthcare Association**

Pamela Fralick, President and Chief Executive Officer

**Canadian Home Builders' Association**

Victor Fiume, Former President

Ron Olson, Acting President

**Canadian Institute of Chartered Accountants**

Gabe Hayos, Vice-President, Taxation

**Canadian Labour Congress**

Andrew Jackson, Chief Economist

**Canadian Medical Association**

John Haggie, President

**Canadian Union of Public Employees**

Paul Moist, National President

**Canadian Wireless Telecommunications Association**

Bernard Lord, President and Chief Executive Officer

**Federation of Canadian Municipalities**

Berry Vrbanovic, President



**Hotel Association of Canada**

Tony Pollard, President

**Public Service Alliance of Canada**

John Gordon, National President, Executive Office

**Calgary Chamber of Commerce**

2011/10/19

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Ben Brunnen, Director, Policy and Government Affairs and Chief Economist

**Canada Foundation for Innovation**

Gilles Patry, President and Chief Executive Officer

**Canadian Federation of Nurses Unions**

Pauline Worsfold, Secretary-Treasurer

**Canadian Institutes of Health Research**

Alain Beaudet, President

**Fédération des communautés francophones et acadienne du Canada**

Marie-France Kenny, President

**Natural Sciences and Engineering Research Council of Canada**

Suzanne Fortier, President

**Oxfam Canada**

Mark Fried, Policy Coordinator

**Social Sciences and Humanities Research Council of Canada**

Carmen Charette, Executive Vice-President, Corporate Affairs Secretariat

**Canada's Research-Based Pharmaceutical Companies (Rx & D)**

2011/10/20

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Russell Williams, President

**Canadian Federation for the Humanities and Social Sciences**

Graham Carr, President

**Canadian Institute for Military and Veteran Health Research**

Alice Aiken, Director

**Canadian Life and Health Insurance Association Inc.**

Frank Swedlove, President

**Canadian Taxpayers Federation**

Gregory Thomas, Federal and Ontario Director

**Certified Management Accountants of Canada**

Richard Monk, Advisor, National Affairs and Former Chair

**Co-operative Housing Federation of Canada**

Nicholas Gazzard, Executive Director, National Office

**Forest Products Association of Canada**

Avrim Lazar, President and Chief Executive Officer

**National Roundtable on Travel and Tourism**

David F. Goldstein, President and Chief Executive Officer,  
Tourism Industry Association of Canada

**Native Women's Association of Canada**

Jeannette Corbiere Lavell, President

**New Economy Alliance**

Jeff Passmore, Chair

**Polytechnics Canada**

Nobina Robinson, Chief Executive Officer

**Rick Hansen Foundation**

Mark Aston, Senior Director, Strategic Partnerships and  
Initiatives, Rick Hansen Institute

Colin D. Ewart, Vice-President,  
Strategic Relations and Development

**Rideau Institute on International Affairs**

Steven Staples, President

**Prospectors and Developers Association of Canada**

2011/10/25

19

Philip Bousquet, Senior Program Director

Tara Christie, Chair, Finance and Taxation Committee

**Tourism Industry Association of the Yukon**

Krista Prochazka, Executive Director

**Yukon Chamber of Commerce**

Sandy Babcock, President

**Clean Energy Association of British Columbia**

2011/10/26

20

Paul Kariya, Executive Director

**First Call: BC Child and Youth Advocacy Coalition**

Louisa Sanchez, School Trustee

**Mining Association of Canada**

Karina Briño, President and Chief Executive Officer,  
Mining Association of British Columbia

Pierre Gratton, President and Chief Executive Officer

**Prince Rupert Port Authority**

Don Krusel, Chief Executive Officer

**BIOTECanada**

2011/10/27

21

John Hyshka, Chief Financial Officer and Chief Operating Officer,  
Phenomenome Discoveries

Cate McCready, Vice-President, External Affairs

**Canadian Association of Social Workers**

Ray Pekrul, Board Member

**CropLife Canada**

Dennis Prouse, Vice-President, Government Affairs

**Edmonton Chamber of Commerce**

James Merkosky, Chair, Finance and Taxation Committee

Martin Salloum, President and Chief Executive Officer

**Grain Growers of Canada**

Todd Hames, Director and Farmer

**Investment Industry Association of Canada**

Ian Russell, President and Chief Executive Officer

**National Council of Women of Canada**

Carla Kozak, Vice-President

**Saskatchewan Association of Rural Municipalities**

David Marit, President

Ray Orb, Vice-President

**Saskatchewan Institute of Applied Science and  
Technology**

Robert G. McCulloch, President and Chief Executive Officer

**University of Saskatchewan**

Karen Chad, Vice-President, Research

**Alliance of Canadian Cinema, Television and Radio  
Artists**

2011/10/31

22

Ferne Downey, National President

Stephen Waddell, National Executive Director

**Association of International Automobile Manufacturers  
of Canada**

David Adams, President

**Canada Company**

Blake C. Goldring, Chairman

**Canadian Association for Community Living**

Michael Bach, Executive Vice-President

**Canadian Association of Retired Persons**

Susan Eng, Vice-President, Advocacy

Michael Nicin, Government Relations and Policy Development  
Officer

**Canadian Boreal Initiative**

Mary Granskou, Senior Policy Advisor

**Canadian Caregiver Coalition**

Nadine Henningsen, President

**Canadian Chamber of Commerce**

Tina Kremmidas, Chief Economist

**Canadian Energy Pipeline Association**

Brenda Kenny, President and Chief Executive Officer

**Canadian Foundation for Climate and Atmospheric  
Sciences**

John Mills, Member, Board of Trustees

**Canadian Home Care Association**

Marg McAlister, Director, Policy and Research

**Canadian Trucking Alliance**

Stephen Laskowski, Senior Vice-President

**Canadian Vehicle Manufacturers' Association**

Mark A. Nantais, President

**City of Revelstoke**

Christina Benty, Mayor, Town of Golden

David Raven, Mayor

**Deloitte & Touche**

Andrew Dunn, Managing Partner, Tax

**Electric Mobility Canada**

Michael Elwood, Chair of the Board of Directors and Vice-  
President, Marketing, Azure Dynamics

Chris Hill, Manager, Central Fleet, Energy, Fleet and Facilities

**Engineers Without Borders Canada**

Ian Froude, Canadian Programs (Advocacy)

James Haga, Director of Advocacy

**Fédération culturelle canadienne-française**

Éric Dubeau, Executive Director

**Festivals and Major Events**

Janice Price, Chief Executive Officer,  
Luminato, Toronto Festivals of Arts and Creativity

**Financial Executives International Canada**

Michael Conway, Chief Executive and National President  
Peter Effer, Chair, Taxation Committee

**Investment Funds Institute of Canada**

James Carman, Senior Policy Advisor, Taxation  
Debbie Pearl-Weinberg, General Tax Counsel,  
Canadian Imperial Bank of Commerce

**National Aboriginal Caucus**

Patrick Smoke, National Aboriginal Students' Representative,  
Canadian Federation of Students

**National Marine Manufacturers Association Canada**

Sara Anghel, Executive Director

**Quality Urban Energy Systems of Tomorrow**

Brent Gilmour, Executive Director

**Retail Council of Canada**

Diane J. Brisebois, President and Chief Executive Officer

**Spectra Energy**

Dennis Hebert, General Manager, U.S. and Canadian Tax  
Tim Kennedy, Vice-President, Federal Government Affairs

**Toronto Board of Trade**

Richard Joy, Vice-President, Policy and Government Relations

**Vaughan Chamber of Commerce**

Reza Ghazi, Member, Policy Committee  
Michael Manett, Chair of the Board  
Lynne Wallace, Chair, Policy Committee

**Assembly of First Nations**

Richard Jock, Chief Executive Officer

2011/11/01

23

**Canadian Public Works Association**

Darwin Durnie, President

**Canadian Restaurant and Foodservices Association**

Garth Whyte, President and Chief Executive Officer

**First Nations Tax Commission**

Clarence T. Jules, Chief Commissioner and Chief Executive  
Officer

**Inuit Tapiriit Kanatami**

Mary Simon, President

**Professional Institute of the Public Service of Canada**

Shannon Bittman, Vice-President

**YWCA Canada**

Ann Decter, Director, Advocacy and Public Policy

**Canadian Association of Petroleum Producers**

2011/11/03

27

David Collyer, President

**Canadian Cattlemen's Association**

Travis Toews, President

**Canadian Gas Association**

Timothy M. Egan, President and Chief Executive Officer

**Canadian Vintners Association**

Paul Bosc, Chair

**CANARIE Inc.**

Jim Roche, President and Chief Executive Officer

**Cement Association of Canada**

Michael McSweeney, President and Chief Executive Officer

**Desjardins Group**

Bernard Brun, Director, Government Relations

**Directors Guild of Canada**

Gerry Barr, National Executive Director and Chief Executive Officer

**Green Budget Coalition**

Andrew Van Iterson, Manager

**REAL Women of Canada**

Diane Watts, Researcher

**Sustainable Development Technology Canada**

Vicky J. Sharpe, President and Chief Executive Officer

**Sustainable Prosperity**

Alexander Wood, Senior Director, Policy and Markets

# APPENDIX B REFERENCES

## CHAPTER 2: STRONG FEDERAL FINANCES

### 2.1 The Canadian Economy

#### *A. Economic Growth*

Genome Canada  
Kids First Parent Association of Canada  
Klaiber, Grant  
Sustainable Prosperity  
Fondation, le Fonds de développement de la CSN pour la coopération et l'emploi  
Canadian Bank Machine Association  
Calgary Chamber of Commerce  
Canadian Bankers Association  
Toronto Board of Trade  
Conference Board of Canada  
Lavoie, Marc  
Laurentian Bank Securities  
BMO Capital Markets  
Canadian Labour Congress

#### *B. Business Investment*

Canadian Vehicle Manufacturers' Association  
Chemistry Industry Association of Canada  
Canadian Restaurant and Foodservices Association  
Association of International Automobile Manufacturers of Canada  
Canadian Steel Producers Association  
Shipbuilding Association of Canada

