

NEWS RELEASE

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For Immediate Release

Investment Industry Responds to 2014 Ontario Budget

IIAC: Ontario government should meet targets for deficit reduction

Thursday, May 1, 2014 (Toronto) – The Investment Industry Association of Canada (IIAC), on behalf of its 105 Ontario-based investment dealer member firms, is disappointed by the Ontario government’s anticipated 2014-15 deficit of \$12.5 billion – 24 per cent above the government’s deficit target for the same fiscal year.

Ian Russell, IIAC President and CEO, is concerned this deviation from the stated deficit reduction trajectory increases uncertainty at future deficit targets and budget balance will be achieved within three years.

“Missing deficit targets – especially to this degree – risks a downgrade to Ontario’s already decreased credit rating, pushing up interest rates and creating higher costs for current and future generations,” Russell said. “This undermines the confidence of business and individual investors, not to mention the fact that Canada’s prosperity depends on a strong Ontario economy,” Russell said.

The IIAC also noted the Ontario government missed an opportunity to introduce measures that would improve growth now and in years to come. “While we agree with this government’s position that Ontarians’ retirement savings must be strengthened, we question the wisdom of incurring substantial costs to build an Ontario Retirement Pension Plan rather than improve the existing retirement system,” Russell explained.

“What is fair and good public policy is for Ontario to work with the federal government to improve existing retirement savings vehicles by removing payroll taxes from business and employee contributions to Group RRSPs and business contributions to their employees’ RRSPs because these payroll taxes do not apply to contributions to defined benefit and defined contribution pension plans, as well as PRPPs, that large businesses can offer. This low-cost change would leave more money in the hands of Ontarians and Ontario businesses,” Russell concluded.

The IIAC – Representing Canada’s Investment Professionals

The Investment Industry Association of Canada (IIAC) is the national association representing the investment industry’s position on securities regulation, public policy and industry issues on behalf of our 160 IIROC-regulated investment dealer Member firms in the Canadian securities industry, including 105 in Ontario. These dealer firms are the key intermediaries in Canadian capital markets, accounting for the vast majority of financial advisory services, securities trading and underwriting in public and private markets for governments and corporations. The IIAC provides leadership for the Canadian securities industry with a commitment to a vibrant, prosperous investment industry driven by strong and efficient capital markets.

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