

## **Summary**

This Brief is proposal to create revenue stream to which economic immigrants to Canada; skilled workers, business immigrants contribute to a fund that goes towards reducing federal, provincial and territorial debt.

An immigration fund imposed on financially wealthy immigrants to contribute voluntarily an amount acceptable to the applicant and reasonable to the government in principal debt payment nationally and regionally.

The purpose is solely to reduce public debt or the national debt which the government owes to holders of Canadian Treasury security. Not for spending on other things.

The combined federal and provincial debt is projected to \$1.4 trillion for which governments spend more than \$62.8 billion in interest payment alone, 8.1% of total revenue.

This combined debt equals 67.5% of the economy or \$37,476 for every man, woman, and child living in Canada to contribute to eliminate the debt.

Debt accumulation has costs. Today we are servicing debt in interest equivalent to Canada's total spending on public primary and secondary education.

This Brief proposes how economic immigrants can get involved in financial contribution that reduces and drives Canada to be debt free.

### 1. Objective

The Government of Canada in the Minister of Immigration, Refugees and Citizenship together with Department of Finance should look at prudent strategies and policies that would lead to reducing Canada's exponentially ballooning debt through financial contribution by economic migrants to Canada based on ability to contribute.

Establish a dedicated fund that will reduce federal, provincial and territorial debt.

### 2. CDRF - Canada Debt Reduction Fund

There is vast untapped financial resource in billions of dollars held offshore by immigrants migrating to Canada. Just like fees it would make a rational policy immigrants contribute a small percentage of their savings to the public purse before settling in Canada that goes to lowering and eliminating debt which would in process free up government interest payments that could be put towards better use in nation building.

I propose a CDRF, CANADA DEBT REDUCTION FUND that immigrants with financial resources contribute when immigrating to Canada that goes in paying off federal and regional debt.

### 3. RDRF transfer payment

Not only it is crucial to reduce quickly and eliminate national debt but equally provincial and territorial debt needs to be paid off.

Ontario one of the regions, most indebted sub-sovereign borrower, risks under-performance for its \$312 billion in bonds. \$11 of \$100 of general revenue sent to Queen Park services past debt.

With introduction of this proposed new funding stream all governments would collaboratively work as a team with a common goal of reducing debt across the country.

I also propose RDRF, a REGIONAL DEBT REDUCTION FUND. Ontario for instance would have a subsidiary ODRF fund, ONTARIO DEBT REDUCTION FUND again a fund with specific objective of reducing and eliminating Ontario's debt. Other province and territories would have similar sub funds.

The federal government could reimburse a portion around 25% of collected contribution received in CDRF through transfer payments to provincial government, in 5% partial transfer payments from Ottawa to regional government yearly over 5 years so provinces or territories likewise reduce their debt levels based on province or territory of immigrant's residency during the first five years.

### 4. Case Study

Rather than making hypothetical case to substantiate the CDRF proposal I will use my own immigration experience as a case study and draw a modest benchmark.

I immigrated to Canada 20 years ago from Kenya. I was a University graduate in Science with Land Surveying. I had worked almost for five years sub dividing plots of land for a mid-sized company in the capital city Nairobi.

My father was also a worker fixing television and video tape recorders; I had no family or inheritance money at that time. I started my professional living from bottom in Kenya and managed through reasonably good employment build a reasonably good savings. I had a decent bank balance before landing in to Canada.

When I applied for immigration to Canada if it was imposed on me to contribute an amount to a fund besides the mandatory application fees would I have willingly done so? No, not voluntarily.

What if it was somehow tied to my application process as a prerequisite to qualify for immigration? Yes I would have because I was impulsive, persistent and committed to settling in Canada. How much would I have

given up my savings? Possibly \$500. I would have agreed to this amount as it was within my reach given the reserves I had.

What to the extent, if this was a question the Immigration Visa Officer had posed to me in the face to face interview? To respond and make my application stronger and show the visa officer my determination and commitment, I would have probably gone as high as \$750 out of fear not to be disqualified against acceptance to immigrate to Canada.

In essence I had disposable income in savings that I could have given up for entry to Canada if imposed to do so. I truly would have contributed a reasonable amount on top of current fees as the long term economic prospects and recovering any money paid to the Government of Canada in benefits received were promising.

#### 5. CDRF applicability

CDRF is a targeted fund. If genuinely an immigrant is not capable of contributing, may be a typical skilled worker with only minimum savings to meet financial obligation of supporting himself or herself for couple of months in Canada there should be exemption without negative implication in immigration admissibility. If as an immigrant you have the ability to contribute, it should be made mandatory to participate by contributing at least an amount as low as \$250.