### 2.2 Federal Expenditures

#### *A. Federal Spending*

REAL Women of Canada  
White, B. Jean  
Canadian Chamber of Commerce  
Conference Board of Canada  
Make Poverty History  
Professional Institute of the Public Service of Canada  
Canadian Union of Public Employees  
Canadian Labour Congress  
Waite, Paul  
Calgary Chamber of Commerce  
Canadian Taxpayers Federation  
Fédération des femmes du Québec  
St. John's Board of Trade  
Greater Kitchener Waterloo Chamber of Commerce  
Conseil du patronat du Québec  
Bikman, Gary

Canadian Chamber of Commerce  
Brooks & District Chamber of Commerce  
Association for Reformed Political Action  
Armishaw, Cheryl  
Enterprise Rent-a-Car  
Harwood, Paul

### *B. Budgetary Decision Making*

Women's Action Coalition of Nova Scotia  
Every Woman's Centre  
Fédération des femmes du Québec  
Canadian Federation of University Women  
Lahey, Kathleen A.  
YWCA Canada  
Baker Jervis, Debbie  
Colour of Poverty-Colour of Change  
Metro Toronto Chinese and Southeast Asian Legal Clinic  
Latin American Tenant Association  
Fédération des communautés francophones et acadienne du Canada  
Canadian Community Economic Development Network  
First Call: BC Child and Youth Advocacy Coalition  
Fédération des femmes du Québec  
Sustainable Prosperity

### *C. Federal Procurement Practices*

Merit Canada  
Harwood, Paul  
Conseil du patronat du Québec

### *D. Transfer Payments to the Provinces and Territories*

Bikman, Gary  
Greater Kitchener Waterloo Chamber of Commerce  
Face of Poverty Consultation  
Desjardins Group  
Social Planning Council of Winnipeg  
Calgary Chamber of Commerce

## **CHAPTER 3: STRONG BUSINESSES**

### **3.1 Access to Financing**

#### *A. Tax Credits*

Deloitte & Touche  
Communitech  
Fondation, le Fonds de développement de la CSN pour la coopération et l'emploi  
Fonds de solidarité des travailleurs et travailleuses du Québec

#### *B. Capital Gains and Preferred Shares*



Acorn Partners  
Spectra Energy  
Canadian Life and Health Insurance Association Inc.

### *C. Access to Foreign Capital*

Canadian Life and Health Insurance Association Inc.  
Canadian Bankers' Association

### *D. Co-operatives*

Canadian Cooperative Association  
Canadian Worker Co-operative Federation  
Conseil canadien de la coopération et de la mutualité  
Credit Union Central of Canada

### *E. Social Enterprises*

Social Innovation Generation  
Dexterity Ventures Inc.  
Social Planning Council of Winnipeg

### *F. Sector-Specific Measures*

BIOTECanada  
Information Technology Association of Canada  
Small Explorers and Producers Association of Canada  
Prospectors and Developers Association of Canada  
Mining Association of British Columbia

## **3.2 Corporate Taxation**

### *A. Corporate Income Tax Rate*

Professional Institute of the Public Service of Canada  
Brooks & District Chamber of Commerce  
Canadian Fertilizer Institute  
Recreation Vehicle Dealers Association of Canada  
Mouvement d'éducation et de défense des actionnaires  
Lalonde, Marc  
Conseil du patronat du Québec  
Bikman, Gary  
Canadian Institute of Chartered Accountants  
Desjardins Group

### *B. Small Business Deduction*

Acorn Partners  
Recreation Vehicle Dealers Association of Canada  
Canadian Vintners Association  
Canadian Institute of Chartered Accountants  
Canadian Automobile Dealers Association  
Association of Professional Computer Consultants

### *C. Business Group Taxation and International Taxation*

Canadian Bankers Association  
Financial Executives International Canada  
Tax Executives Institute, Inc.  
Canadian Institute of Chartered Accountants  
Union des consommateurs

### *D. Deductibility of Expenses in Certain Sectors*

Canadian Association of Petroleum Producers  
Canadian Federation of Apartment Associations

### *E. Capital Gains*

Canadian Federation of Apartment Associations  
Credit Union Central of Canada

## **3.3 Capital Cost Allowance**

### *A. Accelerated Capital Cost Allowance for Machinery and Equipment*

Canadian Manufacturers and Exporters  
Canadian Fertilizer Institute  
Canadian Steel Producers Association  
Chemistry Industry Association of Canada  
Japan Automobile Manufacturers Association of Canada  
Cement Association of Canada  
Canadian Trucking Alliance  
Canadian Construction Association  
Association of Equipment Manufacturers  
Bell Canada

### *B. Sector-Specific Measures*

Bell Canada  
Canadian Wireless Telecommunications Association  
Clean Energy Association of British Columbia  
Canadian Home Builders' Association  
Canadian Federation of Apartment Associations  
Grain Growers of Canada  
Railway Association of Canada  
Surrey Board of Trade  
Shipbuilding Association of Canada

## **3.4 Regulations, Regulation Making and the Regulatory Burden, and Tax Compliance and Simplification**

### *A. Specific Regulations for Demutualization*

Canadian Association of Mutual Insurance Companies

## *B. Regulation Making, the Regulatory Burden and New Regulations*

Canadian Federation of Independent Business  
CropLife Canada  
Investment Industry Association of Canada  
Greater Kitchener Waterloo Chamber of Commerce  
Canadian Institute of Chartered Accountants  
Sarnia Lambton Chamber of Commerce  
Genome Prairie  
Canadian Wireless Telecommunications Association  
Aerospace Industries Association of Canada  
Canadian Federation of University Women  
Canadian Feminist Alliance for International Action  
Canadian Association of Elizabeth Fry Societies  
Mouvement d'éducation et de défense des actionnaires  
Port Metro Vancouver  
Bikman, Gary  
Retail Council of Canada  
U.S. Bank Canada  
Canadian Bank Machine Association  
Desjardins Group

## *C. Tax Compliance and Simplification*

Certified General Accountants Association of Canada  
Canadian Institute of Chartered Accountants  
Tax Executives Institute, Inc.  
Edmonton Chamber of Commerce  
Financial Executives International Canada

## **3.5 Trade-related Taxes, Agreements and Facilitation**

### *A. Duties, Tariffs and Excise Taxes*

Global Container Terminals  
Halifax International Airport Authority  
Vancouver International Airport Authority  
National Marine Manufacturers Association of Canada  
Japan Automobile Manufacturers Association of Canada  
Retail Council of Canada  
Association of International Automobile Manufacturers of Canada  
Spirits Canada/Association of Canadian Distillers

### *B. Trade Agreements*

Association of Equipment Manufacturers  
Japan Automobile Manufacturers Association of Canada  
Conseil du patronat du Québec  
Brooks & District Chamber of Commerce  
Prince Rupert Port Authority  
CropLife Canada

Canadian Chamber of Commerce

### *C. Import Prices*

Campus Stores Canada  
Canadian Alliance of Student Associations

### *D. Movement of People and Goods*

Port Metro Vancouver  
Association of Equipment Manufacturers  
Brooks & District Chamber of Commerce  
Ridley Terminals Users Group  
Prince Rupert Port Authority  
Canadian Shipowners Association  
St. Lawrence Economic Development Council  
GS1 Canada  
Canadian Border Services Agency  
Canadian Fertilizer Institute  
Teekay Shipping (Canada) Ltd.  
Association québécoise de l'industrie touristique  
Festivals and Major Events  
Halifax International Airport Authority  
Hospitality Newfoundland and Labrador  
Hotel Association of Canada  
National Airlines Council of Canada  
National Roundtable on Travel and Tourism  
Surrey Board of Trade  
Tourism Industry Association of the Yukon

### *E. Internal Trade*

Alliance of Canadian Wine Consumers  
Canadian Vintners Association  
Harwood, Paul  
Conference Board of Canada

## **3.6 Research and Innovation**

### *A. Data Availability*

Canadian Association of University Teachers  
Canadian Association of Family Resource Programs  
National Council of Women of Canada

### *B. Federal Research Grants and the Federal Granting Councils*

Genome Canada  
Canadian Association for Graduate Studies  
Canadian Federation for the Humanities and Social Sciences  
University of Saskatchewan  
McGill University  
National Graduate Caucus

University of British Columbia  
University of Toronto  
Mining Association of Canada  
Canadian Consortium for Research  
Canadian Federation of Students (Newfoundland and Labrador)  
Canadian Federation of Students (Nova Scotia)  
Canadian Federation of Students (Ontario)  
Canadian Association of Physicists  
Canadian Association of University Teachers  
Association of Universities and Colleges of Canada  
Association of Nova Scotia University Teachers

### *C. Collaborative Research*

Canadian Federation for the Humanities and Social Sciences  
MITACS  
Canadian Institutes of Health Research  
Canada Foundation for Innovation  
Natural Sciences and Engineering Research Council of Canada  
Social Sciences and Humanities Research Council of Canada  
Genome Canada  
Red River College  
Saskatchewan Institute of Applied Science and Technology  
Association of Canadian Community Colleges  
Atlantic Provinces Community College Consortium  
University of Saskatchewan  
Association of Universities and Colleges of Canada  
Council of Ontario Universities  
University of Manitoba  
University of Alberta  
University of British Columbia  
Canadian Association for Graduate Studies  
Partnership Group for Science and Engineering  
Canadian Propane Association  
Canadian Cattlemen's Association  
Polytechnics Canada  
Research Canada: An Alliance for Health Discovery

### *D. Scientific Infrastructure*

Athabasca University  
Partnership Group for Science and Engineering  
Canadian Association of Research Libraries  
Council of Ontario Universities  
CANARIE Inc.  
Canadian Library Association

### *E. Intellectual Property*

Canadian Generic Pharmaceutical Association  
Hoffmann-La Roche Limited  
Canada's Research-Based Pharmaceutical Companies (Rx & D)  
Saskatchewan Arts Alliance  
Writers' Union of Canada  
Certified Management Accountants of Canada

