

February 3, 2011

Rt. Honourable Stephen Harper  
Prime Minister of Canada  
House of Commons  
Ottawa, Ontario K1A 0A6

Honourable Michael Ignatieff  
Leader of the Liberal Party of Canada  
House of Commons  
Ottawa, Ontario K1A 0A6

Honourable Jack Layton  
Leader of the New Democratic Party of Canada  
House of Commons  
Ottawa, Ontario K1A 0A6

Mr. Gilles Duceppe  
Leader of the Bloc Quebecois  
House of Commons  
Ottawa, Ontario K1A 0A6

Gentlemen:

The Halifax Chamber of Commerce is extremely disappointed to see that the issue of planned business tax reductions, and the ability of Canada's businesses to foster sustainable economic growth, has become a hostage to politics.

With government, i.e. taxpayer-funded, economic stimulus programs ending this year, the tax reductions parliamentarians have endorsed since 2007 will free up capital to be put to work growing Canada's businesses and its economy. In January, the Bank of Canada reported in its winter *Business Outlook Survey* that 44 per cent of Canadian firms expect to invest more in productivity-enhancing machinery and equipment in the year ahead than they did over the past twelve months. If parliamentarians renege on their promise to continue with promised tax decreases, you can be certain that many businesses will not be able to pursue their plans.

In 2007, the federal government announced a series of graduated business tax reductions designed to keep Canada competitive with our trading partners, many of whom - despite the recession - have reduced corporate and payroll taxes in recent years. This strategy has been supported by a majority of parliamentarians in two federal budgets since. As of January 1, 2011, the federal corporate income tax rates fell from 18 per cent to 16.5 per cent, with a further 1.5 percentage point reduction scheduled for 2012, making Canada an extremely competitive environment in which to do business and create long-term, sustainable economic growth.

Recently, some politicians are calling for these tax reductions to be stopped and for the federal government to instead direct the preserved tax revenues to new spending. This will do nothing to reduce the federal deficit and will stifle the ability of Canada's businesses to

create jobs and to invest in machinery, equipment and new technologies to innovate and compete in a highly competitive global environment. The timing of the tax cuts allows a significant fiscal injection into the Canadian economy as fiscal stimulus winds down and the focus turns to the private sector to drive growth.

Our political leaders have an obligation to live up to the promises they have made. Consistency and reliability in government policy are critical factors in business decision-making. Businesses across the country have invested with the understanding that taxes would decline. A sudden change of course would constitute a broken promise to thousands of businesses and the many people they have employed based on that promise.

We urge you to fulfill your commitment and provide Canada's businesses with the tools you promised to enable them to pursue long-term, sustainable economic growth.

Sincerely,

A handwritten signature in black ink, appearing to read "Valerie Payn". The signature is fluid and cursive, with a large, stylized initial "V" and "P".

Valerie A. Payn  
President & CEO

cc: Honourable James Flaherty  
Minister of Finance  
House of Commons  
Ottawa, Ontario K1A 0A6