

December 19, 2008

Mrs. Pat Davidson MP
Sarnia Lambton Riding
2-1000 Finch Dr
Sarnia, ON N7S 6G5



556 Christina St N.
Sarnia, ON N7T 5W6
Tel (519) 336-2400
Fax (519) 336-2085
info@sarnialambtonchamber.com
www.sarnialambtonchamber.com

Re: Your request for pre-budget advice information

Dear Pat,

Our Chamber plans a comprehensive review with our members in early January which we can forward to you and the Canadian Chamber for inclusion with a submission to Minister Flaherty. Until such time, we offer you several points below. They are not listed in any priority.

1. From a consumer standpoint: We must restore consumer confidence before any stimulus package can work. You can provide people with an ability to participate in the economy (tax cuts, low cost to borrow, etc.) but until they feel safe, or that a safety net exists for them and do not fear losing their jobs, etc, they will not spend. Tendency will be to hoard any incentive until their ability to participate matches their willingness to participate in the economy. Improved EI programs would also provide a safety net for those losing their jobs and reduce fear of consumers to participate in the economy.
2. Where is success likely to occur from which you can influence consumers to feel better? Business and municipalities will spend money if made available to them. This activity will create positive results and good media in communities. These examples need to be plentiful to improve consumer confidence. Government should reduce corporate taxation to encourage spending. To encourage spending in Canada the government should re-consider the national investment tax credit program for capital goods purchased in Canadian manufacturers. This would increase Canadian production, and purchasers would get a tax credit. Permanent acceleration of the CCA will encourage purchasing and investment. Tax breaks and subsidies for hiring and reductions in payroll taxes will encourage employment. Municipal and provincial infrastructure programs should be targeted to put people to work. These may move beyond the traditional road, bridge and sewer projects to include upgrades to cultural and tourism structures or other community projects. The government should focus new infrastructure and investment dollars towards our future Canadian vision for the environment and the greening our communities. This would be a win-win for our present economy and the future.
3. Stimulus and sector support: Support for key economic sectors, like auto, by government should be structured as a loan and only proceed when realistic criteria exists to repay Canadians in a timely fashion. General economic stimulus is required to build a consumer's ability to participate in the economy. Things like tax breaks, both personal and consumption taxes, low cost money, etc. will help. The government may wish to encourage spending with targeted, temporary GST reductions in sectors that are hurting.
4. Government operations: The federal government must fund some of the stimulus from internal program operation reductions, instituting a hiring freeze, speaking with unions to open federal employment contracts with the intention to gain support for wage reductions in line with the economy and cutting back on non-essential programs at this time. While we understand a deficit is likely, we remain uncomfortable with a prolonged deficit. Finally, government could assist business greatly by reducing red tape in business reporting and accounting to government departments.

On behalf of our Board of Directors and staff, I offer you and your staff best wishes for a great holiday season Pat. We will send additional information as soon as possible.

Sincerely,

A handwritten signature in black ink, appearing to read "David McPhail".

David McPhail
Chairman, Board of Directors