

CANADA'S ECONOMIC ACTION PLAN

A THIRD REPORT TO CANADIANS



Government
of Canada

Gouvernement
du Canada

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Chapter 1

OVERVIEW





Introduction

After the deepest global recession since the Second World War, there are encouraging signs that economic growth in Canada and other Group of Seven (G7) countries will resume this fall. Global credit and equity market conditions have improved; Canada's housing market has started to recover; and consumers and businesses in Canada and the U.S. are feeling more confident.

However, many Canadian communities, businesses and workers continue to be seriously affected by the downturn. Significant uncertainty over the speed and extent of both the global and Canadian economic recovery remains. Although positive signs exist in Canada, recovery remains fragile (see box entitled "Medium-Term Economic Outlook"). That is why the Government remains committed to following through on the implementation of Canada's Economic Action Plan to help ensure recovery. For these reasons G20 Finance Ministers and Central Bank Governors committed in London, on September 5, 2009, to stay the course and follow through on their respective stimulus plans:

"We will continue to implement decisively our necessary financial support measures and expansionary monetary and fiscal policies, consistent with price stability and long-term fiscal sustainability, until recovery is secured."

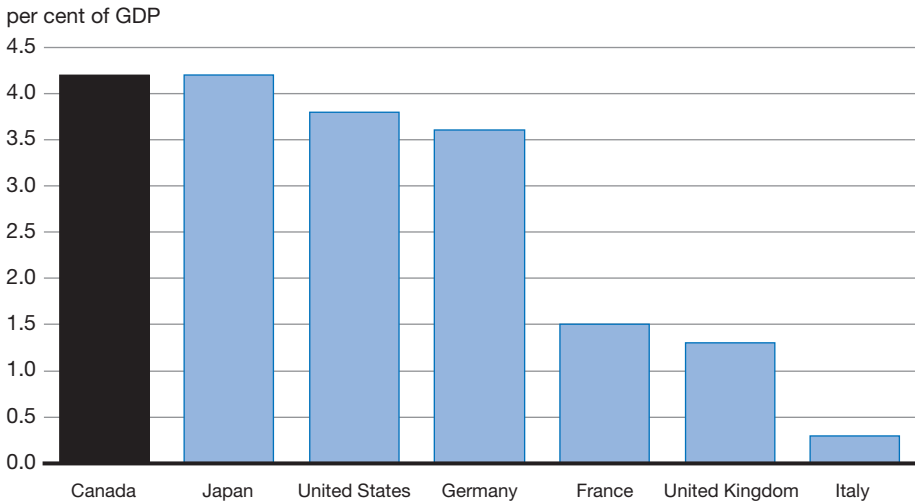
– Meeting of G20 Finance Ministers and Central Bank Governors,
London, September 5, 2009



Canada entered this downturn in a strong economic and fiscal position. Our housing markets have avoided the problems seen in other countries, our financial system and our banks are the strongest in the world, and we have the lowest debt among all advanced industrialized countries. From this position of strength, the Government responded quickly and boldly with an economic stimulus package that ranks among the largest in the world (Chart 1.1).

Canada has one of the largest action plans of G7 countries

Chart 1.1
Fiscal Stimulus Flowing in 2009 and 2010, G7 Countries



Source: IMF, *Update on Fiscal Stimulus and Financial Sector Measures*, April 26, 2009, p. 5.

IMF estimates exclude loans, including those to the auto sector, for all countries. Figure for Canada includes provincial-territorial stimulus in addition to that assumed in the Economic Action Plan as estimated by the Department of Finance Canada.