## *F. Private-Sector Research, Development and Commercialization Support and Tax Credits*

BC Association of Institutes and Universities  
Mining Association of British Columbia  
COM DEV Canada  
Canadian Cattlemen's Association  
Canadian Fertilizer Institute  
Grain Growers of Canada  
Genome Prairie  
Vancouver Island University  
Certified Management Accountants of Canada  
Engineers Canada  
MEDEC – Canada's Medical Technology Companies  
Aerospace Industries Association of Canada  
Canadian Clean Technology Coalition  
Canadian Propane Association  
Canadian Gas Association  
Sustainable Development Technology Canada  
Canadian Steel Producers Association  
Canadian Chamber of Commerce  
Chemistry Industry Association of Canada  
Conseil du patronat du Québec  
Calgary Chamber of Commerce  
Mining Association of Canada  
Acorn Partners  
Information Technology Association of Canada  
Bell Aliant Regional Communications  
Bell Canada  
Canadian Manufacturers and Exporters  
Communitech  
Hoffmann-La Roche Limited  
Canada's Research-Based Pharmaceutical Companies (Rx & D)  
Spectra Energy  
Canadian Institute of Chartered Accountants  
Canadian Steel Producers Association  
Financial Executives International Canada  
BIOTECanada  
Railway Association of Canada  
Certified Management Accountants of Canada  
Canadian Wireless Telecommunications Association  
Fondation, le Fonds de développement de la CSN pour la coopération et l'emploi

## **CHAPTER 4: STRONG COMMUNITIES**

### **4.1 Infrastructure**

#### *A. Federal Infrastructure Strategy*

Association of Consulting Engineering Companies  
Canadian Union of Public Employees  
Canadian Construction Association  
Desjardins Group  
City of Selkirk  
Canadian Public Works Association  
Engineers Canada  
St. John's Board of Trade

#### *B. Federal Infrastructure Procurement*

Cement Association of Canada  
Canadian Union of Public Employees  
BC Government and Service Employees' Union  
European Aeronautic Defence and Space Company Inc.  
St. John's Board of Trade  
Canadian Construction Association  
Yukon Chamber of Commerce  
Agence metropolitan de transport

#### *C. Federal Funding of Municipal Infrastructure*

Société de transport de Montréal  
Association of Municipalities of Ontario  
Canadian Construction Association  
City of Selkirk  
City of Oshawa  
Calgary TransitCamp

#### *D. Sector-Specific Support*

Société de transport de Montréal  
Agence métropolitaine de transport  
Face of Poverty Consultation  
Canadian Urban Transit Association  
Halifax Regional Municipality  
Saskatchewan Association of Rural Municipalities  
Conseil du patronat du Québec  
Mining Association of Canada  
St. John's Board of Trade  
Bell Aliant Regional Communications  
Buckway, B.J.  
Canadian Association of Research Libraries  
Canadian Library Association  
Communitech  
Information Technology Association of Canada

City of Whitehorse  
Bell Canada  
Saskatchewan Telecommunications  
Canadian Electricity Association  
Canadian Gas Association  
Engineers Canada  
Green Budget Coalition  
Assembly of First Nations  
North West Group  
Prospectors and Developers Association of Canada  
Canadian Literacy and Learning Network  
Canadian Natural Gas Initiative

## **4.2 Environment**

### *A. Conservation, Ecosystem, Rehabilitation and Species Recovery*

Canadian Boreal Initiative  
Green Budget Coalition  
South Basin Mayors and Reeves Inc.  
Pacific Salmon Foundation

### *B. Conventional Fuels*

Prospectors and Developers Association of Canada  
Green Budget Coalition  
Climate Action Network Canada  
Confédération des syndicats nationaux  
Bikman, Gary

### *C. Renewable Energy*

Marieval Enterprise Center Inc.  
Canadian Retail Building Supply Council  
Green Budget Coalition  
Clean Energy Association of British Columbia  
Vaughan Chamber of Commerce  
Canadian Solar Industries Association

### *D. Greenhouse Gas Emissions*

Cement Association of Canada  
Clean Energy Association of British Columbia  
BC Government and Service Employees' Union  
New Economy Alliance  
Canadian Natural Gas Vehicle Alliance  
Enerkem  
Canadian Natural Gas Initiative  
Encana Corporation  
Canadian Fertilizer Institute  
Electric Mobility Canada  
Canadian Vehicle Manufacturers' Association



## **4.3 Housing**

### *A. Availability of Affordable Housing and Housing that is Accessible to Persons with Disabilities*

Canadian Federation of University Women  
Every Woman's Centre  
Women's Action Coalition of Nova Scotia  
City of Whitehorse  
City of Selkirk  
Canadian Federation of University Women  
YWCA Canada  
Ottawa Victim Services  
Association of Municipalities Ontario  
Federation of Canadian Municipalities  
Canadian Home Builders' Association  
Co-operative Housing Federation of Canada  
London and St. Thomas Association of Realtors  
Réseau Solidarité Itinérance du Québec  
Citizens for Public Justice  
Canadian Housing and Renewal Association  
Home Ownership Alternatives  
Wellesley Institute  
March of Dimes Canada

### *B. House Prices*

Kamloops Chamber of Commerce  
London and St. Thomas Association of Realtors  
Canadian Home Builders' Association

### *C. Home Renovations*

Canadian Home Builders' Association  
Canadian Housing and Renewal Association

## **4.4 Arts and Culture**

### *A. Existing Funds, Credits and Institutions*

Association des producteurs de films et de télévision du Québec  
Documentary Organization of Canada  
Alliance of Canadian Cinema, Television and Radio Artists  
Writers Guild of Canada  
Directors Guild of Canada  
New Brunswick Arts Board  
Canadian Museums Association  
Association of Canadian Publishers  
Canadian Independent Music Association  
Canadian Artists' Representation  
Canadian Arts Coalition

Canadian Arts Presenting Association  
Canadian Crafts Federation  
Culture Montréal  
Independent Media Arts Alliance  
Mouvement pour les arts et les lettres  
Professional Association of Canadian Theatres  
Writers' Union of Canada  
Fédération culturelle canadienne-française  
Fédération des communautés francophones et acadienne du Canada  
Association for Reformed Political Action

### *B. Proposed Funds and Credits*

Canadian Independent Music Association  
Association des producteurs de films et de télévision du Québec  
Directors Guild of Canada  
Canadian Arts Coalition  
Mouvement pour les arts et les lettres  
Arts Network for Children and Youth  
Tourism Industry Association of the Yukon  
Hamilton Halton Brant Regional Tourism Organization  
Association québécoise de l'industrie touristique  
Festivals and Major Events  
National Roundtable on Travel and Tourism  
Canadian Museums Association  
Canada's Sports Hall of Fame  
Canadian Olympic Committee  
Canadian Paralympic Committee  
Own the Podium  
Sport Matters Group  
Canadian Crafts Federation  
Association of Canadian Publishers  
Alliance of Canadian Cinema, Television and Radio Artists

### *C. Domestic and International Marketing of Arts, Culture and Tourism*

Canadian Artists' Representation  
Canadian Arts Coalition  
Canadian Arts Presenting Association  
Canadian Crafts Federation  
Culture Montréal  
Independent Media Arts Alliance  
Mouvement pour les arts et les lettres  
Professional Association of Canadian Theatres  
New Brunswick Arts Board  
Association québécoise de l'industrie touristique  
Festivals and Major Events  
Hamilton Halton Brant Regional Tourism Organization  
Hospitality Newfoundland and Labrador  
Hotel Association of Canada  
Kamloops Chamber of Commerce  
National Roundtable on Travel and Tourism  
Tourism Industry Association of the Yukon  
Tourism Saskatchewan  
Association des producteurs de films et de télévision du Québec  
Japan Automobile Manufacturers Association Canada

National Marine Manufacturers Association  
National Trails Coalition

## **4.5 Charities and the Volunteer Sector**

### *A. Tax Incentives*

Philanthropic Foundations Canada  
Social Innovation Generation  
Association of Fundraising Professionals  
Johnson, Donald  
Calgary Chamber of Voluntary Organizations  
CanadaHelps  
Canadian Association of Gift Planners  
Canadian Diabetes Association  
Cardus  
Manitoba Federation of Non-Profit Organizations Inc.  
Muttart Foundation  
Professional Association of Canadian Theatres  
World Vision Canada  
Imagine Canada

### *B. Financial, Educational and Other Supports for Charities*

Big Brothers Big Sisters of Canada  
Association of Fundraising Professionals  
CanadaHelps  
Fédération des communautés francophones et acadienne du Canada  
Imagine Canada  
LIFT Philanthropy Partners  
Manitoba Federation of Non-Profit Organizations Inc.

Men Against Sexual Trafficking  
Muttart Foundation  
Council of Canadians with Disabilities  
De la Barre, Kenneth  
Calgary Chamber of Voluntary Organizations  
Canadian Community Economic Development Network  
Association of Fundraising Professionals  
Social Planning Council of Winnipeg  
Canadian Federation of University Women

### *C. Administrative Requirements*

Calgary Chamber of Voluntary Organizations  
Dexterity Ventures Inc.  
Engineers Without Borders Canada

### *D. Foreign Aid*

Canadian Federation of University Women  
Make Poverty History  
Oxfam Canada  
Oxfam-Québec  
Results Canada

Canadian Council for International Co-operation  
World Vision Canada  
Union des consommateurs  
Bikman, Gary  
Canadian Taxpayers Federation

## **4.6 Rural and Remote Communities**

### *A. First Nations Communities*

Canadian Federation of University Women  
Atlantic Policy Congress of First Nations Chiefs Secretariat  
First Nations Tax Commission  
Assembly of First Nations  
First Nations Land Advisory Board  
Inuit Tapiriit Kanatami  
Native Women's Association of Canada

### *B. Agriculture, Forestry and Fishing Industries*

Canadian Cattlemen's Association  
Canadian Meat Council  
Union des producteurs agricoles  
Canadian Federation of Agriculture  
Credit Union Central of Canada  
Canadian Vintners Association  
Saskatchewan Cattlemen's Association  
Ontario Cattlemen's Association  
Ontario Non-Supply Managed Commodity Group  
Ontario Pork  
Ontario Veal Association  
Canadian Ornamental Horticulture Alliance  
Saskatchewan Association of Rural Municipalities  
Grain Farmers of Ontario  
Fondation, le fonds de développement de la CSN pour la coopération et l'emploi  
Forest Products Association of Canada  
Atlantic Policy Congress of First Nations Chiefs Secretariat  
Canadian Aquaculture Industry Alliance  
Vancouver Island University

