



Certified General  
Accountants Association  
of Canada

The Certified General Accountants Association of Canada's  
Submission to the Honourable Minister of Finance  
on Budget 2009 National Consultations

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## **Introduction**

Canadians are looking to the federal government to guide the country through a period of unprecedented global economic turmoil – characterized by volatile financial markets, drastically reduced access to credit, weak economic activity with reduced GDP growth, as well as job losses across the board – particularly in the export industries.

The Government of Canada needs to play a leadership role in this crisis. It must work with all of its partners – provincial, territorial and municipal governments, opposition parties, industry stakeholders, businesses and individuals. It must deliver a balanced stimulus plan for economic recovery that reflects the views of the majority, deals with the current economic uncertainty and positions Canada to succeed when the economy recoups. It must act with confidence, vision and resolve so that Canada continues to remain the envy of other nations.

The national consultation leading up to Budget 2009, as launched by the Government of Canada, is welcomed as it provides all Canadians with the opportunity to make their views and ideas known about how to protect Canada's economy. The Certified General Accountants Association of Canada (CGA-Canada) is pleased to participate in this process that will help shape the plan for economic recovery through Budget 2009. CGA-Canada believes that it can make a significant contribution in developing sound public policy – especially on matters relating to global finances.

### **Economic stimulus: focus on priorities**

CGA-Canada has identified four priorities to support economic recovery and growth –

1. Tax competitiveness and simplification
2. Common securities regulation
3. Effective interprovincial trade and labour mobility
4. Strategic investments in skills and training

CGA-Canada contends that these measures will attract capital, enable companies to compete and equip people with the skills and training necessary to weather the current global economic turmoil and succeed when the economic tide turns.

#### **1. Tax competitiveness and simplification**

A simple, transparent and fair tax system with low, internationally competitive tax rates is integral to economic recovery and growth in Canada.

CGA-Canada applauds the significant steps taken by this government to reduce the tax burden on individual taxpayers and businesses. Personal and corporate tax rates must be kept on a downward track.

However, CGA-Canada and others believe that the tax system is still overly complex, cumbersome and costly to administer. Simplifying the tax system would be of tremendous benefit to Canadian taxpayers and cost the government very little.

Tax simplification means increased compliance rates and lower compliance costs for taxpayers, less paperwork for business and lower administrative costs for government. It means a stronger system with a more secure tax base and predictable revenue. Tax simplification is good for the economy.

To implement tax simplification, the federal government should:

- Appoint an independent panel of experts to recommend immediate steps to simplify Canada's tax;
- Harmonize provincial sales taxes with the federal goods and services tax;
- Extend the use of "simplified methods" under the *Income Tax Act* and *Excise Tax Act*;
- Identify areas ripe for reform, or rules which are irrelevant or out of date, and consider streamlining or even removing these unnecessary provisions in Canada's tax legislation;
- Manage the paper and administrative burden so that any new regulatory requirement is followed by subtracting one outdated or irrelevant rule.

For additional information on tax simplification, a copy of CGA-Canada's pre-budget submission to the House of Commons Standing Committee on Finance (August 2008) is attached.

## **2. Common Securities Regulation**

While Canada's financial system is considered to be the world's soundest according to the World Economic Forum, this country is clearly out of step with global competition in terms of capital markets regulation. Canada is the only industrialized country without a common securities regulator. For many, the current system of 13 securities regulators is seen as unwieldy, cumbersome, fragmented, lacking the proper tools of enforcement and a glaring flaw in Canada's world-leading approach to promoting financial stability.

The issue of a common securities regulator has been a very important one to CGA-Canada, and we have long supported the idea of the federal government working with its provincial and territorial counterparts to reform and strengthen Canada's securities framework. We agree that the current global credit crisis underscores the need for a common securities regulator and are pleased by the government's commitment to put in place a new structure as part its overall plan to protect Canada's economic security.

CGA-Canada also believes that Canadian policy makers have a unique opportunity to take this process even further – that is, reform the way in which financial reporting standards are set and the manner in which auditor oversight activities are entrusted. This is not only appropriate, it is necessary.

Please find enclosed a copy of CGA-Canada's Submission to the Expert Panel on Securities Regulation in Canada. We submit that our proposal will result in a legitimate, transparent, accountable, efficient and effective regulatory structure that is as robust as those of our international trading partners.

