



*For Immediate Release:
Monday, March 19th, 2007*

MEDIA RELEASE

Federal Budget Targets Working Families

Kitchener, ON – Working Canadians were the focus of the 2007 Federal Budget. Specific tax incentives will benefit more than a million working families, particularly those with children. This will no doubt assist many in Waterloo region.

Although manufacturers and small businesses also received some benefit, spending dominated this minority government's second budget. Manufacturers will see a tax break for their buildings and equipment as a result of an increase in the Capital Cost Allowance (CCA) deduction from 4 to 10% for buildings and 30 to 50% for equipment. Small business owners also received an increase in the lifetime capital gains exemption to \$750,000.

Spending continued to outpace economic growth, with more than \$199 billion distributed before the fiscal year end to investments in fuel-efficiency, post-secondary education, border infrastructure and health care. Unlike the Harper government's first budget, no new reductions in personal income tax were announced.

“This budget has a more populist feel not uncommon with minority governments.”, said Todd Letts, Chamber President & CEO, *“our local post-secondary institutions should benefit from the increase in spending which is consistent with our innovation agenda.”*

In addition to the tax break, local manufacturers will also benefit from the investment of more than \$6 billion for the Building Canada Fund which includes investment in the new border crossing at Windsor-Detroit.

Absent from the budget was any specific mention of investment in Waterloo Region's Light Rapid Transit initiative. Investment to promote the environment focused on incentives for the purchase of fuel efficient cars.

The chamber's post-budget summary is attached and can be found under News & Media Releases at www.greaterkwchamber.com

With over 1900 members, the Greater Kitchener Waterloo Chamber of Commerce is the largest accredited chamber of commerce in Ontario. The chamber is dedicated to enterprise productivity and community prosperity. Since 1886, it has been the voice of business in greater Kitchener Waterloo.

**For further information contact:
Todd Letts, President & CEO
Greater Kitchener Waterloo Chamber of Commerce
(519) 576-5000**

2007 Federal Budget
March 19, 2007



Chamber Speaks...
Government Listens

What We Asked For . . . (Overview of Key Chamber Advocacy Recommendations)	What We Got . . . (Items in 2007 Federal Budget)	What It Means To You . . .
Fiscal Recommendations for Renewed Economic Growth		
<p>Program Spending</p> <ul style="list-style-type: none"> ▪ Keep program spending constant in real per capita terms, at an average annual growth rate of about 3 per cent based on anticipated growth in population and inflation. 	<p>C</p> <ul style="list-style-type: none"> ▪ Total spending is \$233.4 billion, up \$10 billion from the current year. ▪ Program spending increasing to \$199.6 billion from \$189 billion. 	<ul style="list-style-type: none"> ▪ Overall government spending is outpacing economic growth.
<p>Tax Reform</p> <p><i>Personal Income Tax Reductions</i></p> <ul style="list-style-type: none"> ▪ Increase the threshold at which the top marginal personal income tax rate starts to \$150,000 from \$118,000. ▪ Provide tax relief for low-income earners by reducing the lowest personal income tax rate to 15%. <p><i>Corporate Income Taxes</i></p> <ul style="list-style-type: none"> ▪ Lower the general corporate income tax rate to 20 per cent. ▪ Introduce a more favourable tax depreciation regime. The first steps could be removing the “half-year rule” and creating a 100 per cent deduction for a maximum amount of capital invested in each year (i.e. the first \$100,000 spent in each year). ▪ All Scientific Research and Experimental Development (SR&ED) Investment Tax Credits should be one hundred percent refundable. 	<p>B</p> <ul style="list-style-type: none"> ▪ No relief at highest income tax rate. ▪ A \$550 million-per-year Working Income Tax Benefit (WTIB) will assist people in moving from social assistance to work. <p>B</p> <ul style="list-style-type: none"> ▪ The general corporate income tax rate will be reduced to 18.5 per cent in 2011. ▪ The capital cost allowance rate for buildings and equipment used in manufacturing and processing will be increased to 10 per cent from 4 per cent for buildings and 50 per cent from 30 per cent for equipment. ▪ Temporary financial incentives for provinces to encourage the elimination of provincial capital taxes. 	<ul style="list-style-type: none"> ▪ High marginal tax rates reduce the incentive to work in Canada. ▪ Provides much-needed relief for Waterloo Region manufacturers.

