



CANADIAN PRINTING INDUSTRIES ASSOCIATION ASSOCIATION CANADIENNE DE L'IMPRIMERIE

Representing the pre-press, press, bindery and allied industries • Représentant l'industrie de pré-press, d'impression, de finition et des activités connexes

January 13, 2011

The Honourable James Flaherty, P.C., M.P.
Minister of Finance
140 O'Connor Street
Ottawa, Ontario
K1A 0G5

Dear Minister,

I am writing to request that the Government seize the opportunity presented by the next federal budget to announce that it will extend the eligibility period for the two-year capital cost allowance for manufacturing and processing machinery and equipment until at least the end of 2016.

This measure introduced in 2007 has been an important incentive that has helped our industry increase productive investments in manufacturing technologies.

Depreciation allowances are a significant element in the cost of capital. The quicker we can write-off our investments in productive technologies, the more likely we are to make those investments, replacing existing machinery and equipment with higher value-adding, faster, cleaner and safer technologies. By allowing us and other manufacturers to write-off these investments more quickly, then we are much more likely to invest in new, productivity-enhancing equipment and innovative technologies, more likely to increase investment in Canada, and more likely to create the high-paying, high-value jobs that result in high incomes and improve the standard of living of all Canadians.

Moreover, we ask that this tax measure be extended until at least the end of 2016. This is needed to take into account our capital planning process which in some cases may require several months to determine capital allocations and the most attractive or competitive investment opportunities. We also often rely on customized machinery and equipment for our operations, and need to take into account lead times from equipment suppliers. Additional time is also needed to obtain regulatory approvals, install the equipment, train employees and have the equipment in operation. A window of at least five years would provide the certainty needed for the measure to act as a more effective investment incentive.

We are concerned that this tax measure is due to expire at the end of 2011. Given the cash pressures and intense competition for investment dollars that we currently face, letting this tax measure expire would dramatically change the investment climate for manufacturing in Canada by altering the expected returns from investments in manufacturing and processing machinery and equipment. As a result, this would significantly hinder our ability to attract and generate investment in our Canadian operations.

By renewing the two-year capital cost allowance for manufacturing and processing machinery and equipment until at least the end of 2016 in its next budget, the Government would take an important step to leverage capital investments in Canada's manufacturing sector and position Canada as a leading destination for investing in advanced manufacturing. Moreover, this would help us improve the competitiveness of our Canadian operations and create the high-quality jobs our economy needs to increase the economic prosperity and standard of living enjoyed by all Canadians.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Elliott". The signature is fluid and cursive, with the first name "Bob" and last name "Elliott" clearly distinguishable.

Bob Elliott, CAE
President