

## Standing Committee on Finance (FINA)

### Pre-budget consultations 2012

## James Chant

### Responses

#### 1. Economic Recovery and Growth

*Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?*

Investment in green technology such as wind, solar, bio-mass, thermal, and hydroelectric power should be initiated by all levels of government which should include tax and capital startup incentives. These measures bode very well for long term economic growth and a sustained economy. The government should also take steps to see that all federal buildings are energy efficient and are green energy compliant vis-à-vis a federal Green Charter. The federal government ought to reinstate the federal tax rebate on home energy efficiency renovation. The municipalities ought to receive an increased portion of the federal sales tax on gasoline in order to upgrade deteriorating, and unsafe infrastructure. Federal involvement with the municipalities and the provinces with the aim of addressing the national housing shortage and infrastructure initiatives would go a long way in stimulating economic growth in the materials and construction areas. The federal government ought to level the playing field by seeing the energy sector beyond the petroleum industry.

#### 2. Job Creation

*As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?*

A key component in stimulating job growth in Canada would be to process our natural resources at home rather than exporting our resources abroad. With a clear objective of establishing firm and effective environmental standards raw bitumen from Alberta and Saskatchewan should be processed at home rather than taking the highly environmentally risky, short term profits from the exportation of these resources to China and elsewhere. Investment in the information and technology industry for small companies of less than 50 employees will help many of these companies hire local skilled labour and generate spin-off businesses. On another issue the federal government ought to halt with their agenda of corporate tax cuts. With the federal corporate tax rate having been cut almost in half since the year 2000 the federal treasury has lost a very significant source of revenue to stimulate the Canadian economy through a national housing strategy and infrastructure renewal. Corporate tax cuts have not yielded the reinvestment stimulus the government claims. Hiring increases have been marginal at best over the past decade. Corporate tax cuts to companies under 50 people have much more economic potential and they don't deprive the federal treasury of much needed financial wherewithall. Our Prime Minister must be on record as demanding that tax shelters that very large companies use to avoid paying their fair share of taxation be curtailed and eliminated. There needs to be an international consensus on this issue. It is costing government coffers in most Western economies too much revenue which they desperately need to continue functioning and providing services.

### **3. Demographic Change**

*What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?*

The federal government is at a crossroads in terms of its priorities and the choices they have made in their omnibus budget bill C-38 will put an enormous burden on the backs of Canadians of modest income, particularly if their proposed changes to the eligibility for Old Age Pension is increased to 67 from 65 years of age in 2030. The government's procurement of dozens of F-35 fighter jets and their maintenance costs along with changes in the criminal code that will expand on the duration and applicability of offenses will place an exorbitant onus on the provinces to build more prisons and hire more staff to operate it. Provincial budgets do not have this room to manoeuvre and absorb these costs especially with decreasing federal transfers. These are poor choices to make at the federal level. The government needs to take an active role in fundamental governing. Canada should assist at the federal level with the exorbitant cost of post secondary education. Student loan debts have a crippling impact on those looking to buy their first home. Healthcare investment that provides for a robust healthcare system is imperative. This institution is Canada's centerpiece of achievement. It needs to be reaffirmed in the new 2014 Health Accord.

### **4. Productivity**

*With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?*

Clearly a robust immigration policy that allows for foreign workers and refugees to become Canadian citizens would augment the number of tax payers for the government coffers. The federal government must take a proactive stance in terms of supporting students. The Feds boast that their tax reduction policies will steer the Canadian economy in the right direction and, at the same time, the government ignores personal income tax reduction for those in the low to middle end brackets and really only show interest in reducing corporate tax rates. The needs and demands of having a modern society, like we do in Canada, requires major investment from Ottawa and so taxation is necessary. There ought to have been fewer cuts to corporate tax rates but rather some modest but helpful cuts to personal income tax. The latter would have a far greater impact on the general economy by spurring spending in numerous local economies rather than seeing a cash glut among corporate executives who concentrate and retain their wealth. Healthcare funding needs to be funded adequately which will allow the healthcare system to face the cost of an aging population. The PM needs to sit down with his provincial counterparts and show a commitment to establish a robust health accord when the current one expires in 2014.

### **5. Other Challenges**

*With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?*

Among individuals in Canada who have the most challenges are those who live with meagre resources that force many into a situation of homelessness. Far too many Canadians can't afford the cost of rent for the most basic of accommodations. Rent costs too often far exceed the 30% cut-off margin for a balanced personal budget that allows for costs associated with buying clothes, nutritional food, energy, and other necessities. Communities in Canada that are facing the greatest challenges are aboriginal communities. Attawapiskat is a clear example of how our federal government's poor planning and investment has left many people in near deathly conditions of survival. In terms of challenges faced by businesses, the federal government has shown a dire lack of investment in sustainable energy

development at the expense of favouring the environmentally destructive petroleum industry. This biased position must change. No more subsidies to the Big Oil giants. We need start up incentives and investment for non carbon based energy sources. Canadian consumers are very interested in making their homes not only energy efficient but energy sufficient. Solar pannels are among some key technologies that have allowed a very small number of Canadian home owners to go off the grid from their local energy provider, who in many cases like here in my home province of Nova Scotia, have relied on coal as the source of energy. The federal government has a fiduciary responsibility to protect the environment and thus far the Conservatives deserve a failing grade on this important file. We ought not keep going down the road of carbon energy development such as that of oil and shale gas exploration, particularly, in sensitive areas on land and at sea where many sustainable industries thrive like fishing and agriculture and put these areas in harm's way by allowing unbridled access to these areas by petroleum companies. The long term negative impacts far out way short term profits. Economic growth is important but we must not get caught up in a kind of Faustian Bargain that ends up leaving Canada far worse off.