

*For Immediate Release:
Tuesday, February 26th, 2008*

MEDIA RELEASE

Modest Steps Help Region

Kitchener, ON – Today, the 2008 federal budget was announced and outlined the government’s intentions for the upcoming year. Focal points included extension of the accelerated capital cost allowance for manufacturers, more investment in municipal capital infrastructure, and a commitment to reduce the federal debt.

Finance Minister Jim Flaherty took a conservative approach to this budget drawing attention to some of the major issues facing Canada’s communities including competitiveness and infrastructure investment.

The accelerated capital cost allowance was encouraged by local manufacturers through the Chamber’s pre-budget submission. An extension from 2 to 5 years means an additional \$1 Billion dollars will be available for investment in new machinery and equipment.

As well, in an effort to keep the Canadian auto sector at the cutting edge, \$250 Million was announced for an Automotive Innovation Fund to expand research and development related to the auto industry.

“The Finance Minister showed fiscal prudence and touched on all the right expenditures in a small, but effective way,” said Todd Letts, President & CEO. *“We encourage our local MPs and MPPs to work together to ensure infrastructure and transit investment announced today is made in Waterloo Region.”*

Approximately \$500 Million is being designated to support capital investments in public transit. This is of particular interest to Waterloo Region given its current Light Rapid Transit proposal. No particular mention was made of our regional proposal.

A permanent commitment was made via the Gas Tax Fund, meaning \$2 Billion in 2009 will be available for infrastructure investment. This is important given the estimated \$123 Billion infrastructure deficit across Canada.

In the Chamber’s 2007 pre-budget submission, we highlighted the need for debt reduction and personal income tax reduction. \$10.2 Billion dollars will be allocated toward the reduction of the federal debt in 2007-08.

Minister Flaherty recognized the importance for Canadian's to save for the future. To support this he announced a program that will start in 2009 which will allow Canadians to contribute \$5000 a year to a tax free account.

The Chamber's post-budget summary matrix 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 regional prosperity. Since 1886, it has been the voice of business in greater Kitchener Waterloo.

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2008 Federal Budget
February 26, 2008



Chamber Speaks...
Government Listens

<i>What We Asked For . . .</i> <i>(Overview of Key Chamber Advocacy Recommendations)</i>	<i>What We Got . . .</i> <i>(Items in 2008 Federal Budget)</i>		<i>What It Means To You . . .</i>
<i>Fiscal Recommendations for Renewed Economic Growth</i>			
Manufacturing <ul style="list-style-type: none"> ▪ The extension of the accelerated capital cost allowance beyond the current two-year time frame 	A	<ul style="list-style-type: none"> ▪ An additional three years of accelerated capital cost allowance treatment for new investment in machinery and equipment (\$1billion in support) ▪ \$250 million over five years for an Automotive Innovation Fund to support research and development investments in the automotive sector 	<ul style="list-style-type: none"> ▪ Local manufacturers require tax policies at all levels of government that maintain competitiveness ▪ The extension will initiate vital investments in new equipment and machinery
<i>Recommendations for Strategic Investments in Infrastructure</i>			
Addressing the Infrastructure Deficit <ul style="list-style-type: none"> ▪ The formulation of a National Plan to measure the size, scope and geographic characteristics of the infrastructure deficit 	B	<ul style="list-style-type: none"> ▪ The Gas Tax Fund, which will total \$2 billion in 2009-10, will be a permanent measure for assisting municipalities on financing long-term infrastructure requirements 	<ul style="list-style-type: none"> ▪ As the population of Waterloo Region is expected to reach 729,000 over the next twenty-five years, infrastructure investments are critical for meeting future demands ▪ The national infrastructure deficit estimated by the Federation of Canadian Municipalities is \$123 billion, requiring significant future investments

<p>Waterloo Region Rapid Transit</p> <ul style="list-style-type: none"> ▪ The federal government should commit to one-third of the project costs for the Region of Waterloo Rapid Transit System 	C	<ul style="list-style-type: none"> ▪ \$500 million in support of capital investments in public transit 	<ul style="list-style-type: none"> ▪ Public transit is critical for managing growth in urban areas across Canada, including Waterloo Region ▪ In 2007, the provincial government committed two-thirds of the project costs for the local rapid transit system. The province, Region of Waterloo, and our Chamber have requested an additional one-third commitment from the federal government
<p>CBC Radio Expansion Proposal</p> <ul style="list-style-type: none"> ▪ The federal government should support the CBC/Radio Canada 20/20 Growth Plan, including local radio services in the Region of Waterloo 	D	<ul style="list-style-type: none"> ▪ No announcement 	<ul style="list-style-type: none"> ▪ The expansion of CBC Radio service into Waterloo Region will provide an important connection to all of Canada
<p>Other</p> <ul style="list-style-type: none"> ▪ In 2007, our Chamber recommended that the government should target a debt-to-GDP ratio of less than 25 per cent by 2012 ▪ Our Chamber has consistently advocated personal and corporate income tax reductions 	A	<ul style="list-style-type: none"> ▪ For 2007-08, the federal debt is projected to be reduced by \$10.2 billion ▪ A new Tax-Free Savings Account that allows individuals to contribute up to \$5,000 annually in a registered account that accumulates tax-free 	<ul style="list-style-type: none"> ▪ Responsible fiscal management at all levels of government is imperative for economic growth and productivity ▪ Increased personal savings are critical for national prosperity

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