

## Standing Committee on Finance (FINA)

### Pre-budget consultations 2012

## Sharon Callan

### 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?*

I believe that we need to encourage risk taking, hard work and initiative. Presently, however, the capital gains tax setup punishes those of us who work hard, take initiative and take risks. My husband and I have provided safe clean well managed housing in a five plex we bought 30 years ago. We can't sell this property now because, if we do, all of our "profit" will go to Ottawa in one brutal capital gains tax hit. We are now in our late sixties. We counted on this money as savings for our old age, but, we have had to borrow against the property to pay for two new roofs, a new heating system, new waste water lines, all new wiring, smoke detectors and plumbing. After debts are paid and Flagerty takes his share, we may actually owe some money. Rent controls cap income. Capital gains tax needs to be greatly reduced.

#### 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?*

We need to make the most of the bounty of natural resources we have in this country by exporting material and goods at the highest possible stage of manufacturing. For example, we export crude oil. Instead, we need to refine our petroleum and export the refined not the crude product. We should export furniture not wood, polished diamonds, not rough, frozen full menu items, not raw fish. This policy would create more jobs per kilo of material than we presently produce. Supported by tax cuts for finished goods and penalties for raw goods, this policy would be embraced quickly.

#### 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 greatest unemployment is being experienced by young people between the ages of 18 and 24 approximately. Older Canadians need to step aside to let younger people work, but if older folks can't afford to retire, they will keep on working. Reward veterans for retiring. In addition two things stand in the way of younger folks getting jobs: education and experience. When experienced workers retire, they take a wealth of knowledge with them, knowledge that should be passed on to new workers before the veterans go. Mentorship should be built in to the retirement scenario for every corporation and service industry. And, it's OK to reward folks for doing this. Instead of a golden handshake, we should expect a knowledge and experiential giving back to occur before retirement.

#### **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?*

The government repeatedly asks industry to be more competitive, but there is one big bolder in the way, government itself. We know that jobs are created through small business, but we never look closely at what the owners of small businesses are saddled with: paperwork and taxes. The HST has turned every business into a tax collector for the government. If there is one thing that makes Canadians want to leave Canada to live and/or work in another country it is taxation. We pay HST on almost everything. Along with SIN taxes, income taxes, deemed disposition and capital gains taxes, the load is just brutal. That's why there are 30,000 Canadian living full time in Lake Chapala Mexico alone. If you are looking for our disappearing middle class, start looking there.

#### **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 middle class is facing the greatest challenges. Stock markets are weak, so income from investments is precarious. The influx of new Canadians creates pockets of folks on social support until they get on their feet. Wealthy Canadians move money overseas and the middle class that our country relies on for financial stability is going elsewhere fast. Nassau, Cayman Islands and Mexico beckon. There are fewer and fewer income earners to keep our much loved social programs afloat. Looking for the middle class? They are escaping brutal Canadian winters and brutal Canadian taxes.