

June 10 2009

PAC Report 2009

Date: April 29th, 2009.

To: Directors of Central Alberta Realtors Association

From: Kevin Schropfer, Federal PAC Rep.

I would like to thank the Directors and Membership of the Central Alberta Realtors Association for allowing me the opportunity, once again, to represent our board at our National Pac days. To give some kind of idea of this event, all 99 Local Boards, all 10 Associations and 1 Territorial Association come together to discuss National Issue's and then meet with their local MP's at their Ottawa offices to lobby these issues on behalf of our more than 96,000 members. One can certainly understand, the kind of impact this has.

2008 saw a decline of 17.1% of residential sales across Canada to 434,472 units sold. A report by the Altus group for CREA published in April 2009, showed that each MLS Sale between 2006 & 2008 generated \$46,400 in spin-off spending. Applying estimates in the report, MLS transactions generated \$22.3 Billion annually in ancillary economic benefits for Canada. The report further estimated that 202,750 jobs were created annually by MLS resale housing activity between 2006 & 2008.

The sessions began at 12pm sharp on Sunday, April 26th, by our Federal Affairs Chair, David Herman. Our keynote speaker was Peter Donolo from the Strategic Counsel. The main concerns identified by Canadians surveyed across Canada, was overwhelmingly Unemployment, with 62% of those surveyed concerned. Followed by Social Services which include health and education. Clearly right across the country the recession is being felt. Peter was able to show how quickly the minds of Canadians change, with the main concerns being Taxes & the Environment in 2007, dropping to a low of only 7% of those surveyed identifying these as current concerns.

The PAC Days issues briefing brought up the 'Do Not Call List". There were over 100,000 complaints filled in the first year of operation, and 2 years have been added to numbers put on the list.

One of the most popular sessions at PAC days is the media panel. This year we had returning Chantal Herbert (Toronto Star), Don Martin (Calgary Herald) and from last year Rob Russo (Ottawa bureau Chief of Canadian Press). These panel members over the years have been 'bang-on' with their political predictions. Currently the Federal Conservatives do not have a relationship with Jean Charest, the Quebec leader. This is seen as a huge issue, as no party has been elected with a majority in Canada without support from Quebec. Right now Quebec is low on the radar screen, there is less than 10% support for Sovereignty in Quebec. If an election was called tomorrow support would be shifting from the Bloc to the Liberals, and this is an issue to the Harper Government. There was considerable reflection given to Canada-US relations. At issue of course is that with 5 consecutive years of Minority Governments in Canada...it's hard for a US administration to take our leadership serious...they might not be in tomorrow! There still is the honeymoon effect going on with Obama, Canadians are still following him closely and the public will see more of party leaders trying to cozy up to him. Of course, a protectionist Congress in the US is seen as negative to Canadian issues. But don't expect a lot, this year, to be done about it. One detail that came across loud and clear, in this panel and the whole symposium... Michael Ignatieff is the man to watch. Since becoming the Leader of the Federal Liberals, their support across the country has ballooned. A case in point is the Liberals campaign deficit. In the multi millions, it was expected to be paid off with-in the week! Currently the Conservatives could out spend the Liberals 4 to 1, but that gap is quickly closing.

Ignatieff has been crisscrossing the country building support and appeal. He's creating a buzz. While the deepening recession is causing Harper to increase his deficit spending and eroding credibility.

Reflection was given how Harper was seen as a political genius 1 year ago by calling an election. And then how he screwed up by cutting Arts funding to Quebec during the election and cost his party a majority government.

Ignatieff has not spoken out yet on major issues. There is an expectation that his appeal may change once he starts taking a stand. The Conservatives have dissected over 500 speeches that Ignatieff has given and we should not be surprised, that starting immediately after Canada day, Ads against him, by the Conservatives as an effort to halt his rise. The main prediction.....Harper will present a further stimulus package. The Bloc and Liberals will not vote in favour of

it....but with Ignatieff's rise comes the NDP's decent....we can expect Harper and Layton to cozy up, if not....we will have an election this fall. Otherwise, Harper will hope to hang on until next spring, when hopefully we will be climbing out of recession, and Harper can take credit for it. All in all, there is an expectation of a wonderfully exciting year in Canadian politics, the likes of which we haven't seen in years. With an exciting political year, there is an expectation of a higher voter turnout at the polls.

Monday Mornings session began with a review of the Canadian Political landscape with Tim Powers (Summa Communications), Warren Kinsella (Daisy Consulting Group) and Brad Lavigne (National Director of the NDP). These gentlemen were the leaders of Federal Campaign War Rooms for the 3 main federal parties. Their Professionalism towards each other, while they traded barbs and bombs was both informing and hilarious. The Canadian political landscape has been turned upside down because of the world recession. While Ignatieff appears golden right now, never underestimate Harper. Unemployment Insurance, Pension protection and credit card Rates are seen as current issues. Women & Young Canadians are not seen as warming up to Harper, and as an example we were asked: "How many can name 5 current Ministers for this Government?"