### *C. Community Enterprises*

Canadian Association of Mutual Insurance Companies  
Conseil canadien de la coopération et de la mutualité

## **4.7 Domestic Safety and Security**

### *A. Crime Prevention, Criminal Prosecution, Victims of Crime and Prison Condition Issues*

Armishaw, Cheryl  
Boys and Girls Clubs of Canada  
Citizens for Public Justice  
Inuit Tapiriit Kanatami  
Canadian Federation of University Women  
Imperial Tobacco Canada  
National Coalition Against Contraband Tobacco  
Men Against Sexual Trafficking  
Federation of Canadian Municipalities  
Police Association of Ontario  
City of Selkirk  
Canadian Feminist Alliance for International Action  
Native Women's Association of Canada  
YWCA Canada  
Ottawa Victim Services  
Canadian Association of Elizabeth Fry Societies

### *B. Emergency Services*

International Association of Fire Fighters  
St. Lawrence Economic Development Council  
Union of Canadian Transportation Employees  
Saskatchewan Association of Rural Municipalities

### *C. National Defence and Security`*

Canadian Association of Defence and Security Industries  
Conference of Defence Associations  
De la Barre, Kenneth  
Rideau Institute on International Affairs  
Welton, Clarence  
CHC Helicopter Corporation  
Discovery Air Inc.  
EADS Canada Inc.  
COM DEV Canada  
Canada Company

## **CHAPTER 5: STRONG PEOPLE**

### **5.1 Personal Taxation**

#### *A. Tax Reform*

BC Government and Service Employees' Union  
First Call: BC Child and Youth Advocacy Coalition  
Smith, Beverley  
Lahey, Kathleen A.  
MacDuff, Bruce  
Baker Jervis, Debbie  
REAL Women of Canada

Edmonton Chamber of Commerce  
Face of Poverty Consultation  
Canadian Institute of Chartered Accountants  
Deloitte & Touche  
Investment Industry Association of Canada  
Union des consommateurs  
National Council of Women of Canada  
Social Planning Council of Winnipeg  
Face of Poverty Consultation  
Multiple Sclerosis Society of Canada  
Canadian Caregiver Coalition  
Taylor, Edith  
Canadian Association for Community Living

## ***B. Compliance***

Canadian Institute of Chartered Accountants  
Certified General Accountants Association of Canada  
Sarnia Lambton Chamber of Commerce

## ***C. Measures for Particular Groups***

Kids First Parents Association of Canada  
MacDuff, Bruce  
REAL Women of Canada  
Smith, Beverley  
Canadian Hospice Palliative Care Association  
Council of Canadians with Disabilities  
March of Dimes Canada  
Alatini, Mathieya  
Campaign 2000  
First Call: BC Child and Youth Advocacy Coalition  
Canadian Artists' Representation  
Alliance of Canadian Cinema, Television and Radio Artists  
Saskatchewan Arts Alliance  
Independent Media Arts Alliance  
Canadian Actors' Equity Association  
Canadian Federation of Musicians  
International Alliance of Theatrical Stage Employees  
Writers' Union of Canada

## **5.2 Health**

### ***A. Drugs***

Canada's Research-Based Pharmaceutical Companies (Rx & D)  
Canadian Health Food Association  
Consumer Health Products Canada  
Johnson & Johnson Inc.  
Canadian Medical Association  
Canadian Federation of Nurses Unions  
Canadian Pharmacists Association  
Canadian Generic Pharmaceutical Association  
Gorman, Llano  
Hoffmann-La Roche Limited

## *B. Caregivers and Care Facilities*

Canadian Caregiver Coalition  
Canadian Home Care Association  
Canadian Hospice Palliative Care Association  
College of Family Physicians of Canada  
Pallium Foundation of Canada

## *C. Health Promotion and Disease Prevention*

Harwood, Paul  
Canadian Olympic Committee  
Canadian Paralympic Committee  
Own the Podium  
Sport Matters Group  
Weight Watchers Canada  
Canadian Paediatric Society  
ParticipACTION  
BIOTECanada  
Merck Canada Inc  
Canadian Association of Occupational Therapists  
Canadian Diabetes Association  
Canadian Restaurant and Foodservices Association

## *D. Mental and Oral Health*

Inuit Tapiriit Kanatami  
Atlantic Policy Congress of First Nations Chiefs Secretariat  
Canadian Dental Hygienists Association  
Merali, Zul  
Mood Disorders Society of Canada  
Upshall, Phil  
Thorpe Recovery Centre

## *E. Health Care Professionals and Facilities*

Association of Faculties of Medicine of Canada  
Canadian Pharmacists Association  
Canadian Nurses Association  
Association of Canadian Academic Healthcare Organizations  
Health Action Lobby  
College of Family Physicians of Canada  
Canadian Association of Occupational Therapists  
Canadian Federation of Nurses Unions  
Canadian Coalition for Public Health in the 21st Century  
Canadian Society for Medical Laboratory Science  
Canadian Hospice Palliative Care Association  
Pallium Foundation of Canada  
Inuit Tapiriit Kanatami  
Canadian Labour Congress  
March of Dimes Canada

## *F. Health-related Research and Innovation*

Association of Canadian Academic Healthcare Organizations  
Association of Faculties of Medicine of Canada

Research Canada: An Alliance for Health Discovery  
MEDEC – Canada’s Medical Technology Companies  
College of Family Physicians of Canada  
Canadian Medical Association  
Canadian Nurses Association

### *G. Future of Health Care and its Costs*

Multiple Sclerosis Society of Canada  
CARP  
Union des consommateurs  
Canadian Pharmacists Association  
Organization and Systems Development Inc.  
Canadian Coalition for Public Health in the 21st Century  
Canadian Dental Hygienists Association  
Canadian Association of Family Resource Programs  
Canadian Federation of University Women  
Buckway, B.J.  
Tilgner, Harald  
Bikman, Gary  
Greater Kitchener Waterloo Chamber of Commerce  
Canadian Life and Health Insurance Association Inc.  
Canadian Institute of Actuaries  
Juvenile Diabetes Research Foundation Canada  
Health Action Lobby  
Inuit Tapiriit Kanatami

### *H. People with Disabilities or Other Medical Conditions*

Canadian Association for Community Living  
Autism Society Canada  
Rick Hansen Foundation  
Rick Hansen Institute  
Brain Injury Association of Canada  
Canadian Institute for Military and Veteran Health Research  
Canadian Association of Speech-Language Pathologists and Audiologists  
Abbott Laboratories Ltd.  
Canadian Lung Association  
Smith, Beverley  
Inuit Tapiriit Kanatami

## **5.3 Education**

### *A. Federal Support to the Provinces, Territories and First Nations*

Association of Canadian Community Colleges  
Atlantic Provinces Community College Consortium  
Brandon University Students’ Union  
Red River College  
Saskatchewan Institute of Applied Science and Technology  
Canadian Federation of Students (Newfoundland and Labrador)  
Canadian Federation of Students (Nova Scotia)  
Association of Nova Scotia University Teachers  
Canadian Association of University Teachers  
Canadian Federation of Students (Ontario)  
Canadian Federation of Students- Saskatchewan component



George Brown College  
Canadian Federation of Students  
National Graduate Caucus  
Canadian Federation of University Women  
Certified Management Accountants of Canada  
Alberta Association of Colleges and Technical Institutes  
Colleges Ontario  
Durham College  
Carleton University  
BC Association of Institutes and Universities  
National Aboriginal Achievement Foundation  
Native Women's Association of Canada  
Canadian Alliance of Student Associations  
National Aboriginal Caucus  
Assembly of First Nations  
Inuit Tapiriit Kanatami  
Atlantic Policy Congress of First Nations Chiefs Secretariat  
Association of Canadian Community Colleges  
Vancouver Island University  
North Island College  
Vaughan Chamber of Commerce

### ***B. Support for Students***

Canadian Alliance of Student Associations  
Canadian Association of University Teachers  
Canadian Federation of University Women  
Polytechnics Canada  
Brandon University Students' Union  
Canadian Federation of Students (Newfoundland and Labrador)  
Canadian Federation of Students (Nova Scotia)  
Canadian Federation of Students (Ontario)  
Canadian Federation of Students- Saskatchewan component  
Canadian Association of University Teachers  
Canadian Coalition for Public Health in the 21st Century  
Canadian Association of Student Financial Aid Administrators  
Buckway, B.J.  
National Council of Women of Canada  
McGill University  
University of Saskatchewan  
National Aboriginal Caucus

### ***C. International Students and Canadians Studying Abroad***

Canadian Association for Graduate Studies  
University of British Columbia  
MITACS

## **5.4 Job and Other Supports**

### ***A. Child Care***

National Council of Women of Canada  
Campaign 2000

Lalonde, Marc  
BC Government and Service Employees' Union  
Child Care Advocacy Association of Canada  
Canadian Child Care Federation  
Canadian Federation of University Women  
Canadian Feminist Alliance for International Action  
Canadian Paediatric Society  
First Call: BC Child and Youth Advocacy Coalition  
Kids First Parents Association of Canada  
Women's Action Coalition of Nova Scotia  
YWCA Canada  
Graves, Kate

### *B. On-the-Job Training*

Air Canada Pilots Association  
Canadian Literacy and Learning Network  
Food Banks Canada  
Mining Association of Canada  
Mining Association of British Columbia  
Ontario Literacy Coalition  
Quebec English Literacy Alliance  
Conseil du patronat du Québec  
Canadian Manufacturers and Exporters  
ABC Life Literacy Canada  
Saskatchewan Literacy Network  
International Union of Operating Engineers  
MITACS  
Brooks & District Chamber of Commerce  
Association of Equipment Manufacturers  
Canadian Community Economic Development Network

