

Standing Committee on Finance (FINA)

Pre-budget consultations 2012

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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?

Lower corporate taxation rates and simplify the tax code in order to encourage Canadian companies to grow and provide more employment opportunities. Lower personal taxation rates and simplify the tax code so that Canadians have more disposable income. With more disposable income, Canadians will spend more money which drives demand in a broad range of industries.

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?

1.) Pursue better trade relations with foreign countries so that goods and/or resources produced by Canadians have a foreign market BUT without losing ownership of our resources to foreign countries. That is, we must retain sovereignty over Canada's natural resources which first and foremost must be for the benefit of Canadians before the rest of the world. 2.) Lower corporate taxation rates and simplify the tax code. This will encourage companies to expand their businesses which in turn will create more jobs.

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?

Re: Aging of the Canadian population 1.) Encourage Canadians to have more children. If you want Canadians to have more children who will eventually pay taxes to support the aging population than you have to lower the cost of housing and tax burden. The most expensive item for most Canadians is housing and taxes. This situation has been dramatically worsened by offshore buyers driving up the price of residential real estate. Many families, including young professionals, living in our largest cities in Canada, feel that they cannot afford to have more than one or two children. The Canadian Government can stabilize housing prices as discussed in answer #5 below. This will also have the corollary benefits of lowering our dependence on immigration as we can increase our population domestically and reducing the indebtedness of Canadians. 2.) Strong productivity growth is key to the financing of higher health and pension costs. Labour productivity growth must increase to reduce the financial burden arising from the growing proportion of Canadians over the age of 65. Re: Skills shortages 1.) Offer tax credits for individuals who take courses in those areas where we have a skills shortage. 2.) Lower personal taxation rates and simplify the tax code so that Canadians are not incented to go elsewhere to work thereby ensuring that Canada does not lose its human resources to other countries 3.) Encourage immigration from the right sources and not immigrants who will disrupt the social fabric by driving up housing pricing resulting in Canadians having to leave Canada, because Canadians cannot afford housing in their own country. If this continues to happen, we will lose more and more Canadian talent and be

compensated by nothing as the wrong immigrants inevitably take their money, family and children educated by the Canadian system back to their home country. We should not get tempted by the lure of easy money from wealthy immigrants.

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?

1.) Foster the entrepreneurial spirit of the business class by lowering personal taxes and corporate taxes. Companies, ultimately led by individuals, are only prepared to take risks which in turn lead to productivity gains if it is financially rewarding. Companies should face a decreased tax burden as they continue to grow and be more profitable. It is also critical to remember that as companies become more profitable, this benefits all working class Canadians who also stand to benefit from increased job creation and higher salaries. 2.) Remove all taxes provincial/federal on the purchase of machinery, equipment and software. Capital investments help ensure businesses are able to keep up to the pace of technological change and remain efficient and more productive. 3.) Ensure Canadian industries such as the natural resource sector are not sold to foreign buyers, such as the Chinese, and remain Canadian. The natural resource sector typically has higher than average productivity as compared to other industries. For example, the development of diamond mines in the Northwest Territories and the development of offshore oil deposits in Newfoundland have resulted in each jurisdiction having two of the fastest rates of productivity growth in Canada. This can also be seen in Alberta where higher energy prices have increased productivity per worker.

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?

The purchasing activity of foreign buyers in many Canadian real estate markets has pushed the price of homes so they are no longer affordable to hard-working tax paying residents of all ethnicities and income levels. This is particularly true in markets such as Vancouver and Toronto where investment by wealthy offshore buyers has driven up the price of real estate beyond levels affordable by resident taxpayers, many of who are now forced to rent. The Government of Canada needs to act immediately to maintain the stability of house prices. House prices are being driven up by two categories of foreign buyers: 1) Foreign buyers who do not have residency but whom have unfettered access to buying Canadian residential real estate, and 2) Foreign buyers who have Canadian residency and perhaps citizenship, but like the first category have amassed vast amounts of money in other countries. Buyers from both categories have created their wealth in low tax foreign jurisdictions which makes it impossible for Canadians to compete with their purchasing power. It simply is not an even playing field. Other countries are ahead of us in addressing and solving this specific issue, including Australia, Singapore and China. The Government of Australia has taken a leading role in addressing the problem and has a model which could easily be replicated in Canada and which we have analyzed in detail. Even China, which is the source of most of the offshore foreign buyers which have disrupted real estate prices in Vancouver, has successfully imposed measures to stabilize their own residential real estate prices. The specific federal actions which we suggest are as follows: 1) Create a federal review board based on the Australian model which would require all foreigners to obtain permission from a Federal Review Board before they can purchase residential real estate; and 2) Encourage immigration that can satisfy the test of being a net benefit to Canadians. For example, skilled workers; and 3) Close tax loop holes which allow both categories of foreign buyers and new immigrants to keep their money offshore and not pay

Canadian taxes like other hard working Canadians. Is it right and fair for hard-working Canadian tax paying residents to be paying exorbitant amounts for a house and rents out of their hard-taxed pay cheques to wealthy investors and landlords who live elsewhere and have never contributed a single tax dollar to this country? Should we have to compete against foreign buyers who now have residency but are able to amass vast wealth in other low tax jurisdictions? We would greatly appreciate the opportunity to come to Ottawa and discuss this in further detail.