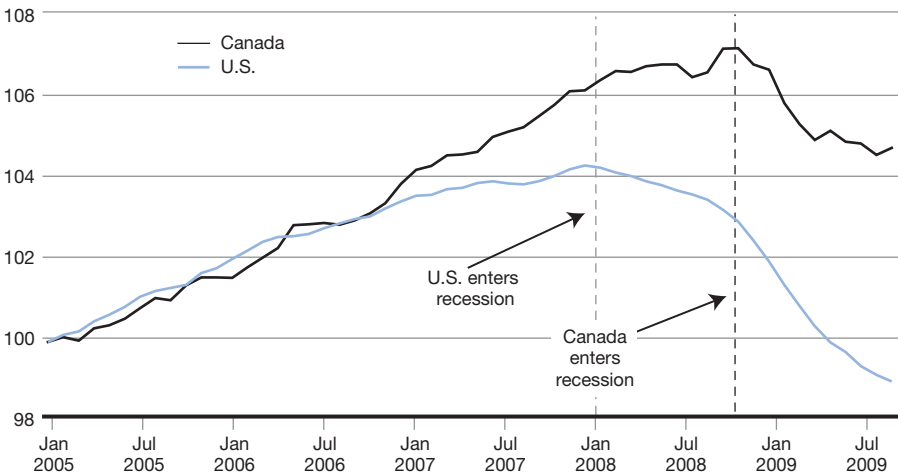


As a result, the deterioration of Canada's economy has been less severe than in virtually all other major industrialized economies. In particular, the loss of jobs in Canada has been considerably less pronounced than in the United States—our largest trading partner (Chart 1.2). The unemployment rate in Canada is now one full percentage point lower than it is in the United States—the first time this has occurred in a generation. Further, the International Monetary Fund (IMF) expects Canada will be the least affected by the global downturn and that our recovery will be among the strongest in the G7.

Canada entered the recession later than the U.S. and lost fewer jobs

Chart 1.2
Total Employment

index, January 2005 = 100



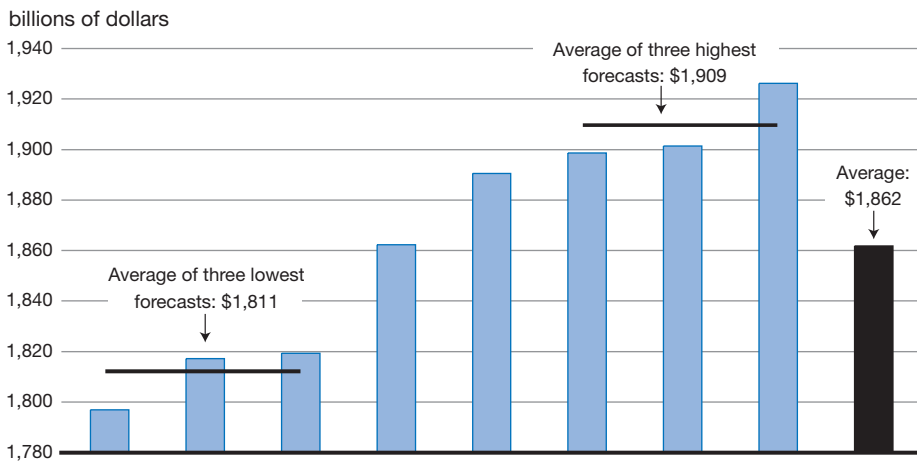
Sources: Statistics Canada; U.S. Bureau of Labor Statistics.



Medium-Term Economic Outlook

Uncertainty about the future course of the global economy is reflected in a wide range of private-sector forecasts for the Canadian economy. For example, the difference between the average of the three highest and the three lowest forecasts for nominal gross domestic product (GDP) in 2013 is \$100 billion. This is the largest divergence of forecasts since the Department of Finance began conducting surveys of private-sector views on the economy.

Chart 1.3
Forecast Distribution of Nominal GDP Level in 2013



Source: Department of Finance Canada August 2009 survey of private-sector forecasters.



Confronted with the largest global recession since the Second World War, the Government chose to run temporary deficits in order to protect and create jobs. As the recovery takes hold the deficit will recede, reflecting both the end of temporary measures in Canada's Economic Action Plan and the positive impact of economic growth on the Government's fiscal position. These stimulus measures are affordable, as evidenced by Canada's strong fiscal position.

- The federal deficit will fall from a peak of 3.7 per cent of GDP in 2009–10 to 0.3 per cent of GDP in 2014–15.
- The federal debt, measured in relation to the size of the economy, is projected to increase from 29 per cent of GDP in 2008–09—the lowest debt ratio in 27 years—to a peak of 35.5 per cent in 2010–11 (Chart 1.4). The debt ratio over the next two years will be about equal to the ratio in 2005–06, when the Government recorded a \$13.2-billion surplus.
- Canada had by far the best fiscal position among G7 nations going into the current crisis, and is projected to maintain this strong position as it emerges from the recession (Chart 1.5).

