



Pre-Budget Submission
Presented to the Standing Committee on Finance of the House of Commons
August 2017

Background

The Canadian Cable Systems Alliance (CCSA) represents the interests of more than 115 independent communication companies serving Canadians from coast to coast to coast. CCSA's members connect Canadians to information, entertainment and other critical services. They are co-operatives, family businesses, rural companies, First Nations bands and entrepreneurs providing service to Canadians in both urban and rural markets across the country and competing with large, vertically integrated companies on choice, technology, service and price. CCSA members are companies that invest in their community. They provide jobs and sponsor local events. This is because their relationship to the community isn't just one of business; they know their community and they live there too.

Below are three concrete policy recommendations, each of which would address your Committee's focus on individual and corporate productivity enhancements, which we agree will be vital to securing sustainable economic growth for all Canadians in future years.

Recommendations

- 1. Increase investments in broadband as critical infrastructure**
- 2. Lower Capital Gains taxes for small business owners**
- 3. Lower small business tax rates**

Increase investments in broadband as critical infrastructure

CCSA members were pleased to see, in Budget 2016, a commitment of \$500 million for expanding rural broadband access. Following this announcement, CCSA successfully worked with the Federal government to assist in design and implementation of this program. This commitment will have a profound impact on the communications industry in rural and remote regions of Canada where our membership has deep and diverse expertise, having operated in such locations for decades.

We appreciate that the government consulted with CCSA in designing this important program. We expressed concern that the larger companies often refuse access to their fibre transport facilities or price it out of the reach of smaller, independent providers and the rural customers they serve. We were therefore pleased to see that the centrepiece of the program is a commitment to improve transport between communities to provide greater capacity and higher speeds to access the Internet

backbone. We are also pleased that last mile projects are eligible. These aspects of the program, along with open access, should greatly improve the situation for rural Canadians.

Our recommendation for the upcoming budget cycle is that the government continue to consult with CCSA and our members as the Connect to Innovate program is rolled out. We also ask that the government consider further investments in broadband infrastructure given the importance of high-speed Internet access for all Canadians, wherever they may live, and for Canada's economic competitiveness and productivity.

Lower Capital Gains taxes for small business owners

Currently capital gains are taxed on 50% of the gain at the marginal tax rate of the individual or company. Prior to the last budget there was considerable discussion about raising the taxable amount to 75% of the gain. This would have hurt small business owners who wish to sell their businesses and retire on the proceeds as they generally have no pensions. CCSA disagrees with raising the taxable amount and believes that, if any changes are made, the taxable amount should be lowered for small businesses to 25%.

We note that the United States is in the process of contemplating broad-based tax reform and significant corporate and capital gains reductions. Canada must keep pace to remain competitive.

Lower small business tax rates

Finally, CCSA recommends that the government continue the path towards lower small business taxes. Reducing the rate paid by smaller firms from 11% to 9% should be implemented over the next several years to spur small business investment and hiring.

Conclusion

CCSA and our members thank the members of your Committee for your important work and for the opportunity to submit our proposals for Budget 2018. We look forward to continuing our mutually productive work with the current Parliament, and we would welcome the opportunity to appear in person before your Committee when it conducts its hearings in the fall.