

CFIB Party Leaders' Survey – 2015 Federal Election

Liberal Party of Canada

Theme 1: Tax Burden

Question 1: Corporate Taxes

Q: Will you commit to lower the small business corporate tax rate and on what time frame?

Answer: The Liberal Party of Canada is committed to bringing the small business corporate tax rate to 9% by 2019.

Q: What are your party's overall plans for corporate taxes?

Answer: We feel that Canada's current corporate tax rate is competitive among our trading partners and competitors and have no plans to alter it during the 42nd Parliament.

Question 2: Canada Pension Plan (CPP)/Québec Pension Plan (QPP)

Q: Will you reject a mandatory expansion of CPP/QPP premiums?

Answer: We will enter into negotiations with the provinces to gradually phase in an expansion of the core CPP.

Question 3: Employment Insurance (EI)

Q: Would you consider implementing an equal (50:50) split in EI premiums between employers and employees?

Answer: The Conservatives have maintained artificially high EI premium rates that have generated billions of EI revenues not needed to pay for EI benefits. We will reduce the EI premium rate saving both employers and their employees' money.

Q: Please elaborate on your plans for employment insurance benefits and premiums.

Answer: In 2017, we will reduce the EI premium rate from an expected \$1.88 for employees and \$2.63 for employers to an estimated \$1.65 and \$2.31.

We have heard from small business owners that they have trouble finding skilled workers. We will reinstate the Labour Market Development Agreement funding for the provinces to ensure that there is training capacity. We will not end the Canada Jobs Grant which reprofiled \$500 million of LMDA funding in Budget 2013.

We will also make compassionate care leave more flexible.

Theme 2: Red Tape

Question 4: Do you plan on reducing the impact of red tape on small businesses?

Answer: Yes. We will seek to reduce duplication and eliminate obsolete regulations that hamper small businesses.

Q: What specific measures or policies will you put in place to reduce the impact of red tape on small businesses in Canada?

Answer: The current system's one-for-one rule has a significant flaw in that it allows the government to book red tape reductions in one sector and increase them in other sectors. In fact, the government booked 80% of its red tape reductions in the health sectors and those "banked" reductions allow them to increase red tape in other unrelated sectors while drawing down on that bank.

The one-for-one system should be more reflective of the typical red tape that a particular business is likely to encounter.

Theme 3: Public Finances

Question 5: Do you plan on maintaining and/or legislating a balanced budget? Please elaborate.

Answer: The federal government has run consecutive deficits since 2008. We will balance the budget and return Canada to surplus by 2019 while reducing our debt-to-GDP ratio each and every year.

Question 6: CFIB research shows that there is a wage advantage for public sector workers. The federal government has the largest gaps, with a salary premium of 13.0 per cent, which grows to 33.2 per cent once benefits are taken into account.

Q: Would you commit to addressing the wage advantage that currently exists in the federal public sector? Please elaborate.

Answer: We would ensure that public sector wages are negotiated through the collective bargaining process. Given those talks involve a wide range of issues from pay to benefits as well as give and take on the part of both the employer and employee it is not possible to provide an exact target at this time.

Question 7: Public sector workers continue to have dramatically higher retirement benefits than private sector workers, including a bridge benefit that allows them to retire earlier than 65 with no reduction in Canada Pension Plan benefits.

Q: Would you commit to ending the bridge benefit for public sector pensions to improve fairness with private sector workers?

Answer: The bridge benefit is accounted for when the Chief Actuary sets pension plan contribution rates. Since the bridge benefit has been paid for through employee contributions, we would not consider retroactively ending it.

We will continue the move towards a 50:50 employee/employer contribution arrangement for the public service.

Theme 4: Labour Market

Question 8: Would you support a training tax credit for small business?

Answer: A well trained workforce is vital to Canada's future economic success and the wellbeing of the middle class.

We will maintain the Canada Job Grant while reinstating the federal-provincial Labour Market Development Agreements that was removed after Budget 2013. This will provide the provinces and territories with half a billion dollars per year to ensure our labour force has the skills it needs to meet the job requirements of tomorrow.

We will have additional measures to announce during the course of the campaign.

Question 9: Will your government support a pathway to permanent residency for lower skilled workers, like CFIB's proposed Introduction to Canada Visa?

Answer: We recognize that while there is a lack of skilled workers in many parts of the country, there is also a lack of low skilled workers in others. As an example of how to address this challenge, we have committed to developing more pathways towards citizenship for the Temporary Foreign Workers who want to make Canada their home.

Question 10: What other plans does your party have to address the growing skills and labour shortage?

Answer: First Nations are the fastest growing segment of our population and we have committed to invest significantly in First Nation's education. We also need to ensure we have a robust immigration system that brings immigrants with the skills Canada needs.

Finally, we will invest \$500 million per year in Labour Market Development Agreements with the provinces and territories.

Theme 5: Retirement Savings

Question 11: What measures will you take to help Canadians save for retirement?

Answer: As the late Jim Flaherty wrote to then Ontario Finance Minister Dwight Duncan in the spring of 2010, there is a significant segment of the middle class that will not have enough savings to retire. To address this challenge, a Liberal government will enter into negotiations with the provinces to gradually phase in an expansion of the core CPP.

Question 12: Will you allow Canadians and employers to voluntarily contribute towards enhanced CPP benefits

Answer: No. The federal government recently studied the possibility of a voluntary CPP system and members of the governing Conservative Party of Canada have assured Canadians that it was simply not feasible and would not work.

We expect that the second such study, announced by the government in the spring of 2015, will result in very similar findings.

Question 13: The Lifetime Capital Gains Exemption (LCGE) is important for our members, since many of them rely on the sale of their business for their retirement income. It is also a key part of proper succession planning for small business owners.

Q: Will you raise the Lifetime Capital Gains Exemption for all small businesses to \$1 million as was done in the 2015 budget for fishers and farmers?

Answer: We support the indexation of the Lifetime Capital Gains exemption and will continue to let the maximum grow in line with the rate of inflation.

Question 14: Will you support ensuring the Lifetime Capital Gains Exemption is available to families wishing to transfer their business to the next generation?

Answer: Succession strategies will be increasingly important as hundreds of thousands of baby boom generation business owners enter their retirement years. Keeping the family business in the family will be tremendously important to many of them. We will examine ways to help ensure the tax system does not unfairly penalize these kinds of situations.

Theme 6: Vision

Question 15: What is your vision for making Canada a better place for small business?

Answer: We will reduce the small business tax rate to 9% by 2019 and reduce employer EI premiums from \$2.63 to approximately \$2.31 in 2017.

We will ensure that the Canadian workforce is trained for the jobs employers need by investing \$500 million per year in Labour Market Development Agreements with the provinces and territories.

We will invest nearly \$60 billion in infrastructure over the next decade. Well maintained public infrastructure increases productivity and reduces the costs of doing business.

We will also invest heavily in ensuring that Canada's small and medium sized businesses are able to take advantage of new export opportunities by investing in ports of entry and exit.

Finally, a Liberal government will also invest \$200 million more annually to create sector-specific strategies that support innovation and clean technology. These strategies will be developed in collaboration with the private sector, government, and research institutions.