### *C. Labour Shortages*

Association of Municipalities of Ontario  
Hotel Association of Canada  
Brooks & District Chamber of Commerce  
George Brown College  
Ontario Council of Agencies Serving Immigrants (OCASI)  
Polytechnics Canada  
Canadian Association for Community Living  
Episodic Disability Network  
March of Dimes Canada  
Atlantic Provinces Community College Consortium  
Building and Construction Trades Department, AFL-CIO, Canadian Office  
Canadian Construction Association  
Colleges Ontario  
Red River College  
Canadian Institute of Chartered Accountants  
Harwood, Paul  
Multiple Sclerosis Society of Canada

#### *D. Employment Insurance*

Brooks & District Chamber of Commerce  
Conseil du patronat du Québec  
Canadian Federation of University Women  
Social Planning Council of Winnipeg  
Schetagne, Sylvain  
Canadian Labour Congress  
Building and Construction Trades Department, AFL-CIO, Canadian Office  
Council of Canadians with Disabilities  
Confédération des syndicats nationaux  
Canadian Association of Social Workers  
Campaign 2000  
Canadian Restaurant and Foodservices Association  
Canadian Federation of Independent Business  
Credit Union Central of Canada  
Ontario Council of Agencies Serving Immigrants (OCASI)  
Union des consommateurs  
Retail Council of Canada  
Association of Professional Computer Consultants

#### *E. Support for Those Not in the Labour Force*

Colour of Poverty-Colour of Change  
Metro Toronto Chinese and Southeast Asian Legal Clinic  
National Council of Women of Canada  
Social Planning Council of Winnipeg  
Canadian Foundation for Climate and Atmospheric Sciences  
Saskatchewan Literacy Network  
Baker Jervis, Debbie  
Canada Without Poverty  
Every Woman's Centre  
Latin American Tenant Association  
Make Poverty History

### **5.5 Pensions**

#### *A. Personal Savings*

Canadian Institute of Chartered Accountants  
ING Direct  
Portfolio Management Association of Canada  
Kamloops Chamber of Commerce  
Co-operative Superannuation Society Pension Plan  
Investment Funds Institute of Canada

#### *B. Employer-Sponsored Pension Plans*

Canadian Taxpayers Federation  
Brooks & District Chamber of Commerce  
Air Canada Pilots Association  
Investment Industry Association of Canada  
Canadian Institute of Actuaries

Canadian Medical Association  
Canadian Life and Health Insurance Association Inc.  
Canadian Bankers Association  
Portfolio Management Association of Canada  
Canadian Association of Mutual Insurance Companies  
Canadian Federation of Independent Business  
Fair Pensions for All

*C. Canada/Quebec Pension Plan and Old Age Security Programs*

Social Planning Council of Winnipeg  
Canadian Labour Congress  
CARP  
Northern Territories Federation of Labour  
Waite, Paul  
Canadian Association of Social Workers  
Canadian Federation of University Women  
White, B. Jean  
Fédération des femmes du Québec

# APPENDIX C LIST OF BRIEFS

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## Organizations and individuals

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**Abbott Laboratories Ltd.**