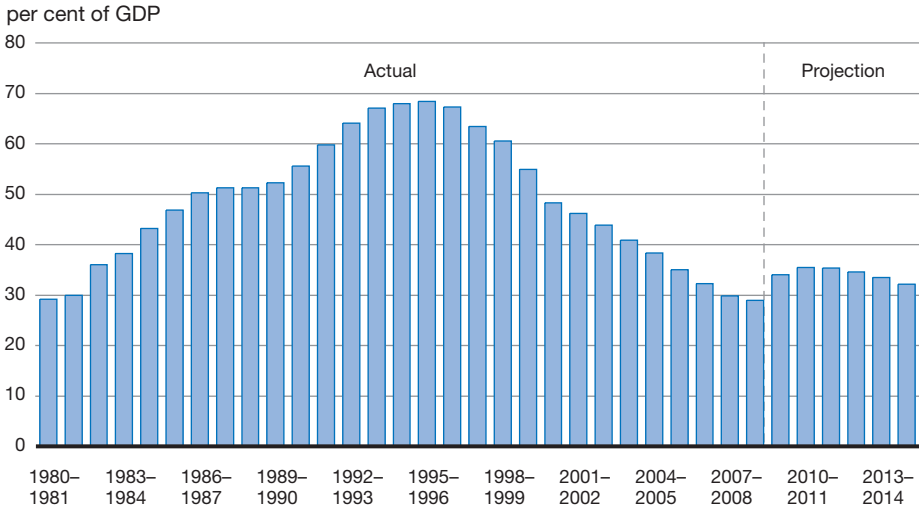
“Canada is better placed than many countries to weather the global financial turbulence and worldwide recession, thanks to sound policy management and proactive steps to maintain economic and financial stability.”

– International Monetary Fund, May 2009



Canada's debt burden small relative to past experience

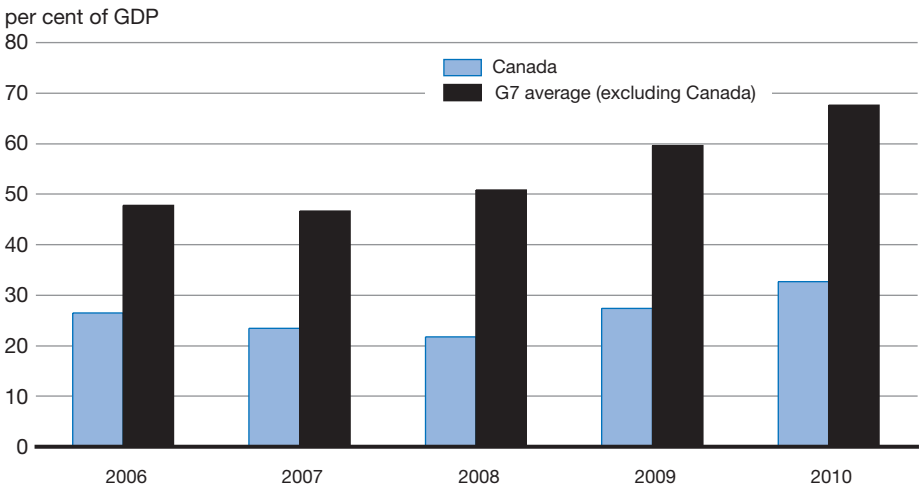
Chart 1.4
Canada's Debt-to-GDP Ratio



Sources: Department of Finance Canada; Statistics Canada.

Canada's debt burden the lowest in the G7

Chart 1.5
Total Government Net Debt-to-GDP Ratios, Canada and G7 Average



Source: OECD Economic Outlook, No. 85 (June 2009).



Today—when it is most needed—Canada's Economic Action Plan is protecting and creating tens of thousands of jobs. It is rebuilding vital roads and bridges, building social housing, and fixing recreational facilities in communities across Canada. It is positioning our economy for long-term success through a more competitive tax system, leadership in research and innovation, and support for critical industries. That is why Canada will stay the course, and follow through on the implementation of Canada's Economic Action Plan.

The Economic Action Plan is protecting Canadian jobs and incomes by delivering a \$61-billion shot in the arm to the economy (Table 1.1). It is an investment in jobs now and in our future prosperity. The Economic Action Plan is:

- **Reducing the Tax Burden for Canadians:** Providing Canadians with significant, permanent personal income tax relief and Canadian businesses with the lowest overall tax rate on new business investment among the major industrialized economies.
- **Helping the Unemployed:** Providing more investments for Employment Insurance benefits to support those who have lost their jobs and provide the training required to help Canadians get the additional skills they need for the jobs of tomorrow and to get back to work.
- **Building Infrastructure to Create Jobs:** Providing new infrastructure and housing funding to create jobs across Canada and ensure Canada emerges from the economic downturn with a more modern and greener infrastructure, as well as an expanded capacity to provide affordable housing to lower-income Canadians.
- **Creating the Economy of Tomorrow:** Improving infrastructure at colleges, universities, federal laboratories and research facilities, creating additional support for graduate students and internships, and supporting research and technology in areas such as clean energy.
- **Supporting Industries and Communities:** Supporting adjustment and protecting jobs in regions, communities and sectors of the Canadian economy that have been most affected by the severe downturn.
- **Improving Access to Financing and Strengthening Canada's Financial System:** Providing up to \$200 billion through the Extraordinary Financing Framework to ensure the continued stability of the Canadian financial system and to improve access to financing for Canadian households and businesses.



