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IIAC Responds to 2019 Federal Budget: A lost opportunity to strengthen business productivity and competitiveness

Ottawa, ON, March 19, 2019 – Investing in the middle class is about promoting business expansion, creating good jobs and boosting economic growth. On this definition, the March 2019 Budget falls short. The measures in the Budget will not provide the needed stimulus to sustain strong growth and job creation in the country, so important in a slowing late-cycle economy.

“Robust capital formation to expand business and create jobs is the key to a growing economy”, said Ian Russell, President and CEO of the Investment Industry Association of Canada. “The budget measures will do little to reverse the declining trend in business investment in the country and stem the outflow of investment capital. Investors and businesses will be disappointed at the failure to address the relative competitiveness of corporate and personal tax rates, and to signal public debt and deficits are anchored to credible and defined targets.”

The budget contains several positive measures: expanded access to tax credits under the SR&ED program, expanding the existing Home Buyers Plan and introducing the First-Time Home Buyers Incentive, and providing better protection for work-place pensions in corporate bankruptcies. The government, however, missed an opportunity to support growing business by introducing an incentive for the purchase of shares of small businesses, patterned on the U.K. Enterprise Investment Scheme.

While we are pleased with the government’s increased focus on combatting money laundering, such as greater coordination among law enforcement agencies and increased funding for FINTRAC, the measures stopped short of specific and badly needed initiatives: expanding the AML reporting regime beyond the financial sector, and working with provincial governments to build a central registry of beneficial owners of public and private corporations to assist in the reporting process.

Canada’s success in global markets and its ability to reach economic potential turns on the productivity and competitiveness of our businesses. This budget just hasn’t done enough to boost confidence and encourage capital formation. The wide and diffuse array of spending initiatives, taken together, will have a blunt impact on economic growth and limit the scope to lower tax rates and provide targeted incentives for business investment.

The IIAC’s pre-budget submission is available [here](#).

The IIAC – Representing Canada’s Investment Dealer Firms

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 120 IIROC-regulated investment dealer Member firms in the Canadian securities industry. 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. For more information, please visit www.iiac.ca.

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