**ABC Life Literacy Canada**

**Acorn Partners**

**Aerospace Industries Association of Canada**

**Agence métropolitaine de transport**

**Air Canada Pilots Association**

**Alatini, Mathieya**

**Alberta Association of Colleges and Technical Institutes**

**Alliance of Canadian Cinema, Television and Radio Artists**

**Alliance of Canadian Wine Consumers**

**Armishaw, Cheryl**

**Arts Network for Children and Youth**

**Assembly of First Nations**

**Association des producteurs de films et de télévision du Québec**

**Association for Reformed Political Action**

**Association of Canadian Academic Healthcare Organizations**

**Association of Canadian Community Colleges**

**Association of Canadian Publishers**

**Association of Consulting Engineering Companies**

**Association of Equipment Manufacturers**

**Association of Faculties of Medicine of Canada**

**Association of Fundraising Professionals**

**Association of International Automobile Manufacturers of Canada**

**Association of Municipalities of Ontario**

**Association of Nova Scotia University Teachers**

**Association of Professional Computer Consultants**

**Association of Universities and Colleges of Canada**

**Association québécoise de l'industrie touristique**

**Athabasca University**

**Atlantic Policy Congress of First Nations Chiefs Secretariat**

**Atlantic Provinces Community College Consortium**

**Autism Society Canada**

**Baker Jervis, Debbie**

**BC Association of Institutes and Universities**

**BC Government and Service Employees' Union**

**Bear Country Property Management Ltd.**

**Bell Aliant Regional Communications**

**Bell Canada**

**Big Brothers Big Sisters of Canada**

**Bikman, Gary**

**BIOTECanada**

**Boys and Girls Clubs of Canada**

**Brain Injury Association of Canada**

**Brandon University Students' Union**

**Brooks & District Chamber of Commerce**

**Buckway, B.J.**

**Building and Construction Trades Department, AFL-CIO, Canadian Office**

**Calgary Chamber of Commerce**

**Calgary Chamber of Voluntary Organizations**

**Calgary TransitCamp**

**Campaign 2000**

**Campus Stores Canada**

**Canada Company**

**Canada Foundation for Innovation**

**Canada Without Poverty**

**CanadaHelps**

**Canada's Research-Based Pharmaceutical Companies (Rx & D)**

**Canada's Sports Hall of Fame**

**Canadian Actors' Equity Association**

**Canadian Alliance of Student Associations**

**Canadian Aquaculture Industry Alliance**

**Canadian Artists' Representation**

**Canadian Arts Coalition**

**Canadian Arts Presenting Association**

**Canadian Association for Community Living**

**Canadian Association for Graduate Studies**

**Canadian Association of Defence and Security Industries**

**Canadian Association of Elizabeth Fry Societies**

**Canadian Association of Family Resource Programs**

**Canadian Association of Gift Planners**

**Canadian Association of Mutual Insurance Companies**

**Canadian Association of Occupational Therapists**

**Canadian Association of Petroleum Producers**

**Canadian Association of Physicists**

**Canadian Association of Research Libraries**

**Canadian Association of Social Workers**

**Canadian Association of Speech-Language Pathologists and Audiologists**

**Canadian Association of Student Financial Aid Administrators**

**Canadian Association of University Teachers**

**Canadian Automobile Dealers Association**

**Canadian Bank Machine Association**

**Canadian Bankers Association**

**Canadian Boreal Initiative**

**Canadian Caregiver Coalition**

**Canadian Cattlemen's Association**

**Canadian Chamber of Commerce**

**Canadian Child Care Federation**

**Canadian Clean Technology Coalition**

**Canadian Coalition for Public Health in the 21st Century**

**Canadian Community Economic Development Network**

**Canadian Conference of the Arts**

**Canadian Consortium for Research**

**Canadian Construction Association**

**Canadian Cooperative Association**

**Canadian Council for International Co-operation**

**Canadian Crafts Federation**

**Canadian Dental Hygienists Association**

**Canadian Diabetes Association**

**Canadian Electricity Association**

**Canadian Energy Pipeline Association**

**Canadian Federation for the Humanities and Social Sciences**



**Canadian Federation of Agriculture**

**Canadian Federation of Apartment Associations**

**Canadian Federation of Independent Business**

**Canadian Federation of Musicians**

**Canadian Federation of Nurses Unions**

**Canadian Federation of Students**

**Canadian Federation of Students - Saskatchewan Component**

**Canadian Federation of Students (Newfoundland and Labrador)**

**Canadian Federation of Students (Nova Scotia)**

**Canadian Federation of Students (Ontario)**

**Canadian Federation of University Women**

**Canadian Feminist Alliance for International Action**

**Canadian Fertilizer Institute**

**Canadian Foundation for Climate and Atmospheric Sciences**

**Canadian Gas Association**

**Canadian Generic Pharmaceutical Association**

**Canadian Health Food Association**

**Canadian Healthcare Association**

**Canadian Home Builders' Association**

**Canadian Home Care Association**

**Canadian Hospice Palliative Care Association**

**Canadian Housing and Renewal Association**

**Canadian Independent Music Association**

**Canadian Institute for Military and Veteran Health Research**

**Canadian Institute of Actuaries**

**Canadian Institute of Chartered Accountants**

**Canadian Institutes of Health Research**

**Canadian Labour Congress**

**Canadian Library Association**

**Canadian Life and Health Insurance Association Inc.**

**Canadian Literacy and Learning Network**

**Canadian Lung Association**

**Canadian Manufacturers and Exporters**

**Canadian Manufacturers and Exporters - New Brunswick and Prince Edward Island**

**Canadian Meat Council**

**Canadian Media Production Association**

**Canadian Medical Association**

**Canadian Museums Association**

**Canadian Natural Gas Initiative**

**Canadian Natural Gas Vehicle Alliance**

**Canadian Nurses Association**

**Canadian Olympic Committee**

**Canadian Ornamental Horticulture Alliance**

**Canadian Paediatric Society**

**Canadian Paralympic Committee**

**Canadian Pharmacists Association**

**Canadian Propane Association**

**Canadian Public Works Association**

**Canadian Real Estate Association**

**Canadian Restaurant and Foodservices Association**

**Canadian Retail Building Supply Council**

**Canadian Shipowners Association**

**Canadian Society for Medical Laboratory Science**

**Canadian Solar Industries Association**

**Canadian Steel Producers Association**

**Canadian Taxpayers Federation**

**Canadian Trucking Alliance**

**Canadian Union of Public Employees**

**Canadian Urban Transit Association**

**Canadian Vehicle Manufacturers' Association**

**Canadian Vintners Association**

**Canadian Wireless Telecommunications Association**

**Canadian Worker Co-operative Federation**

**CANARIE Inc.**

**Cardus**

**Carleton University**

**CARP**

**Cement Association of Canada**

**Certified General Accountants Association of Canada**

**Certified Management Accountants of Canada**

**CHC Helicopter Corporation**

**Chemistry Industry Association of Canada**

**Child Care Advocacy Association of Canada**

**Church Council on Justice and Corrections**

**Citizens for Public Justice**

**City of Oshawa**

**City of Selkirk**

**City of Whitehorse**

**Clean Energy Association of British Columbia**

**Climate Action Network Canada**

**College of Family Physicians of Canada**

**Colleges Ontario**

**Colour of Poverty - Colour of Change**

**COM DEV Canada**

**Communitech**

**Confédération des syndicats nationaux**

**Conference of Defence Associations**

**Conseil canadien de la coopération et de la mutualité**

**Conseil du patronat du Québec**

**Consumer Health Products Canada**

**Co-operative Housing Federation of Canada**

**Co-operative Superannuation Society Pension Plan**

**Council of Canadians with Disabilities**

**Council of Ontario Universities**

**Credit Union Central of Canada**

**CropLife Canada**

**Culture Montréal**

**De la Barre, Kenneth**

**Deloitte & Touche**

**Desjardins Group**

**Dexterity Ventures Inc.**

**Directors Guild of Canada**

**Discovery Air Inc.**

**Documentary Organization of Canada**

**Drewitz, Harald**

**Durham College**

**EADS Canada Inc.**

**Edmonton Chamber of Commerce**

**Electric Mobility Canada**

**Encana Corporation**

**Enerkem**

**Engineers Canada**

**Engineers Without Borders Canada**

**Enterprise Rent-A-Car**

**Episodic Disability Network**

**Every Woman's Centre**

**Face of Poverty Consultation**

**Fair Pensions for All**

**Fédération culturelle canadienne-française**

**Fédération des communautés francophones et acadienne du Canada**

**Fédération des femmes du Québec**

**Fédération des travailleurs et travailleuses du Québec**

**Federation of Canadian Municipalities**

**Festivals and Major Events**

**Financial Executives International Canada**

**First Call: BC Child and Youth Advocacy Coalition**

**First Nations Land Advisory Board**

**First Nations Tax Commission**

**Fondation, le Fonds de développement de la CSN pour la coopération et l'emploi**

**Fonds de solidarité des travailleurs et travailleuses du Québec**

**Food Banks Canada**

**Forest Products Association of Canada**

**Genome Canada**

**Genome Prairie**

**George Brown College**

**Global Container Terminals**

**Gorman, Llano**

**Grain Farmers of Ontario**

**Grain Growers of Canada**

**Graves, Kate**

**Greater Kitchener Waterloo Chamber of Commerce**

**Green Budget Coalition**

**GS1 Canada**

**Halifax International Airport Authority**

**Halifax Regional Municipality**

**Hamilton Halton Brant Regional Tourism Organization**

**Harwood, Paul**

**Health Action Lobby**

**Hoffmann-La Roche Limited**

**Home Ownership Alternatives**

**Hospitality Newfoundland and Labrador**

**Hotel Association of Canada**

**Imagine Canada**

**Imperial Tobacco Canada**

**Independent Media Arts Alliance**

**Information Technology Association of Canada**

**ING Direct**

**International Alliance of Theatrical Stage Employees**

**International Association of Fire Fighters**

**International Union of Operating Engineers**

**Inuit Tapiriit Kanatami**

**Investment Funds Institute of Canada**

**Investment Industry Association of Canada**

**Japan Automobile Manufacturers Association of Canada**

**Johnson & Johnson Inc.**

**Johnson, Donald**

**Juvenile Diabetes Research Foundation Canada**

**Kamloops Chamber of Commerce**

**Kids First Parents Association of Canada**

**Klaiber, Grant**

**Lahey, Kathleen A.**

**Lalonde, Marc**

**Latin American Tenant Association**

**LIFT Philanthropy Partners**

**London and St. Thomas Association of Realtors**

**MacDuff, Bruce**

**Make Poverty History**

**Manitoba Federation of Non-Profit Organizations Inc.**

**Manufacturiers et Exportateurs du Québec**

**March of Dimes Canada**

**Marieval Enterprise Center Inc.**

**McGill University**

**MEDEC - Canada's Medical Technology Companies**

**Men Against Sexual Trafficking**

**Merali, Zul**

**Merck Canada Inc.**

**Merit Canada**

**Metro Toronto Chinese and Southeast Asian Legal Clinic**

**Mining Association of British Columbia**

**Mining Association of Canada**

**MITACS**

**Mood Disorders Society of Canada**

**Mouvement d'éducation et de défense des actionnaires**

**Mouvement pour les arts et les lettres**

**Multiple Sclerosis Society of Canada**

**Muttart Foundation**

**National Aboriginal Achievement Foundation**

**National Aboriginal Caucus**

**National Airlines Council of Canada**

**National Coalition Against Contraband Tobacco**

**National Council of Women of Canada**

**National Graduate Caucus**

**National Marine Manufacturers Association Canada**

**National Roundtable on Travel and Tourism**

**National Trails Coalition**

**Native Women's Association of Canada**

**Natural Sciences and Engineering Research Council of Canada**

**New Brunswick Arts Board**



**New Economy Alliance**

**North Island College**

**North West Group**

**Northern Territories Federation of Labour**

**Ontario Cattlemen's Association**

**Ontario Council of Agencies Serving Immigrants (OCASI)**

**Ontario Literacy Coalition**

**Ontario Non-Supply Managed Commodity Group**

**Ontario Pork**

**Ontario Veal Association**

**Organization and Systems Development Inc.**

**Ottawa Victim Services**

**Own the Podium**

**Oxfam Canada**

**Oxfam-Québec**

**Pacific Salmon Foundation**

**Pallium Foundation of Canada**

**ParticipACTION**

**Partnership Group for Science and Engineering**

**Philanthropic Foundations Canada**

**Police Association of Ontario**

**Polytechnics Canada**

**Port Metro Vancouver**

**Portfolio Management Association of Canada**

**Prince Rupert Port Authority**

**Professional Association of Canadian Theatres**

**Professional Institute of the Public Service of Canada**

**Prospectors and Developers Association of Canada**

**Quality Urban Energy Systems of Tomorrow**

**Quebec English Literacy Alliance**

**Railway Association of Canada**

**REAL Women of Canada**

**Recreation Vehicle Dealers Association of Canada**

**Red River College**

**Regional District of Mount Waddington**

**Research Canada: An Alliance for Health Discovery**

**Réseau Solidarité Itinérance du Québec**

**Results Canada**

**Retail Council of Canada**

**Rick Hansen Foundation**

**Rick Hansen Institute**

**Rideau Institute on International Affairs**

**Ridley Terminals Users Group**

**Ritcey, Kevin**

**Sarnia Lambton Chamber of Commerce**

**Saskatchewan Arts Alliance**

**Saskatchewan Association of Rural Municipalities**

**Saskatchewan Cattlemen's Association**

**Saskatchewan Institute of Applied Science and Technology**

**Saskatchewan Literacy Network**

**Saskatchewan Telecommunications**

**Shipbuilding Association of Canada**

**Small Explorers and Producers Association of Canada**

**Smith, Beverley**

**Social Innovation Generation**

**Social Planning Council of Winnipeg**

**Social Sciences and Humanities Research Council of Canada**

**Société de transport de Montréal**

**South Basin Mayors and Reeves Inc.**

**Spectra Energy**

**Spirits Canada / Association of Canadian Distillers**

**Sport Matters Group**

**St. John's Board of Trade**

**St. Lawrence Economic Development Council**

**Strautman, Bill**

**Surrey Board of Trade**

**Sustainable Development Technology Canada**

**Sustainable Prosperity**

**Tax Executives Institute, Inc.**

**Taylor, Edith**

**Taylor, Vincent**

**Teekay Shipping (Canada) Ltd.**

**Thorpe Recovery Centre**

**Tilgner, Harald**

**Toronto Board of Trade**

**Toronto Real Estate Board**

**Tourism Industry Association of the Yukon**

**Tourism Saskatchewan**

**U.S. Bank Canada**

**Union des consommateurs**

**Union des producteurs agricoles**

**Union of Canadian Transportation Employees**

**University of Alberta**

**University of British Columbia**

**University of Manitoba**

**University of Saskatchewan**

**University of Toronto**

**Upshall, Phil**

**Vancouver International Airport Authority**

**Vancouver Island University**

**Vaughan Chamber of Commerce**

**Waite, Paul**

**Weight Watchers Canada**

**Wellesley Institute**

**Welton, Clarence**

**White, B. Jean**

**Women's Action Coalition of Nova Scotia**

**World Vision Canada**

**Writers Guild of Canada**

**Writers' Union of Canada**

**YWCA Canada**

## MINUTES OF PROCEEDINGS

A copy of the relevant Minutes of Proceedings ([Meetings Nos.10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 27, 30, 31, 33, 34, 35 and 36](#)) is tabled.

Respectfully submitted,

James Rajotte, M.P.  
Chair



**Pre-Budget Consultations  
Minority Report of the Official Opposition**

**“Don’t let them tell you it can’t be done”**

**Jack Layton (1950-2011)**

The New Democratic Party is pleased that the Standing Committee on Finance conducted broad and extensive pre-budget consultations that engaged Canadians on fiscal policy priorities. The text of the report of the majority provides an account of the key issues brought forth by a broad spectrum of witnesses but does not adequately or clearly reflect the contribution of many witnesses. Further, the NDP is disappointed that recommendations imposed by the Government ignore many views of witnesses, resulting in a failure to address many of the real issues confronting the Canadian economy: rising poverty, inequality, unemployment and indebtedness that Canadian families, workers, students and seniors are experiencing in their daily lives. The Conservative government’s response to these structural problems has been leading Canada in the wrong direction: indiscriminate corporate tax cuts and wrongheaded fiscal policy which reduce living standards and increase inequality. New Democrats are releasing this Minority Report to present an alternative to the flawed fiscal policies of the Conservative government.

**NDP Proposals for Budget 2012  
Making the Economy work for all Canadian Families**

“Cancelling the corporate income tax cut scheduled to take place January 1, 2012 and investing the \$3 billion in revenue that would be lost to a tax cut in affordable housing instead could increase GDP by \$4.5 billion, create more than 47,000 new jobs and create 155,550 new affordable housing units and 200,000 repaired existing homes over the next ten years.” (Citizens for Public Justice)

**Fix the Tax System:** Tax breaks and subsidies for profitable oil companies are misguided. The Official Opposition recommends cancelling the corporate income tax cut scheduled to take place January 1<sup>st</sup> 2012 and returning the corporate income tax to 19.5%. The NDP prefers tax breaks in return for performance - for corporations that invest in such things as new technology, expansion, R&D, training, energy conservation or development of green technologies and green jobs.

