



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

Ian C.W. Russell FCSI  
President & Chief Executive Officer

February 2, 2007

M. Michel Audet  
Ministère des Finances  
12, rue Saint-Louis, 1<sup>er</sup> étage  
Québec (Québec)  
G1R 5L3

Dear Minister:

On behalf of the Investment Industry Association of Canada (IIAC), I would like congratulate your department on the achievements highlighted in your 2007-2008 budget. Your Government continues to make inroads in addressing its financial challenges, as evidenced in your forecasted reduction in Quebec's debt-to-GDP ratio to 42.3 per cent – a full ten percentage points below where it stood ten years ago.

We applaud your Government on its intention to constrain non-health and education spending so as to be able to lower Quebec residents' income tax burden through increased personal tax rate thresholds, income-splitting opportunities, the introduction of a refundable tax credit for registered education savings plan (RESP) contributions and other tax measures. We are disappointed, however, that your government has not fully harmonized dividend taxation with federal measures recently passed in Bill C-28.

Our Association encourages the Quebec government to continue enhancing the province's business environment by improving access to risk capital, which is the key to further business expansion, job creation and growing prosperity.

The IIAC would also like to see the improved competitiveness of Quebec's personal tax regime complemented by market-driven incentives to stimulate longer-term economic growth. For example, a reduction in capital gains taxes possibly targeted at green carbon-emission-reducing or knowledge-based industries, investor tax relief for treasury shares of Quebec companies, expansion in research and development (R&D) tax credits and a further reduction in capital gains taxes are measures to consider. We also urge your province for a faster reduction and elimination in capital taxes.

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Our Association has deep roots in this province and we would be pleased to offer our assistance by providing your government with our industry perspective on any industry issues of interest to you.

Yours sincerely,

A handwritten signature in black ink that reads "Ian Russell". The signature is written in a cursive style and is underlined with a single horizontal line.