



Certified General
Accountants
Comptables généraux
accrédités

Certified General
Accountants Association
of Canada

Suite 800
1188 W Georgia Street
Vancouver, BC
Canada V6E 4A2

Tel: 604 669-3555
Fax: 604 689-5845
www.cga-canada.org

November 15, 2005

The Honourable Ralph Goodale, P.C., M.P.
Minister of Finance
Finance Canada
L'Esplanade Laurier, East Tower, 21st Floor
140 O'Connor Street
Ottawa, ON K1A 0G5

Dear Minister:

The Certified General Accountants Association of Canada (CGA-Canada) would like to bring to your attention to the recommendations we delivered to the House of Commons Standing Committee on Finance on October 25, 2005 as part of the pre-budget consultation process.

The challenge for today's governments is to provide an economic environment that promotes economic growth in a dramatically changing and competitive world. While Canada offers many attractive features to investors, much can still be done to secure a competitive edge for Canadian taxpayers and businesses relative to their international competitors. In the upcoming budget, it is crucial for Canada to develop a set of long term policies that will increase and encourage productivity.

As you mentioned in some of your recent remarks, Canada needs to take steps now to meet the impending demographic "time bomb," just around the corner. This is particular important when contemplating the broad fiscal, financial and labour market implications of an aging population, as well as the repercussions for pensions, social benefits and our system of health and long-term care.

In that spirit, CGA-Canada recommends to eliminate mandatory retirement at age 65 and diminish public pension incentives for early retirement. The federal, provincial and territorial governments should also combine forces with employers to recruit young immigrants with those skills most highly sought by Canadian businesses. We must collectively recognize the inherent value immigrants' training and qualifications can bring to Canada's workplace.

Moreover, we would encourage the government to re-examine Canada's taxation framework. Canadians remain saddled with an effective income tax rate of 60 per cent for middle tax earners, and 80 per cent on their investments. In light of this fact, CGA-Canada proposes that the federal government reduce personal income taxes. Adjusting personal income tax rates and brackets would increase efficiency and enhance incentives, compliance and other economically consequential factors.

To increase productivity and to remain globally competitive, Canada must reduce corporate taxes to encourage robust investment and to help bridge the productivity gap between Canada and its competitors.

In addition, as Canada's largest employer, the federal government should demonstrate leadership in workplace innovation that will lead to increased productivity and address skill shortages. These measures may include phased or extended retirement, workplace re-entry positions, flex-time and job sharing, revamped pension rules, workplace childcare, ensuring workers have up-to-date labour skills, and commitments to skills or knowledge transfer for people entering the workforce.

In closing, CGA-Canada urges the government to introduce a multi-year, fair and comprehensive taxation strategy aimed at lowering the tax burden on individuals and businesses, and prepare for the impacts of an aging population.

We have enclosed a copy of CGA-Canada's submission to the House of Commons Standing Committee on Finance for your review.

Yours sincerely,

Original signed by

Tony Ariganello, FCGA, CPA (Delaware)
President and Chief Executive Officer

Encl.