Indiscriminate corporate tax breaks haven’t stimulated investment:

“Despite a 36% drop in corporate taxes (both federal and provincial) in the last decade, and record profits for much of that time, business spending on machinery and equipment has declined as a share of GDP, and total business investment spending has declined as a percentage of corporate cash flow.” (Statistics Canada and Finance Canada)

**Establish Efficient Jobs & Training Programs:** Investment in much needed job creation & training should be a priority. The federal government should include in its 2012 Budget the following pro-employment measures:

- reduce the Small Business Tax Rate from 11 per cent to nine per cent to support SMEs and a sector of our economy that creates nearly half of all new jobs in Canada;

- introduce a **Job Creation Tax Credit** that will provide up to **\$4,500 per new hire**. Employers will receive a rebate on the employer contributions for the Canadian Pension Plan and Employment Insurance premium for new employees hired;
- extend the **Accelerated Capital Cost Allowance** for eligible machinery and equipment acquired before 2016;
- fast track qualification for skilled workers, especially immigrants;
- spearhead the creation of an Investment fund for displaced workers of the asbestos industry.

**Reform Canada's Failed Research and Development Policy:** Strong Research & Development directly and indirectly supports the creation of highly skilled, high added value jobs that are the backbone of a strong modern economy. Weak business investment in real capital and in innovation has been endemic in Canada. R&D funding is broken and needs fixing.

We must redirect millions of dollars allocated to SR&ED (Scientific Research and Experimental Development) to proven and effective programs such as IRAP (Industrial Research Assistance Program) and SDTC (Sustainable Development Technology Canada) that are highly regarded by industry and investors. Canada must focus on helping companies that have the proper expertise.

- The Canadian government should use its procurement and purchasing power to stimulate innovative Canadian businesses and act as a first customer.
- Continue to increase funding to the federal research granting agencies to support innovation.
- Encourage cross-sector mobilization of knowledge and research to enhance understanding of our world, create new processes, products and services, and improve our well-being.
- Invest in graduate and postdoctoral training through scholarships and internships to develop the next generation of Canadian employees, leaders, innovators and citizens.

**Ensure that Canadians can retire with dignity:** Only one in four Canadians can afford to purchase RRSPs each year. 250,000 seniors live in poverty in Canada. 12 million Canadians lack a workplace pension plan. The Conservative government recently tabled Bill C-25 to create Pooled Registered Pension Plans. This does absolutely nothing to address the needs of the millions of workers who cannot afford to purchase RRSPs: In 2010, 1 in 4 workers were in a low wage job with wages of \$13.32 an hour or less.

"The Canada Pension Plan (CPP) delivers a defined benefit, fully indexed to inflation, and operates at much lower cost than the proposed "pooled registered pension plans" which will generate large fees for the financial sector, and produce a variable and uncertain return." (Canadian Labour of Congress)

The NDP would:

- expand the guaranteed Canada/Quebec Pension Plan by phasing in, over a seven year period, an affordable doubling of benefits from 25% to 50% of a retiree's pensionable earnings;
- gradually increase the Guaranteed Income Supplement as well as ensure automatic enrolment;
- invest in home care as part of the public health care system. Invest in long-term care for the elderly.

**Protect Canadian Consumers from Predatory Finance:** Household debt is at an all-time high in Canada of \$1.5 trillion. The federal government should work with the provinces and territories to identify, regulate or ban excessive interest rates on credit cards, pay day loans, store cards and other forms of predatory consumer credit.



**Freeze Employment Insurance Premiums:** Employment Insurance benefits should be available when Canadians need them. The federal government should establish an eligibility threshold of 360 hours for all regions with benefits calculated based on the 12 best weeks of work. The government should also ensure that new parents who have taken maternity and parental leave are not penalized in terms of their EI eligibility once they return to work.

### **Empower the Green Economy:**

“Preserving the federal government’s existing capacity for environmental science, policy and programs is crucial for maintaining this prosperity.” (Green Budget Coalition)

“Make Clean technology a cornerstone of Canada’s policy for economic productivity, energy, innovation, exports and the environment.” (Canadian Clean Technology Industry)

- Implement a well-designed, transparent, and environmentally rigorous carbon Cap & Trade system.
- Invest in green technologies, business and household energy conservation, public transit, the development of renewable energy and workers’ transition to the green economy.
- Work with the provinces and territories to reinstate and/or enhance federal financial & tax incentives for clean power and support community-owned renewable energy facilities.
- Introduce a Green Bond Fund to support the adoption of green energy (solar etc...) in Canadian households, small businesses and communities and federal loan guarantees for green energy development.

**Invest in Critical Infrastructure:** Work to address the lack of high speed broadband access in rural areas the need for smart grid systems and major renewable energy infrastructures. Fix the \$123 billion municipal infrastructure deficit by:

- pursuing funding commitments for federal infrastructures (such as those under the Building Canada Fund) and establish a specific timetable for allocating federal funds for key infrastructures, such as the Champlain Bridge, QC, Inuvik-Tuktoyaktuk link, Mackenzie Valley Highway and improving the Trans-Canada Highway between Malakwa and Golden, BC;

“Canada is the only G8 nation not to have a national policy on public transport, and if anything, such a policy is more necessary than ever.” (Agence métropolitaine de transports, 2011 brief)

- increasing the gasoline tax transfer by one cent to sustain investment in urban public transit and fund a “National Public Transit Strategy” which would help meet federal and provincial government’s targets.

Any delays will only add to the cost and exacerbate the deteriorating quality of life in our communities.

**Invest in our Children’s Early Education:** The gap between the number of regulated child care spaces and the number of children with mothers in the labour force is 2.8 million. 750,000 children live in substandard and/or overcrowded housing. The federal government should work with the provinces to establish a national, high quality, not for-profit child care and early learning program, modelled on the success of the child care system in Quebec.

### **Quality Post-Secondary Education: Lifelong Learning for Lifelong Earning:**

- Make post-secondary education more affordable by directly attacking skyrocketing tuition costs with a designated \$800 million transfer to the provinces and territories to lower tuition fees, as per the NDP's *Post Secondary Education Act*.
- Increase funding for the Canada Student Grants Program by \$200 million a year, targeting Aboriginal, disabled and low-income students in particular.
- Increase the education tax credit from \$4,800 a year to \$5,760 to help offset rising education costs.

**Build Self-Reliance in Rural Canada through Community Economic Development:** The NDP support a Co-operative Investment Plan. Many SMEs and agricultural producers are member-owned co-operatives. Particularly in rural areas, co-operatives are a potential solution to the challenges of SME/agricultural succession planning given rural depopulation. The proposed federal co-operative investment plan is expected to generate \$130 million per year in new investments.

**Make Poverty History:** There has been a general lack of progress on eliminating poverty in Canada over the past two decades. The NDP recommends the introduction of a federal anti-poverty strategy developed in consultation with the provinces which would:

- re-introduce the federal minimum wage law to set a national standard of earning for those who make the lowest wages in our workforce;
- combine existing supports like the *Child Tax Benefit* to create a non-taxable *Child Benefit* and increase the support steadily by up to \$700 per child over the next four years, while maintaining the current UCCB (Universal Child Care Benefit).

“Strategic investment in education is critical to building healthy, prosperous, and safe communities. Education is widely recognized as the most powerful method for bringing about improvements in all social and economic domains. A considerable gap in educational achievement and inputs exists with respect to First Nation education.” (Assembly of First Nations, 2011 brief)

- Table legislation that will set goals and targets for poverty reduction in consultation with the provincial, territorial, municipal and Aboriginal governments and with non-governmental organizations.
- Work with the provinces and territories to establish and fund a Canada-wide child care and early learning program, enshrined in law, which will create 25,000 new child care spaces per year for the next four years, improve community infrastructure and create integrated, community-based, child-centered early learning and education centres.
- Implement automatic enrollment in the Old Age Security (OAS) for seniors.

**Building up Healthcare:** Witnesses stressed the importance of strengthening this sector through an active federal investment policy. There is no doubt that programs such as our public health system are an asset for Canadian businesses, as KPMG stated in its report on competitiveness. On average, Canadian companies have a competitive advantage of \$3,000 per employee over their U.S. counterparts. Companies benefit from a better market when Canadian families have good incomes and good purchasing power. We should:

- negotiate a new ten-year health accord with the provinces and territories. The accord will guarantee a continued strong federal contribution – including the 6 percent escalator - to Canada's public health

care system – in return for a clear, monitored and enforced commitment to respect the principles of the *Canada Health Act* and to the integrity and modernization of health care;

- work with provinces and territories to expand coverage to out-of-hospital services like home care and long-term care;
- work with the provinces and territories to address the shortage of doctors, nurses and other health care professionals;
- in collaboration with the provinces, establish programs aimed at recruiting and supporting low-income, rural and Aboriginal medical students.

#### **Taking Steps to Provide Safer and More Affordable Prescription Drugs:**

- Improving assessment to ensure the quality, safety, cost and health effectiveness of prescription drugs;
- Cutting administrative costs through public administration.
- Using bargaining power in pharmaceutical purchases.
- Establishing science-based formularies and clinical guidelines to advance evidence-based practice by physicians.

**Uphold our Commitment to the International Community:** Commit to a timetable to increase Canadian Official Development Assistance (ODA) to reach the UN aid target of 0.7% of Canada Gross National Income (GNI), a goal endorsed in June 2005 by all parties in the Canadian Parliament.

#### **Recognize the Sacrifice of Public Safety Officers and their Families:**

“Until a national PSOC benefit is established in Canada, the families of the nation’s professional fire fighters stand to endure financial hardship in addition to the grief of losing a loved one. It is time for the federal government to act on the need for this benefit.” (International Association of Fire Fighters, IAFF)

- Establish a Hero’s Benefit to recognize the contributions of firefighters and police officers who die in the line of duty. The fund will pay a benefit of \$300,000 to the families of fallen firefighters and officers.
- Continue supporting front-line policing as part of its law and order agenda and commit to renew funding and stop downloading.