<p>Debt Repayment Plan</p> <ul style="list-style-type: none"> Strive to reduce the debt-to-GDP ratio to less than 25 per cent by 2012. 	A	<ul style="list-style-type: none"> Budget 2007 further reduces the debt by \$9.2 billion. Canada is on target to reach a 25 per cent debt-to-GDP ratio by 2012-13. 	<ul style="list-style-type: none"> Decreased debt means more available funds for investment and tax relief.
<p>Employment Insurance Surplus</p> <ul style="list-style-type: none"> Operate the EI program as a true insurance program, facilitating a further reduction in EI premium rates. Reduce the employer multiple so that the employer premium rate equals the employee premium rate. 	D	<ul style="list-style-type: none"> No change in EI policy. 	<ul style="list-style-type: none"> No change.
<p>Fiscal Imbalance</p> <ul style="list-style-type: none"> Publicly review the relationships among the net fiscal balance and consumption, investment, productivity and savings within Ontario. Put in place a plan to reduce the fiscal gap within one year. Direct the Auditor General to conduct an independent review of whether there are adequate and transparent measurements in place to determine the effectiveness of federal transfer programs. 	B	<ul style="list-style-type: none"> An investment of \$39 billion over seven years to restore fiscal balance in Canada, and a commitment to per capita funding of major transfers including health and social programs. 	<ul style="list-style-type: none"> Ontarians deserve the same level of service as other residents across Canada. Budget 2007 is a positive step in that direction.
Recommendations for Strategic Investment			
<p>Funding Post Secondary Education</p> <ul style="list-style-type: none"> Continue a cooperative strategy of investment in education and ensure that money is spent effectively in providing high quality programs that are accessible to the broader population. 	A	<ul style="list-style-type: none"> The Canada Social Transfer (CST) will be increased by \$800 million annually for provinces and territories to strengthen the post-secondary education system. Federal support will grow by 3 per cent annually. 	<ul style="list-style-type: none"> Greater access to post secondary education helps create more prosperous communities.
<p>Eliminating Barriers to Foreign Trained Professionals & Trades People</p> <ul style="list-style-type: none"> Include credential pre-assessment as part of the immigration process. Provide support for the creation of a consistent, comprehensive system that supports provincial/territorial credential recognition and labour force mobility. Provide clear and current information about the Canadian education, credentialing and employment system before potential immigrants apply for immigration to Canada. 	C	<ul style="list-style-type: none"> \$3.5 billion in support of labour market programming through direct spending and tax measures. The creating of a Foreign Credential Referral Office to assist immigrants in the recognition of their professional credentials. 	<ul style="list-style-type: none"> Eliminating barriers for internationally-trained professionals and trades people is essential to enhancing Canada and Ontario's workforce to combat current and future skills shortages.

<p>Strengthening Canada’s Urban Public Transit System</p> <ul style="list-style-type: none"> ▪ Provide an additional \$1 billion per year through the Strategic Infrastructure Fund to support public transit. ▪ Make a further commitment to the Region of Waterloo’s Rapid Transit System. 	B	<ul style="list-style-type: none"> ▪ More than \$16 billion will be available for infrastructure over seven years. 	<ul style="list-style-type: none"> ▪ Encouraging the use of public transit reduces congestion and pollution, which improves our community’s productivity and health. ▪ As a designated rapid growth centre, Waterloo Region needs investment in public transit to help manage that growth.
<p>Health Care Reform</p> <ul style="list-style-type: none"> ▪ Develop common indicators and benchmarks to measure and track the performance of the health care system. ▪ Encourage the provinces/territories to allow qualified Canadian students to acquire the education necessary to become physicians able to practice in Canada and to remove restrictions on the volume of services they are able to deliver. 	B	<ul style="list-style-type: none"> ▪ Up to \$612 million to support jurisdictions that have made commitments to implement patient wait time guarantees. ▪ \$400 million for the Canada Health Infoway project to create electronic patient records. 	<ul style="list-style-type: none"> ▪ Our Chamber has placed a high priority on primary health care and physician recruitment to meet the growing demands of our population.
<p>Improving Canada-U.S. Border Infrastructure</p> <ul style="list-style-type: none"> ▪ Lead all levels of government to undertake an expedited Environmental Assessment process to address all regulatory requirements related to a new Windsor-Detroit Border Crossing. 	A	<ul style="list-style-type: none"> ▪ Budget 2007 sets out a financing strategy for a new crossing at Windsor-Detroit, including covering 50 per cent of the eligible capital cost of building the access road from the new crossing to Highway 401. The expenditures are funded through the \$6 billion Building Canada Fund. 	<ul style="list-style-type: none"> ▪ Businesses depend on the smooth functioning of borders. Improved infrastructure will ease congestion and more effectively move goods and people.

Legend:

- A – Issues were well addressed
- B – Issues were relatively well addressed, with some room for improvement
- C – Issues were not well addressed
- D – Issues were not addressed
- F – Poor choices made