

## **NAFA Fleet Management Association**

### **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?*

The NAFA Fleet Management Association (NAFA) is the national organization representing fleet managers. NAFA members serve as an engine of the economy, productivity, employment and economic growth. In order to enhance economic growth that is sustainable, NAFA and its member organizations are requesting a modest tax incentive for Canadian fleet managers who upgrade to greener, more fuel efficient vehicles. This measure will also demonstrate leadership in the greening of Canada's vehicle fleet, improving Canadians' quality of life and is key to future economic development. A partial tax refund for sales taxes applied to the purchase of fuel efficient vehicle fleets would go a long way towards spurring environmentally-friendly upgrades to Canada's thousands of vehicle fleet systems in both the public and private sectors. In order to ensure that all Canadian fleet managers – public and private – are able to gain access to the credit, NAFA proposes that governments and other tax-exempt entities be allowed to claim this vehicle tax credit against the payroll tax they pay as employers. This tax credit will tip the lifecycle cost analysis to make it possible for private fleet managers as well as government, public utilities and public universities to do the right thing for the environment and still be fiscally responsible. This measure would be a cost-effective way of achieving a substantial penetration of fuel efficient vehicles in the national fleet. The tax refund could be structured in the following way to maximize its dollar-for-dollar effectiveness (based on an average of 200,000 fleet sales per year): For non tax-exempt entities: Refund 10 per cent of sales tax incurred on upgrades to fuel efficient vehicles up to a maximum of \$200 per vehicle (10 per cent of up to \$2,000 in sales tax incurred). For tax-exempt entities: Issue a tax credit applicable to payroll taxes equal to 10 per cent of sales tax incurred in the acquisition of fuel efficient vehicles for fleets, up to a maximum of \$200 per vehicle.

#### **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?*

#### **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?*

**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?*

**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?*