



INVESTMENT INDUSTRY ASSOCIATION OF CANADA
ASSOCIATION CANADIENNE DU COMMERCE DES VALEURS MOBILIÈRES

NEWS RELEASE

For immediate release

The Investment Industry commends the B.C. Government for their support for Small and Mid-Sized Business

Victoria, February 19, 2008 – The B.C. Budget released today provides a realistic assessment of the province’s economic prospects in the near term and is a judicious mix of fiscal and tax policies to maintain a growing economy and address environmental challenges. Economic activity in the province has been severely weakened by the slowdown in the North American economy, the collapse in the U.S. housing sector and a continued strong Canadian dollar. The economy faces sector challenges, particularly in the forestry industry. Inflation-adjusted economic growth is forecast at 2.4% this year, the slowest pace in five years, and will remain at a moderate pace for the next four years. The difficult economic outlook demands a disciplined approach to policy adjustment. The Investment Industry Association of Canada (IIAC) is encouraged that the B.C. government has recognized the need to provide relief to businesses facing difficult conditions and ensure continued growth as the economic environment gradually improves.

“The small and mid-sized business sector in the province accounts for one-quarter of all employment and a significant share of overall economic activity. It is the expansion of these local businesses that holds the future of the province, and will fill the “head office” gap”, said Ian Russell, President and CEO, IIAC. The reduction in the general corporate tax rate to 10% from 12% in the next two years, and the small business rate cut to 2.5% from 4.5% in the same period are positive steps. The proposed changes to the International Financial Activity Act will promote international business activity in the province through the International Financial Centre, and the elimination of the capital tax on financial institutions is a positive competitive move.

Since, the key constraints facing small and mid-sized business are access to risk capital and the regulatory burden. IIAC would have liked further incentives for capital-raising for small and mid-sized business – with the B.C. government pushing Ottawa for lower capital gains tax relief, refundable R&D tax credits and tax-related flow-through financing vehicles.

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The Investment Industry Association of Canada (IIAC), formerly the industry association arm of the Investment Dealers Association of Canada (IDA), advances the position of the Canadian investment industry on regulatory and public policy issues. As the professional association for the industry, the Investment Industry Association has a mandate to promote efficient, fair and competitive capital markets for Canada while helping its member firms across the country succeed in the industry.

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