Table 1.1

Canada's Economic Action Plan

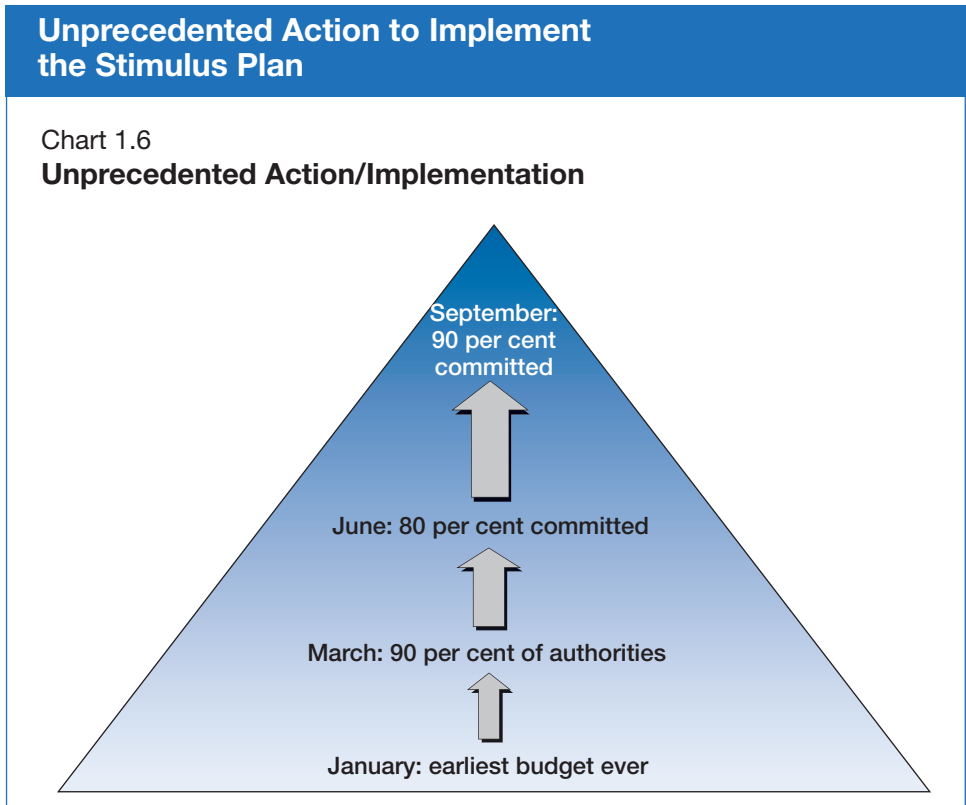
	2009–10	2010–11	Total
	(millions of dollars—cash basis)		
Reducing the Tax Burden for Canadians	3,020	3,180	6,200
Helping the Unemployed	2,708	3,546	6,254
Building Infrastructure to Create Jobs	9,589	6,412	16,001
Creating the Economy of Tomorrow	1,871	2,164	4,035
Supporting Industries and Communities, Including International Partnerships to Support the Automotive Industry	11,824	2,178	14,002
Total federal stimulus measures	29,012	17,479	46,492
Assumed provincial and territorial actions	9,691	5,045	14,736
Total Economic Action Plan stimulus¹	38,703	22,524	61,228

¹ Total stimulus has been revised to reflect adjustments to the acceleration of provincial/territorial infrastructure base funding, federal infrastructure spending, and the level of support to the auto sector, as well as the fact that due diligence on Canada Health Infoway will not be completed in fiscal year 2009–10. Totals may not add due to rounding.



Timely Implementation

The Government has taken unprecedented action to implement the Economic Action Plan to create or protect as many jobs as possible. In January 2009, the Government presented the earliest budget in Canada's history. By March, the Government had secured the necessary authorities to proceed with 90 per cent of the 2009–10 funding in the Action Plan. By June, the Government had committed 80 per cent of 2009–10 funding in the Action Plan.





