

January 23, 2009

The Honourable Diane Ablonczy, P.C., M.P.
Minister of State (Small Business and Tourism)
C.D. Howe Building
235 Queen Street
Ottawa, ON K1A 0H5

Dear Minister:

In October 2008, the Canadian Chamber of Commerce held its 79th Annual General Meeting (AGM) in Québec City. One of the highlights of Canadian Chamber's AGM is the Policy Session. It is during the Policy Session that resolutions submitted by local chambers of commerce and boards of trade from across the country are debated and voted on by accredited delegates. Once approved, these resolutions become policy of the Canadian Chamber for three years. This year, delegates issued a clear national policy mandate that we will pursue vigorously with the federal government over the coming months.

Our renewed national policy mandate includes a number of new issues that fall within your portfolio. Accordingly, we would like to discuss these issues with you directly in the near future. I have outlined these policy positions below.

Small Business Deduction: Canadian Controlled Private Corporations (CCPCs) are provided with tax incentives to encourage their success and growth, which the Canadian Chamber fully supports. The 2004 federal budget effectively eliminated the Large Corporations Tax (LCT) and increased the base level deduction to \$50 million from \$10 million. While this was a welcome change, for the purposes of calculating the Small Business Deduction (SBD) limit, the base for calculating LCT and the \$10 million base deduction were still left in place. By reducing the eligibility to claim the SBD for companies with a larger capital base, certain sectors are penalized. The Canadian Chamber strongly urges the Government to eliminate the reduction to the SBD for the LCT capital base.

The Role of Taxation in Enhancing Canada's Productivity Through Encouraging Skills and Training for Small Business: A number of recommendations were put forward at our Annual General Meeting to utilize the tax system to encourage training and skills development. These recommendations include: providing a tax credit to firms that provide training as part of the federally accredited training program; increasing the Federal Apprenticeship Job Creation Tax Credit to match the highest provincial apprenticeship tax credit; providing an immigrant Workforce Investment Tax Credit to employers who hire and provide job specific language training to an

immigrant for their first job in Canada in their field; and developing a mechanism that provides an increased level of tax credit for small and medium sized businesses.

Private Sector Privacy: Maintaining a Proper Balance: The Canadian Chamber has worked closely with the federal government over the years to ensure that the *Personal Information and Electronic Documents Act (PIPEDA)* is working well for both consumers and business. We recommend that when considering amendments to the *PIPEDA* legislation, the federal government must ensure a proper balance of interests and that federal and provincial legislation be harmonized where possible to avoid duplication. The government should also work with the business community on establishing privacy breach notification guidelines and continue to inform businesses, especially small and medium sized businesses, of their privacy responsibilities.

The full text of these resolutions is attached and I hope that we will have an opportunity to discuss these with you in the near future. We will contact your office shortly to set up a meeting.

Sincerely,

A handwritten signature in black ink, reading "Perrin Beatty". The signature is written in a cursive style with a large initial "P" and a long, sweeping underline.

Perrin Beatty
President and CEO

Attachments