CGA-Canada looks forward to the release of the report from the Expert panel on Securities Regulation and to working with the government on the best way forward to improve the content, structure and enforcement of securities regulation in Canada.

Finally, for Canada's regulatory environment to be more efficient and effective, CGA-Canada would also urge the federal government to take a leading role in introducing more measures to reduce the overall and cumulative regulatory burden on small and medium-sized enterprises (SMEs). SMEs are the backbone of the Canadian economy – an engine of economic growth. Given that SMEs have been the major source of new jobs, wealth and growth underlying Canada's economic success in recent years, it stands to reason that SMEs have a pivotal role to play in Canada's economic recovery.

### **3. Effective interprovincial trade and labour mobility**

Barriers to the free movement of trade and services hurt all Canadians. These barriers cost Canada's economy as much as \$14 billion each year, damage our country's productivity and competitiveness, and they harm our international reputation as a place to do business.

For Canada to truly work as a country, a fully functioning and effective open domestic market framework is essential.

CGA-Canada is a long-time supporter of the *Agreement on Internal Trade* (AIT). Furthermore, we welcome the renewed efforts by all governments – federal, provincial and territorial – to remove these barriers and we recognize the progress that is being made to date on issues relating to labour mobility and an enforceable dispute resolution mechanism.

At a time when Canada is facing economic uncertainty, a strengthened *Agreement on Internal Trade* (AIT) will attract investment, allow for the free flow of goods and services, and improve the economy.

It is important that momentum is not lost in these challenging economic times – we urge governments to honour their commitments and deadlines, and strive towards ensuring that a full, open and competitive marketplace becomes a reality in Canada.

#### **4. Strategic investments in skills and training**

*“Canada’s long-term economic plan is to improve productivity through education and skill development...”* (Department of Finance, Fiscal Stimulus - Budget 2009 Consultations, p. 11).

CGA-Canada notes the importance accorded by the government to investing in skills, learning and training as a key measure in economic recovery and growth. We agree with that philosophy.

Working with the Public Policy Forum on this issue, in 2008 CGA-Canada engaged in a nationwide consultative process through a series of eight regional roundtable meetings – that pulled together a cross-section of participants from government, business, labour, post-secondary education, aboriginal and immigrant communities, and youth – and culminated in a national summit in Ottawa. Twelve recommendations were set out in the report *Getting on the Same Page: Report on the CGA-Canada Summit on Skills and Learning Organized by the Public Policy Forum*, which examines the country’s most pressing skills and learning challenges (see [http://www.cga-canada.org/en-ca/ResearchReports/ca\\_rep\\_2008-05\\_skills\\_and\\_learning.pdf](http://www.cga-canada.org/en-ca/ResearchReports/ca_rep_2008-05_skills_and_learning.pdf)).

At a time of rapid change, competitive challenges and global uncertainty, Canadians need the skills and training to ensure future prosperity. The combined pressures of an aging population and skills shortages, successfully integrating new Canadians into the workplace and ensuring that our youth acquire the skills they need to succeed requires a national vision.

Based on a forward-thinking multi-faceted Canada-wide plan, governments must work together to introduce policy measures and make strategic investments in skills and training that have short- and long-term results.

#### **Concluding remarks**

CGA-Canada agrees with the government that *“Canada needs a well-designed fiscal stimulus plan that boosts the economy now, but will not burden Canada with a structural deficit that hampers growth in the years ahead.”* (Department of Finance, Fiscal Stimulus - Budget 2009 Consultations, p. 12). We must not lose sight of the years of effort and sacrifice made by all in eliminating the deficit burden and restoring Canada’s fiscal health. Canada’s fiscal progress has been a national effort supported by Canadians from across the country. While these unprecedented times may call for extraordinary measures, years of chronic long-term structural deficits must remain in Canada’s history, never to return.

CGA-Canada thanks the Minister of Finance and Finance Canada for these national consultations in advance of Budget 2009. We appreciate the opportunity to contribute to such an important discussion, and remain available for further comments or questions as we work together on Canada's economic recovery plan.

***CGA-Canada, together with its 71,000 members and students, represents the future of the accounting profession. The CGA designation is built on a strong foundation of ethics, education, examination and experience. The CGA standards for competence meet and exceed international standards. CGA-Canada contributes to public policy discussions and enjoys a leadership role at the national and international level advocating for the public interest.***