

SAFETY: THE INALIENABLE RIGHT OF CANADIANS

PRE-BUDGET SUBMISSION

TO

**STANDING COMMITTEE ON FINANCE
HOUSE OF COMMONS**

SUBMITTED BY:

CANADIAN ASSOCIATION OF FIRE CHIEFS

Filed August 14, 2007

TABLE OF CONTENTS

	<u>Page</u>
Letter of Transmittal	
EXECUTIVE SUMMARY	(i)
A. INTRODUCTION	1
B. PRE-BUDGET SURVEY RESULTS; DEMOGRAPHICS	1
C. QUESTION #1	2
<i>Using the Tax System to Protect Canadians at Home</i>	2
D. QUESTION #2	3
E. QUESTION #3	3
<i>Volunteer Firefighter Tax Credit</i>	3
<i>Employer Tax Credit</i>	5
F. CONCLUSION	5
 APPENDIX “A”	
Summary of Recommendations	

**LETTER OF TRANSMITTAL
ORIGINAL ON CAFC LETTERHEAD**

August 14, 2007

Mr. Brian Pallister, M.P.
Chair
Standing Committee on Finance
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Mr. Pallister:

On behalf of the 1,000 Chief Fire Officers comprising the membership of the Canadian Association of Fire Chiefs (CAFC), it is a pleasure to present this pre-budget submission.

Recommendations contained in this brief are derived from an extensive pre-budget survey of our members.

Our submission is entitled *Safety: The Inalienable Right of Canadians*. It is heavily oriented toward addressing that issue on behalf of both the citizens of Canada and the 108,000 members of the Canadian Fire Services who protect them.

On behalf of the Canadian Fire Services in general and the membership of CAFC in particular, I would appreciate the opportunity to discuss the contents of this submission with the Standing Committee during its pre-budget consultations this autumn.

Yours respectfully,

Fire Chief
Chair, CAFC Government Relations Committee

EXECUTIVE SUMMARY

The Canadian Association of Fire Chiefs (CAFC) is a national organization comprising 1,000 Chief Fire Officers from all provinces and territories. Positions advanced in this submission reflect the results of this year's pre-budget survey of members. The 154 Fire Chiefs participating in that survey are responsible for protecting the lives and property of 12.5 million Canadians. Survey responses were received from every province and territory

Underlying this brief is our thesis that a prosperous society needs more than than financial security. The Fire Services regard safety as an inalienable right of all Canadians and a key to national prosperity. Overwhelmingly, our survey respondents say that the federal government has a significant role to play in ensuring that all Canadians receive a basic level of protection against fire and other perils.

CAFC's responses to the Committee's Questions #1 and #3 provide recommendations as to how the taxation system can be used as a tool to improve the safety of Canadians and, thus, enhance their prosperity. Corporate taxation is not a Fire Services issue. Therefore, this brief does not address Question #2.

Question #1

CAFC describes how the tax system can be used to encourage the installation of automatic sprinkler systems in existing non-residential buildings and existing residential high-rise buildings. It also encourages the owners of low-rise residential structures to install such systems in these dwellings and receive a tax incentive to do so.

Question #3

Of the 3,492 Fire Departments in Canada, 3,184 (91.2%) are Volunteer Departments. Of the firefighting personnel in Canada, 84,314 (78.1%) are volunteers. The volunteer component is facing severe problems related to recruiting and retaining the personnel required to protect the citizens of their communities. Without measures to encourage volunteers, municipalities will face either diminished protection or increased taxation, neither of which will enhance their prosperity.

Therefore, CAFC recommends that a Personal Income Tax Credit be made available to volunteer Fire Services personnel. We have provided the Standing Committee and the Finance Minister with comprehensive documentation on this issue and find it difficult to understand the Government's continued intransigence. One of the major problems facing Volunteer Fire departments is the hardship experienced by employers, especially of smaller and family-owned firms, when their employees respond to calls from the Fire Department. A tax credit for employers of volunteer firefighting personnel is also advocated in this submission to address this concern.

A. INTRODUCTION

CAFC welcomes the focus of the Standing Committee on the tax system required by Canada to support a prosperous future. Prosperity involves more than economic success. It encompasses many facets that, taken together, describe a future that will allow all Canadians to thrive. A key component of Canada's prosperity is reflected in the title of this submission: *Safety: An Inalienable Right of Canadians*.

The April 2007 census report published by Statistics Canada estimated a total Canadian population of over 32.85 million. The 154 Fire Chiefs participating in CAFC's pre-budget survey this year are responsible for protecting the lives and property of one out of every three of these citizens. Fire Chiefs from all provinces and territories were survey participants.