It was noted, that no Government in Canada has ever survived thru a bad economy. There was talk of Dion's attempt to topple the Government by forming a coalition. And it was noted that House Leaders of all parties currently meet daily to discuss and negotiate daily issues. Having a group, or groups of parties, try to form the Government in a minority Government is normal under our parliamentary system. But just watch how Harper uses it next fall!

Next up was Jeffrey Rubin, author and former chief economist and strategist of CIBC World markets. Jeffrey talked about world trends and his belief on what he saw as the true cause of the recession. I found this very interesting as so much is said about the US housing crisis. He questioned, "how can the price of a house in Cleveland, effect the economy in Germany" and how is it possible the house prices in "Ft. Myers or Phoenix cause a recession in Iceland?"

4 of the last 5 recessions in the world were caused by the price of oil. With 4 Million barrels a day, of oil production disappearing worldwide, expect oil prices to climb higher than what we have seen. Expect that even though there is concern about the so called 'dirty oil' in Alberta, that it will continue to drive our economy.

There was considerable discussion on Detroit and the 'Big 3'. Detroit was seen as not having a problem with the kinds of cars it produced. But with the production of far too many cars. A simple example was given that the scrapage rate of cars in the US has exceeded the current salvage rate.

Concern was also voiced over the 2 Trillion deficit in the US. For the first time, 1/2 of US debt is owned abroad. As an example, the 1990 recession in Japan. When their Yen went up, they lost 40% of their US holding causing their recession. With China holding so much US currency, what will happen when their Yuan climbs in value.....

Carbon Emissions were not left untouched in this discussion. Currently 1/3 of Chinese carbon emissions are coming from exports. With 1/3 of Chinese carbon emissions being more than any other industrial country. Coming out of this recession, with the current US government, we can expect a relooking worldwide, of the 'global economy' and a return to relooking at Local economies. We can have a financial bailout from a recession, but we can not have a bail out from energy depletion. What we can expect, is a higher cost to create that same energy. All in all, it looked to me like Alberta was going to look rosy!

At our luncheon, we were informed that the Prime Minister, Steven Harper, had agreed to attend our meeting that afternoon. This was recognized as a major coup for CREA. To have a sitting Prime Minister take the time to come, with their busy schedules, was wonderful for all members.

We were given a light hearted look at MP - PAC meetings by retired MP Deborah Grey and Hon. Joe Jordan. Deborah was able to entertain us with some of her funnier moments in government and allow us to laugh at ourselves. They did however bring forward their ideas for dealing with elected officials. It was clear that when dealing with officials, we need to speak their language, and their language was votes!

We always need to remember "Who ya are! Where you're from and What d' ya want!. When meeting MP's in their ridings, it is important to bring local stats. And always, ride the wave, attach your issue to the local "flavour of the month".

At 2pm the doors to the hall were locked, 2 police dogs were slipped in and they proceeded to 'sniff' the hall. Our meeting continued and at 4pm we were greeted by a significant increase in security...and all attending gave a welcome standing ovation to our Prime Minister. The Rt. Hon. Stephen Harper gave us a quick 5 minute speech applauding the work Realtors do, both Federally and in their Communities. And then he took the time to have photo sessions with provincial associations and individually meet each one of us.

The Alberta contingent presented the Prime Minister with a Calgary Flames hoodie....but he couldn't have worn it as the Flames were eliminated later that night.

You could feel the political buzz in Ottawa, as at the evening MP Reception at the West Block, sponsored by former PAC Rep Barry Devolin MP, all parties had MP's in attendance. With a large number of Senators and even Michael Ignatieff making an appearance.

Tuesday was the day for MP meetings. MP's were thanked, for the Government's increasing the Home Buyers Plan limit by \$5000, as suggested, to \$25000. Realtors are currently asking that the amount be indexed to the cost of living and extended to everyone for 2 years as a way to stimulate the economy.

Second the Capital Gains Roll Over has been 'repainted' to Promoting Community Reinvesting. This is accomplished through a deferral of capital gains tax and the recaptured capital tax allowance when a rental property is sold and the proceeds are reinvested in another rental property within one year. We were able to show that 48% of all capital gains from rental property in 2006 were from small investors with incomes under \$50,000. Further, CREA's research was able to show how renovations, by new ownership, could lower the energy use and carbon output on rental properties by over 50%. I was able to introduce Bill Flower from AREA to Earl Dreeshen at the MP reception. As Bill and I were scheduled to meet Earl on Tuesday morning. Earl was very appreciative to the two main issues CREA is lobbying for this year. And further agreed to bring these issues up at the Western Canadian MP meetings.

I also met with Blake Richards, MP for Wildrose. Blake took over from Myron Thompson. Being a former Realtor, Blake is very much in agreement to CREA's issues, is fully informed of them. And is very much in agreement to bringing them up at party meetings.

Blain Calkins from Wetaskiwin, again declined a meeting.

Overall, I found PAC Days to be very successful. However, with our current recession, and political climate, I not sure much will be accomplished this year. I did welcome the expectation that new political excitement will take the public's interest from the recession.

Respectfully submitted
Kevin Schropfer