

## Standing Committee on Finance (FINA)

### Pre-budget consultations 2012

## John McColl

### 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?*

Simplification of the Income Tax Act -- Over years the income tax act has mushroomed into a colossal imposition that is complex, favours some interest groups and is not transparent. When New Zealand was facing default in the early 1980's they decided to rewrite the tax act. There were three levels of income taxes; 10%, 15% & 23%. These kicked in at levels, \$10k, \$30k and >\$30k. There were no deductions, no subsidies. Every taxpayer knew their commitment right from January 1st each year. NZ isn't a federal jurisdiction like Canada, but some obvious advantages to a streamlined income tax act like NZ or Hong Kong was at 15% across the board. Designed to bring in the same amount of revenue as current revenues. This should also be run together with a harmonized GST/PST across all provinces.

#### 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?*

Corporate Taxes reduced to 0%, Nada, Zilch and at the same time remove the dividend tax credit. Dividends flowing to shareholders would then be taxed at the prevailing personal rates. The present system is double taxation, once at the corporate level and again at the personal level. Corporations would love to set up in a corporate tax free environment so the influx of new enterprises would certainly enhance Canada's position in the economic world --- although this would have to be coupled with prudent fiscal responsibility and achieving a balanced budget sooner than later.

#### 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?*

Baby-boomers are like the Pig passing through the Python. The costs of healthcare is going to rise because of three non-negotiable factors: a: Aging population with more seniors than non-seniors d: Health visitations will increase in frequency as people age c: Duration of ill-health periods of baby-boomers will become longer. Years ago the Canada Health was touted as a world leader. It is been surpassed by many other countries like Australia, New Zealand, Japan, The Netherlands, to name a few. The common characteristics of these more successful countries is the combination of public/private healthcare that balances off each other while putting patients at the forefront. The present Canada Health Act needs to be completely overhauled to once again make Canada a world leader.

#### **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?*

Free enterprise; less government red-tape; no subsidies, no tax credits, no climate change (Crap & Trade), in other words a more pro-business stance. Free trade across provinces. Certain industries and services should not have the right to strike such as Air Canada, BC Ferries, hospital workers, railway workers, etc. those unions that have substantial control over the welfare of others by withholding their services. Disputes should be dealt with by independently appointed mediation tribunals. Unions membership should not be compulsory. Encourage in-migration from younger people with skills that are in shortage in Canada. Forgivable student loans for those that complete ten years continuous employment in Canada for those in mathematics, engineering, computer science, medicine, marketing, law, etc -- those educational skills that have some long term merit to the country. Exclude the Arts, social sciences, gay & lesbian issues, and any other "degree" that has no commercial value to the holder or the country. (Get back to basics.)

#### **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?*

Under EI rules allow claimants to receive a 'relocation allowance' if they are moving across provincial borders from a high unemployment area to a low unemployment area. Surely there are those that would love to move from e.g. The Maritimes to Alberta to seek new employment and yet have exhausted their financial resources that a move is more costly than staying put.