

06-09-2011

CHAMBER OF COMM.

Minister of Finance



Ministre des Finances

Ottawa, Canada K1A 0G5

2011FIN346976

AUG 31 2011

Ms. Valerie A. Payn
President & CEO
Halifax Chamber of Commerce
200-656 Windmill Road
Dartmouth, NS B3B 1B8

Dear Ms. Payn:

Thank you for your correspondence of February 3, 2011, which was referred by the Office of the Prime Minister, the Right Honourable Stephen Harper, regarding Canada's economy. Please excuse the delay in replying.

Our Government is squarely focused on what matters to Canadians – Canada's economic recovery and creating more jobs. Through Canada's Economic Action Plan (www.actionplan.gc.ca), we have kept taxes low for families and businesses and invested in job-creation projects across Canada – and we are getting results.

Canada has emerged from the recent global economic recession as one of the world's top-performing advanced economies – with over half-a-million new jobs created since July 2009 and six consecutive quarters of economic growth. This is the strongest record of job creation in the entire G-7.

But we realize the global economic recovery remains fragile and that many Canadians are still looking for work. That is why we are moving ahead with *The Next Phase of Canada's Economic Action Plan: A Low-Tax Plan for Jobs and Growth* to keep our economy and job growth on the right track.

We are also helping strengthen our economy and create jobs by making and keeping Canada a low-tax environment.

First, we have lowered taxes for individual Canadians to ensure that they keep more of their hard-earned money – everything from reducing personal income tax rates, increasing the amount that Canadians can earn before paying federal income tax, lowering the Goods and Services Tax from 7 percent to 5 percent, creating the Tax-Free Savings Account, and much more. As a result of the measures introduced by our Government since 2006, we have removed over one million low-income Canadians from the tax rolls.

Canada

Second, we are lowering taxes for Canadian businesses – both small and large. This is helping make Canada among the best places in the world for entrepreneurs to do business – and that means more jobs for Canadians.

For instance, in 2007, our Government introduced and Parliament endorsed a tax reduction plan that will gradually lower the federal general corporate income tax rate to 15 percent to help spur Canada's economic growth. Numerous independent, third-party organizations have supported that plan. University of Calgary professor, Dr. Jack Mintz – one of Canada's most respected academics – released a study showing that substantial reductions in business taxes in Canada are encouraging business investment and job creation. The Canadian Manufacturers and Exporters delivered further support, concluding that “reducing corporate taxes creates jobs, boosts investment, makes Canada more competitive and puts more money in the pockets of... Canadians.” The Canadian Federation of Independent Business has also endorsed our plan, declaring that “small firms... are very supportive.”

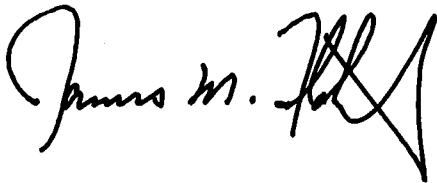
As a result of federal and provincial business tax changes, Canada now has an overall tax rate on new business investment that is substantially lower than that in any other G-7 country, and below the average of the member countries of the OECD (Organisation for Economic Co-operation and Development). This is a significant advantage for Canada in the global economy and Canada's long-term economic prosperity.

Clearly, Canada has weathered the global economic recession better than most, and our economy has benefited from our Government's movement to a low-tax environment.

Rest assured, to preserve that advantage for Canada, our Government remains strongly committed to low taxes for Canadians and businesses that create jobs for Canadians.

Thank you for communicating your concerns.

Yours sincerely,

A handwritten signature in black ink, appearing to read "James M. Flaherty". The signature is stylized and cursive, with a large initial "J" and "F".

James M. Flaherty