This amount I am sure no one can dispute is a reasonable amount alongside the entire finances involved in immigration settlement costs incurred by the applicant. Contributing an amount in the range of \$1,000 by the very top financially strong portfolio immigrants would not be unreasonable either. The direct and indirect impact of money collected in CDRF that goes in reducing government's debt will have tremendous positive trickle down impact.

#### 6. CDRF acceptance by Immigrants

When I immigrated to Canada in July 1996, more than twenty years back I was required to pay the application fees only. Today immigrants are required to pay application fees as well as right of permanent residence fee. Introduction of new fees or collecting new money is always never socially or economically welcomed in any given situation especially giving up personal wealth. Such change is always seen as money maker and met with hostility initially but with time it is embraced as a norm. Canada is so remarkable and attractive even if there was a fourth contribution fund on top of the CDRF, attitude towards making Canada a home would hardly change for the well to do.

CDRF may be viewed as money grab by the government but in reality it would be reflected as a net benefit to the contributor and taxpayers. Canada is a vast land with a relatively low population per area with only a handful of thriving settlement cities. In order to build infrastructure to support dispersed settlement; governments have to borrow money to sustain growth and attract immigrants.

There should definitely be room to explore further if we are not already doing enough how resident taxpayers can do more in localized taxes but It is imperative immigrants contribute a little portion of their prosperity that would directly see more and better physical infrastructure and government delivered services.

#### 7. Administering CDRF

A matrix can be formulated based on applicant's financial savings and assets to come up with a contribution ratio or it could be one of an open question in the assessment process for the individual or family during application for immigration to Canada "How much are you willing to contribute to CDRF"

#### 8. Other Benefits of CDRF

A policy that would lead economic migrants to contribute to this fund would not only bring in cash to reduce federal, provincial and territorial debt which is the core intent but in effect strengthens the commitment on part of the immigrant to apply for immigration with strong goals and solidify long term intentions of residency in Canada, contributing and enjoying the benefits and not just to apply to immigrate to Canada and go back to Dubai to work after acquiring Canadian Citizenship.

#### 9. Importance of Debt Reduction

The fundamental fact is debt has to be paid unless the country declares bankruptcy. Today we are just piling on interests payments on debt and we are just pushing principal repayments further out. We do not have a vision and foresight how our grandchildren are going to face these financial payback realities in 50 years. We need to have bolder strategies in dealing with finances.

#### 10. Is Borrowing Necessary

Canada has six or less than a dozen big cities depending on how you define big. The rest is all bushes in between. Our economy is relatively small given the population density per area. In order to grow and expand horizontally governments have to spend many folds per person to facilitate settlements for incoming immigrants.

Some governments may look at cutting back spending or have a policy to live within your budget and do what you can with what you have. Some government may borrow heavily to provide stimulus. This is politically debatable but borrowing is inevitable.

There is only so much the government can get from the local public tax base and borrowing is the easy option and governments very conveniently sign off on this. No one asks the hard questions of policies and measures we need to act on to pay it off aggressively and quickly.

## 11. Post Debt Repay

Our debt levels are incredibly very high. If ever federal and regional debts are eliminated and the country balances its book the CDRF and RDRF could continue with it's mission and be transformed as a reserve fund to be used again in bad times.

## 12. Benefits to Immigrants

Any amount into CDRF contribution by migrants that goes towards debt reduction is a transformative net gain to everyone including new immigrants in better service, additional infrastructure, increased social equity, healthier well-being as money going towards servicing debt can be put to better use and productivity. It is would be a net positive turnover for immigrants, it is an investment in themselves with their generous contribution.

### **Goals**

If anything we need to have debates and discussions on how economic migrants to Canada can play a greater role in lowering Canada and regional debt.

We need to think and explore outside of the regular taxes and fee channels innovative ways to collect from well-off immigrants so that the Finance department can support infrastructure, growth, services delivery and make Canada even a stronger, sustainable economic power.

It would be wise to set up commission to understand our financial obligations, study avenues of generating off shore revenues through immigration, strategies of enforcing collections of such funds and dispensing out for optimum results.

Given Canada's 250,000 intake of immigrants yearly this gives the Finance office a quantitative potential to get huge amount of money through economic immigrants. Even small amounts collected can accumulate to a colossal fund given the numbers. This untapped reserve should be looked at in-depth.

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## **CANADA DEBT REDUCTION FUND – CDRF**



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