**Strengthen Arts and Culture:** According to the Conference Board of Canada, for every \$1 of real value-added GDP produced by Canada’s cultural industries, roughly \$1.84 is added to the overall real GDP. The Federal government should establish a tax credit program to stimulate production of the arts and maintain funding of CBC/Radio-Canada at the 2010 level (1.1 billion) and index it annually to inflation.

#### **Forge a New Relationship with Aboriginal People in Canada:**

- Foster economic opportunity and lasting prosperity, beginning with increasing access to capital for Aboriginal business development, improving physical infrastructure, removing the punitive 2% funding cap, and addressing the education deficit with a \$1 billion per year investment over the next four years.
- Tackle the problem of social housing and establish a long-term program to build 85,000 new housing units.
- Expand mental health programs.
- Give First Nations authorities the freedom to manage their own lands.
- Guarantee access to higher education for all First Nations students and ensure that they are no longer discouraged from attending university rather than a vocational school.
- Rework budgets so that funds are used to deliver services, not oversee expenditures.

**Military Procurement and Aerospace:**

- Improve our search and rescue capability to international standards within the current budgetary framework.
- Implement a fair and open procurement process which would be part of a strategy that would ensure Canadians get the best value, the military gets what it needs and Canadian industries get the best spin-offs. The purchasing of military material should be legislated to ensure better accountability and to protect major projects from partisan intervention and vested interests.
- Establish a non-repayable fund for demonstration projects in the amount of \$140 million over four years.

**Build a strategy for International Fair Trade:** Historically, Canada has been known as a great trading nation. Today, the country suffers under a serious balance of payments deficit, as poorly designed fiscal policies have undermined investment and competitiveness in our leading manufacturing industries. An uncritical attitude to foreign investment and foreign takeovers, and the failure to identify, support and promote Canadian global winners, has seriously hurt our trade performance. In the absence of an industrial vision for the country, the proportion of unprocessed exports is growing, and the country is returning to its unenviable role as “a hewer of wood and drawer of water”. Canada needs a smart, sensible and sophisticated approach to trade. Canada needs to build trade agreements that ensure good paying jobs for Canadians. We should promote Canadian performance with a vision for our industrial structure and global competitiveness in value-added goods and tradable services, and use Canada’s investment as a driver of poverty eradication, employment, and sustainable development in both trading nations. Our trade agreements must increase the quality of life for Canadians and our international counterparts.

**Charitable Donations:** Create a Stretch Tax Credit that would increase the federal charitable tax credit on giving that exceeds a donor’s previous highest giving level.

Ottawa, December 12, 2011

**Peter Julian, MP**  
**Burnaby – New Westminster**

**Hoang Mai, MP**  
**Brossard – La Prairie**

**Wayne Marston, MP**  
**Hamilton – Stoney Creek**

**Alain Giguère, MP**  
**Marc-Aurèle Fortin**

## SUPPLEMENTARY OPINION OF THE LIBERAL PARTY OF CANADA

First and foremost, we would like to thank the hundreds of organisations, businesses and individuals who took the time to share their experiences and ideas with the Standing Committee on Finance.

In the main report the Committee has limited its recommendations to policies that either explicitly endorse the status quo or have already been endorsed by the government. By doing so, the Committee has missed an important opportunity to provide its insight on the greater economic, demographic and environmental challenges facing Canada.

While the recommendations adopted by the Committee naturally reflect the views of the majority of its members, this Committee traditionally endeavours to strike a balance in the body of the report by ensuring a diversity of perspectives is included. We are deeply concerned that the main body of this report strays from this tradition and fails to reflect the divergence of views expressed by witnesses during the Committee's pre-budget consultations. While testimony which flatters the government is well-represented, the same cannot be said for many points of view that could be seen as critical of the status quo, even when such views were expressed by numerous witnesses. A review of the testimony heard by the Committee suggests there are significant omissions in this report regarding the state of the economy, Canada's growing income gap and challenges faced by low-income Canadians.

### JOBS AND THE ECONOMY

In addition to the more optimistic views contained in the main report, the Committee heard from numerous witnesses who were concerned about the growing possibility of the Canadian economy entering into a prolonged state of either very weak growth or even another recession. Absent from the report is the fact that persistently high rates of unemployment and underemployment, particularly among young Canadians and aboriginal peoples, were repeatedly identified as a significant risk to Canada's future prosperity. Witnesses asked the government to actively support job creation and cancel its planned increase in job-killing payroll taxes in order to avoid making the situation worse.

The Liberal Party recommends that the government:

- Freeze Employment Insurance (E.I.) premium rates at 2011 levels so as to not risk Canadian jobs in today's fragile economy.
- Extend the two-year Accelerated Capital Cost Allowance (ACCA) for a period of at least five years so that Canadian employers can make strategic investments to boost productivity and create Canadian jobs.

- Maintain and expand the refundability provision of the Scientific Research and Experimental Development (SR&ED) tax credit that is currently only available to smaller businesses. Larger companies need similar incentives to invest in Canadian research and development and create Canadian jobs.
- Introduce an angel tax credit to increase the amount of risk capital available for start-up companies in order to build an environment that fosters innovation, entrepreneurship and creates Canadian jobs.
- Index the federal Gas Tax Fund transfer for Canada's cities and towns in order to help address Canada's infrastructure deficit and create Canadian jobs. The federal government should not allow the size of its investments in municipal infrastructure to be eroded over time by inflation.
- Improve the measurement of youth unemployment in Canada by having Statistics Canada regularly publish Canada's "NEET" (Not in Education, Employment or Training) statistic.
- Allow the deferral of previously written-off depreciation (Capital Cost Allowance) on an investment property when owners sell in order to reinvest. Encouraging owners to redevelop properties will help spur economic activity and create Canadian jobs.

## SOCIAL INFRASTRUCTURE AND CANADA'S GROWING INCOME GAP

Omitted from the main report is the fact that numerous witnesses identified Canada's growing income gap as a threat to the country's social fabric. The Committee heard that the recent growth in income disparities has been aided by the policies of this Conservative government, including the introduction of new non-refundable tax credits in the *Income Tax Act*. As Rob Rainer, Executive Director of Canada Without Poverty, stated before the Committee:

*"The evidence so far is that the take-up on these kinds of tax credits is in fact not by those who they are ostensibly meant to help. It's more the middle-income and upper-income households that may benefit from these tax credits. So that further increases the inequity in our society."*

When tax credits are non-refundable, Canadians who do not earn enough money to pay federal income tax cannot benefit from the credits. Witnesses identified this as an issue of fairness and implored the government to make some of the tax credits (such as the caregiver tax credits, disability tax credit, age tax credit, and children's fitness tax credit) fully refundable so that low-income Canadians could also receive support through these programs. More specifically, organizations representing caregivers informed the Committee that many family caregivers who work fewer paid hours or quit their jobs in order to take care of loved ones at home will not be able to benefit from the non-

refundable family caregiver tax credit introduced in Budget 2011. As Susan Eng of CARP told the Committee:

*“We encourage [the government] to put forward a refundable tax credit, particularly for the more narrow segment of caregivers who perform 24/7 care. They are the people who have had to quit their jobs to look after their families. They are not going to be in a position to benefit from a non-refundable tax credit.”*

The Committee heard from several Aboriginal leaders who implored the government to increase its investments in the areas of education, health care (including mental health services) and affordable housing. Witnesses discussed the negative and pervasive effects that current housing shortages are having in many northern and remote communities, including the profound impact they are having on women with children who are trying to escape violence.

The Liberal Party recommends that the government:

- Move toward making the disability tax credit fully refundable, as well as tax credits for caregivers, volunteer firefighters, and children’s arts and fitness activities, so that low-income Canadians can also qualify for benefits under these programs. In the meantime, refrain from introducing new non-refundable boutique tax credits in areas where comparable federal support is not available for low-income Canadians.
- Work with the provinces, territories and Aboriginal leaders to design and implement a national poverty reduction strategy that includes targets and timelines for poverty reduction and elimination.
- Work with the provinces and territories toward a new Health Accord that provides predictable and stable funding and promotes a home care strategy with national standards of care, funding and accountability.
- Lift the 2% funding cap on spending increases to the Aboriginal Affairs and Northern Development Canada (AANDC) Post–Secondary Student Support Program.
- Work with the provinces, territories and Aboriginal leaders to develop and implement a national plan for affordable housing with more adequate federal funding to address Canada’s shortage of affordable housing units.
- Work with the provinces and territories and Aboriginal leaders to invest in a national strategy and funding framework for early childhood care with universal access and national quality standards.
- Implement a Yearly Basic Exemption (YBE) to the Employment Insurance system that is similar to the YBE for the Canada Pension Plan as a way to

alleviate the tax burden on low-income Canadians and their employers.

- Work with the provinces and territories to introduce a voluntary, supplemental program under the Canada Pension Plan with defined benefits so that Canadians and their employers have access to a retirement savings option with lower risks and lower administrative costs.
- Develop a program to provide partial disability income support to complement earned income from part-time work for people who are living with lifelong episodic disabilities. Workers with partial capacity to work should be supported to find employment and enter or remain in the workforce.
- Stimulate charitable giving by establishing a Stretch Tax Credit for Charitable Giving and work toward expanding the current capital gains tax exemption to include gifts of two other significant appreciated capital assets: private company shares and real estate.

## ENVIRONMENT

The Committee heard from numerous witnesses who asked the government to invest in climate change reduction policies that will help Canada compete in a global carbon-constrained economy while creating Canadian jobs.

The Liberal Party recommends that the government:

- Accelerate the transition to a low-carbon economy in a manner that is revenue-neutral for the government.
- Invest in energy efficiency through a National Green Homes Strategy, a green bonds program, and renewable energy solutions, with a particular focus on meeting the green energy demands of Canada's rural, remote and northern communities.