



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

News Release

For immediate release

Budget Responds to Global Financial Crisis and Economic Slowdown

OTTAWA, January 27, 2009 – Canada’s economic performance has faltered in the wake of a financial crisis that has engulfed global capital markets. The Investment Industry Association of Canada (IIAC) supports the announced budget initiatives that provide short-term support to individual Canadians and businesses, facilitate the flow of credit through the capital markets, and lay the foundation for recovery.

The federal stimulus package, in line with the magnitude of actions taken in other industrial countries, will result in a \$34 billion deficit for the fiscal year 2009-10 and \$30 billion the following year. “While this budget marks a return to deficit financing, it is a temporary fiscal strategy to offset the impact of the global slowdown. Moreover, unlike the years of similar deficits in the first half of the 1990s, public finances are in far better shape to absorb the increased debt load,” said Ian Russell, President and CEO, IIAC.

The Investment Industry Association supports the measures to improve the functioning of capital markets to stimulate credit flows to the real economy. “Measures such as an additional \$50 billion to the Insured Mortgage Purchase Program and the establishment of a credit facility to purchase asset-backed securities will bolster liquidity and encourage increased lending,” said Ian Russell. Additionally, the IIAC is pleased the government has announced a transition plan for a Canadian Securities Regulator. A single securities regulator will improve the efficiency of capital markets and facilitate needed reforms to protect against systemic risks in financial markets.

Steps taken to provide tax relief to individual Canadians are welcomed. However, the IIAC is disappointed the budget has not lowered taxes on capital gains to stimulate savings and investment in the economy, nor introduced needed reform of the RRSP and RRIF programs to rebuild retirement savings devastated by the recent market collapse.

The Investment Industry Association of Canada (IIAC) advances the position of the Canadian investment industry on regulatory and public policy issues. As the professional association for the industry, IIAC 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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