The purpose of this submission is to identify four issues which, when embraced by the Government of Canada in its forthcoming Budget, will enhance the safety of Canadians, their property and their businesses.

B. PRE-BUDGET MEMBERS' SURVEY RESULTS: DEMOGRAPHICS

Completed surveys were received from the following types of Fire Departments:

Full-time	18.8%	Composite	42.1%	Volunteer	28.4%
-----------	-------	-----------	-------	-----------	-------

"Composite" Departments have both full-time and volunteer firefighters.

Fire Departments serve urban and rural populations, including some of the most remote parts of Canada. The distribution by types of communities is as follows:

Urban	33.8%	Rural	21.3%
Remote	3.2%	Urban/rural	18.8%
Rural/remote	2.0%	Urban/rural/remote	6.5%

The distribution of population per municipality is as follows:

1,000 or fewer	12.4%	1,001 - 5,000	24.8%
5,001 -10,000	13.1%	10,001 - 25,000	24.8%
25,001 - 50,000	10.9%	50,001 - 100,000	6.6%
100,001 - 250,000	1.5%	250,001 - 500,000	2.2%
500,001 - 1,000,000	1.5%	more than 1,000,000	2.2%

The above tables mirror the realities of Canadian geography and population distribution. Facts that should be noted by the Standing Committee include:

- Over 75 per cent of total responses came from Fire Chiefs in communities with 25,000 or fewer population each.
- Almost 27 per cent of total responses came from the Fire Chiefs of communities that are rural and/or remote. Overwhelmingly, the Fire Departments in such communities are composed of volunteer personnel.

Virtually no Canadian community is immune from the threat of a serious incident, either man-made or naturally occurring. Fire-related incidents represent some 30 per cent of all responses by Canada's Fire Departments. Floods, power failures, incidents involving hazardous materials (train derailments, highway accidents, fires in industrial buildings, etc.), passenger vehicle collisions, and explosions at local factories are among the other types of incidents that can be expected to occur virtually anywhere and at any time. It is the local Fire Department that will almost inevitably be the first emergency response organization on the scene for such incidents.

Unfortunately, at present Canada has no capacity to monitor the cost to the national economy of fire and other emergency incidents. CAFC's ongoing request to the Government to establish a National Fire Advisor could rectify this deficiency and allow for better emergency response planning across Canada.

C. QUESTION #1

What criteria do you believe should guide federal decisions about the changes that should be made to taxes, fees and other charges, and about whether they should be broadly based or targeted to a specific group of residents or business sectors?

The safety of Canadians, their property and their businesses is key to a prosperous future for Canada. An overwhelming 97.4% of CAFC survey respondents believe that the federal government has a role to play in ensuring that all Canadians have the right to a basic level of protection against fire and other perils. Safety of citizens and the Fire Services personnel who protect them, can best be addressed by targeted approaches.

Using the Tax System to Protect Canadian Homes and Businesses

Canada Mortgage and Housing Corporation reported 223,900 housings starts in 2005 and 227,400 starts last year. It predicts a further 213,400 starts this year and 200,200 in 2008.

The only major Canadian community requiring automatic sprinkler systems in new dwellings is Vancouver. Since that requirement was enacted, no person in Vancouver has died in a fire-related incident in a residence protected by an automatic sprinkler system. Of the 864,900 housing starts commenced or planned for the 2005-08 period, only residents in Vancouver are fortunate enough to be protected by this targeted safety measure.

Given that the size of a fire doubles every minute that it is unattended, CAFC sees automatic sprinkler systems as essential for the safety of Canadians, their property and their businesses.

Two targeted taxation measures, therefore, are:

Recommendation #1

The Standing Committee should recommend that the federal tax regime be amended to encourage owners of existing non-residential buildings and existing high-rise residential buildings to install automatic sprinkler systems.

Recommendation #2

The Standing Committee should recommend an amendment of the Income Tax Act to permit the owners of low-rise residential structures to partially deduct from their payable taxes the cost of equipping their buildings with automatic sprinkler systems.

D. QUESTION #2

Question #2 deals with corporate taxation. This is not an important issue from a Fire Services perspective.

E. QUESTION #3

Given that Canadians contribute to the nation as employees, corporate shareholders, volunteers and community residents:

- *what is the appropriate form and level of personal taxes, fees and other charges?*
- *to what extent should federal revenues be derived from individuals directly rather than from corporations?*
- *should the federal government ensure that personal taxation in Canada is competitive with that in other countries, and what consideration should be given to the various levels and types of public goods provided by countries?*

Volunteer Firefighter Tax Credit

Of the 3,492 Fire Departments in Canada, 3,184 (91.2%) of them are volunteer departments. Of the firefighting personnel in Canada, 84,314 of them (78.1%) are volunteers. Attracting and retaining volunteer personnel is becoming increasingly difficult in all parts of Canada.

