



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

NEWS RELEASE

For immediate release

Federal budget takes positive steps but falls short of expectations

March 19, 2007 (Toronto, Canada) -- The Investment Industry Association of Canada commends the federal government for introducing measures to improve the competitiveness of corporate tax rates, including higher depreciation rates and a fiscal incentive to eliminate provincial capital taxes. However, the Association does not believe the measures go far enough. "To compete in the global market, we need a federal and provincial tax regime that promotes risk investment and capital formation, especially for small businesses," said Ian Russell, President and CEO, Investment Industry Association of Canada.

The Association and its members had expected more. "The Investment Industry Association had hoped for capital gains tax relief or other incentives to stimulate capital-raising in public markets. Extending the flow-through tax credit concept to knowledge-based industries or allowing small Canadian private corporations to continue benefiting from the scientific research and experimental development tax credit after going public would have helped achieve this. Such tax changes foster innovation, attract increasingly mobile capital to finance new business opportunities and unlock capital trapped in sub-performing assets," said Russell.

The Association gave the government good marks for recognizing the importance of competitive Canadian capital markets, encouraging principles-based regulation, and providing more federal resources for enforcement.

"Eliminating unnecessary regulation lowers the cost of capital for issuers, raises returns for investors and ensures successful Canadian companies with highly-skilled employees. The Association will work closely with the federal and provincial governments to achieve this outcome," said Russell.

The Association supports the government's steps to foster growth in retirement and education savings and the introduction of the disability savings plan. The Association also urges government to maintain fiscal discipline so that it can extend further tax relief to Canadian taxpayers and businesses.

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.

For more information:

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