MEDIA RELEASE

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Federal Budget sparks little excitement from Kelowna Chamber
Chamber notes some important fixes – but little to prepare the Canadian economy for the risks that lie ahead

KELOWNA – The Kelowna Chamber has joined the Canadian Chamber in calling Budget 2018 a missed opportunity to increase Canada's competitiveness through tax measures that encourage private sector investment. Budget 2018 is primarily about spending – new spending initiatives and enhanced spending for programs that aim to support low-wage Canadians, address gender inequality, support First Nations development, strengthen Indigenous rights and self-determination, promote skills and research, improve health and environmental stewardship and enhance justice and security.

These are all reasonable areas of focus, as are the spending initiatives in the budget that will help business, particularly women entrepreneurs and small businesses, but they are limited in scope. There are also some important improvements in government policies – particularly with respect to the tax treatment of small business and the simplification of business support programs.

"We are pleased there is now greater clarity and simplicity in the Government's plans to change the corporate tax system for Canadian Controlled Private Corporations (CCPCs)," says Chamber President Tom Dyas. "The Kelowna Chamber, along with our national network, led the fight against the proposed changes that were first introduced last summer and we're glad the government has listened and shelved most of the ill-thought-out proposals."

The Kelowna Chamber heard from many members between July and January, about the negative effects the summer tax proposals would have on a range of businesses. Alongside the Canadian Chamber of Commerce, and Chambers across the country, the Kelowna Chamber saw its advocacy efforts turned the tide in Ottawa, and many negative aspects of the proposals were excised from the budget.

The Kelowna Chamber also agrees with our colleagues at the Canadian Chamber who suggest the government should be focused more intently on bringing its books back to balance and creating a tax and regulatory environment to support business investment and economic growth. The budget projects the federal debt will increase by almost $80 billion over the next five years, although the government's debt-to-GDP ratio is expected to decline slightly, if predictions of continued strong economic performance pan out.

“We are concerned that the budget is built on rosy economic assumptions,” says Dyas, who added “The financial plan doesn’t appear to factor in that our growth could be put to the test by the risks of growing protectionism in the US, uncertainty over NAFTA negotiations, tightening monetary policies worldwide and the risk associated with higher interest rates.”

Recent US tax reforms present another serious risk to business investment in Canada which are missing from the budget’s calculations – we await further analysis.

The budget has provided an opportunity for the Kelowna Chamber to join the Canadian Chamber in again calling on the federal government to undertake a comprehensive review of its tax competitiveness – and act with urgency to implement measures that will retain and attract business investment in Canada.

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