In its Report tabled in the House last December and entitled *CANADA: COMPETING TO WIN*, the Standing Committee observed on page 98 as follows:

“The Committee believes that volunteers – and the hours of service they give – are important to the fabric of our nation. In some cases, such as emergency service workers, they provide essential services that otherwise would not be performed, or that would be performed by municipalities and funded by higher tax rates. Volunteer service is, in our view, an activity that deserves recognition.”

CAFC was generally supportive of that observation, although was disappointed with the Committee’s Recommendation #21 that urged further study of this matter, with the study to be completed by 30 September 2007. To the best of our knowledge, no such study was undertaken.

It is surprising that the Government of Canada continues to resist an amendment to the Income Tax Act that would provide a measure of tax relief to volunteer firefighters. It would also be an incentive that would help recruit and retain effective numbers of volunteers in both urban and rural/remote areas where they protect the vast majority of Canadians. These individuals voluntarily risk their own safety to protect the lives, property and businesses of others in their community.

Almost 95 per cent of pre-budget survey respondents believe that volunteer firefighters should receive a personal income tax credit in recognition of their service.

During the previous Parliament, Private Members’ Bill C-273, providing personal income tax relief for volunteer firefighters, was deemed a votable item. It received Second Reading and was referred to the Standing Committee on Finance. In killing the Bill, the Standing Committee stated as follows:

“Whereas the Committee is generally supportive of the intent of Bill C-273 and feels that those who provide volunteer emergency services should be recognized by the federal government through the tax system, there are unresolved questions.”

The Standing Committee then posed ten specific questions that it said must be answered. CAFC prepared a position paper that responded to all questions, and forwarded it to the present Finance Minister together with the recommendation that tax relief for volunteer firefighters be included in his next Budget. Again, the Fire Services were disappointed with the lack of positive response from the Government.

Since the Standing Committee has stated that it is generally supportive of tax relief for volunteer firefighters, and since CAFC has long since provided answers to all of the Committee’s questions, it is difficult to imagine why such relief continues to be withheld.

Recommendation #3

The Standing Committee should recommend that the forthcoming Budget provide volunteer firefighting personnel with a personal income tax credit for the time they expend performing their volunteer firefighting functions.

In its response to the previous Standing Committee’s questions, CAFC recommended the following schedule be established for the volunteer firefighter tax credit:

<u>Hours</u>	<u>Deduction</u>
50 to 99	\$1,000
100 to 199	\$2,000
200 or more	\$3,000

Employer Tax Credit

The time that volunteer firefighters spend as emergency first responders can cause financial hardships and inconvenience to their employers who depend on these same people to operate their businesses, primarily smaller, family-owned firms. In some cases, this hardship and inconvenience may be such that employers will not permit their employees to be volunteer firefighters. Clearly, this leads to problems of recruitment and retention in the volunteer Fire Services, causing 87.0 per cent of pre-Budget survey participants to agree that tax relief for employers of volunteer firefighters is either very important or somewhat important.

Recommendation #4

The Standing Committee should urge that employers receive a \$500 tax credit for each employee actively serving as a volunteer firefighter or officer.

F. CONCLUSION

CAFC thanks the members of the Standing Committee on Finance for their consideration of the pre-Budget views of our membership. Our organization looks forward to the opportunity of discussing these positions in an appearance before the Standing Committee this autumn.

All of which is respectfully submitted:

Fire Marshal Patrick Burke
President, Canadian Association of Fire Chiefs

Appendix “A”

SUMMARY OF RECOMMENDATIONS

Recommendation #1

The Standing Committee should recommend that the federal tax regime be amended to encourage owners of existing non-residential buildings and existing high-rise residential buildings to install automatic sprinkler systems.

Recommendation #2

The Standing Committee should recommend an amendment of the Income Tax Act to permit the owners of low-rise residential structures to partially deduct from their payable taxes the cost of equipping their buildings with automatic sprinkler systems.

Recommendation #3

The Standing Committee should recommend that the forthcoming budget provide volunteer firefighting personnel with a personal income tax credit for the time they expend performing their volunteer firefighting functions.

Recommendation #4

The Standing Committee should urge that employers receive a \$500 tax credit for each employee actively serving as a volunteer firefighter or officer.