



MICHAEL CONWAY, FCA, ICD.D, is national president and chief executive of Financial Executives International Canada (FEI Canada).

Shaping Fiscal Policy

Financial executives can and should play a strong role in public policy debates

Senior financial executives shoulder heavy burdens in their careers. They carry great responsibility to steward the success of their corporate employers. That, however, should not be an excuse for executives to hide under their mountains of paperwork and remain voiceless in matters of public policy. In fact, the stringent and ever-increasing demands placed on CFOs by government and other regulatory bodies make it imperative that the priorities of Canada's financial executives are communicated clearly.

Recently, we at Financial Executives International Canada (FEI Canada) sat down with some of our volunteer leaders in the realm of advocacy and came up with a list of pressing concerns for CFOs this year.

Here are some highlights:

1. Balanced budgets: Growth in the level of debt incurred by Canadian governments at all levels is not sustainable. Sooner or later, the associated interest costs will erode the ability of governments to deliver social programs that Canadians expect. Balanced budgets today will protect the social programs of tomorrow, and position Canada to sustain the inevitable fluctuations of future global economic cycles. The financial disclosure of government accounts should be enhanced to improve transparency and decision-making.

2. Tax simplification: FEI Canada was an early advocate of tax simplification. The Income Tax Act, which is the largest piece of legislation in Canada, is a burden on both business and government, and an impediment to productivity. For example, income tax reporting is overly complex and inefficient since it is based on legal entities. Corporations should be allowed to report their economic entities on a consolidated basis since that is how businesses are managed.

3. Retirement planning: The CFO often holds the responsibility for administering company retirement plans. Governance of such plans should be strengthened and benchmarking utilized, so that policies are set, maintained and improved to the benefit of current and future plan members.

In terms of public policy, FEI Canada believes the government should consider the following initiatives to promote adequate retirement income planning for Canadians:

a) Expansion of the Canada Pension Plan and TFSA improvements: The Canada Pension Plan offers professional management and can easily be expanded to include voluntary employee contributions that encourage additional savings along with financial management expertise. The Tax Free Savings Account (TFSA) program has been successful and contribution rates should be increased beyond the rate of inflation.

b) Move mandatory RRIF conversion date: It was announced that the commencement of Old Age Security payments would be shifted by two years as life longevity has lengthened. To be consistent and allow more savings within retirement plans, the mandatory date for payments out of a Registered Retirement Income Fund should also be shifted.

4. Interprovincial barriers regarding trade and labour mobility: Canada will continue to have high economic growth in certain geographic areas and minimal growth in others. To meet labour force needs and boost competitiveness, barriers that prevent easy access to available jobs and the movement of goods should be removed (e.g. standardization of skilled trade qualifications).

5. National policies on innovation and productivity: Canada's competitiveness in the global community will be driven by its ability to be innovative and productive. National policies should be developed so that these issues are addressed on a continual basis.

6. A single securities regulator: Canada is one of the few countries in the world without a single regulator of capital markets. As this leads to inefficiencies and unnecessary uncertainty for domestic and international companies that seek to raise capital, we encourage governments at all levels to revisit this issue. ■