The Government has now committed 90 per cent of the 2009–10 stimulus funding (Table 1.2). Elements of the Economic Action Plan directly controlled by the Government are largely in place. For responsibilities shared with other governments or other parties, the Government has almost all the necessary agreements in place to allow provinces, territories, municipalities and other partners to implement the measures. The timing of much of the implementation relies on the speed at which provinces, territories and municipalities make progress. Tax reductions and enhanced Employment Insurance benefits are flowing, and funds have been committed to more than 7,500 infrastructure and housing projects, of which more than 4,000 have begun. Many more will begin this fiscal year, while the remainder of these identified projects are not scheduled to start until the next fiscal year. Projects committed include:

- Over 4,700 provincial, territorial and municipal infrastructure projects.
- 1,150 projects to repair and renovate federal buildings across the country.
- 447 projects to improve infrastructure at colleges and universities.
- About 300 social housing projects.

In addition to these infrastructure and housing projects, funding has been committed to other initiatives, including projects to help those communities hardest hit through the Community Adjustment Fund, as well as support for major Canadian festivals and cultural projects.

Table 1.2

Progress in Implementing Canada’s Economic Action Plan

	2009–10 Stimulus Funding	Share of 2009–10 Stimulus Committed
	(billions of dollars)	(per cent)
Reducing the Tax Burden for Canadians	3.0	81
Helping the Unemployed	2.7	100
Building Infrastructure to Create Jobs	9.6	84
Creating the Economy of Tomorrow	1.9	75
Supporting Industries and Communities, Including International Partnerships to Support the Automotive Industry	11.8	96
Total—federal support	29.0	90

Note: Figures are presented on a cash basis.



The Economic Action Plan is protecting and creating jobs. At the time of the budget, the Government estimated that the Economic Action Plan would create or maintain almost 190,000 jobs by the end of 2010. Since then, the Government has taken further action to protect jobs in Canada's automotive sector and made other adjustments to the Plan. As a result, it is now expected that the Economic Action Plan will create or maintain 220,000 jobs by the end of 2010. These estimates do not include the impact of the work-sharing program on preserving jobs. Over 164,000 Canadians are now benefiting from the work-sharing program.

The Economic Action Plan is achieving results. But the job is not done. The Government will complete the implementation of the Action Plan to secure a strong recovery. When this goal is met the Economic Action Plan will wind down, as planned, in line with the expected improvement in the economy by the end of 2010. This built-in "exit strategy" reflects the Government's commitment to maintain a strong fiscal foundation.

Conclusion and Next Steps

The Government has taken unprecedented steps to expedite implementation and to make sure that Canada's Economic Action Plan is having an impact now—when it is most needed.

Ninety per cent of the Plan has been committed. In every region of the country, Canadian communities, businesses, workers and families are receiving the support they need.

In the weeks and months ahead, the Government's focus will remain on effectively implementing the Plan. Specifically, this means:

- Lowering taxes for Canadians and Canadian businesses.
- Ensuring that the unemployed receive timely Employment Insurance benefits.
- Modernizing federal infrastructure to better serve Canadians.
- Improving infrastructure in First Nations communities.
- Investing in higher education, science and technology to create the economy of tomorrow.



- Providing assistance to sectors and communities affected by the economic downturn.
- Making available extraordinary financing support to improve access to credit.

The Government will also continue to work with provinces, territories and municipalities to ensure that:

- Workers have access to training when they need it.
- Infrastructure projects are launched in a timely manner.
- More social housing units are built and existing social housing is modernized.

The following chapter provides a detailed review of progress achieved in each of the six areas of the Action Plan.

The Government will provide a fourth progress report later this fall. Canadians are invited to monitor the progress of the Economic Action Plan on the Government's website, www.actionplan.gc.ca.

Chapter 2

PROGRESS
ACHIEVED TO DATE





Introduction

This chapter reports in detail on progress achieved since the June report in implementing individual measures contained in the Action Plan. It is divided into six sections that reflect the actions taken in the Plan:

- Reducing the Tax Burden for Canadians
- Helping the Unemployed
- Building Infrastructure to Create Jobs
- Creating the Economy of Tomorrow
- Supporting Industries and Communities
- Improving Access to Financing and Strengthening Canada's Financial System

Canadians can follow progress on the Government's website for the Economic Action Plan at www.actionplan.gc.ca.

IMPROVING ACCESS TO FINANCING
AND STRENGTHENING CANADA'S
FINANCIAL SYSTEM





Highlights

- ✓ The Government has taken unprecedented action to improve the availability of financing for households and businesses in Canada.
- ✓ The Government is providing broad-based financing support to lenders, as well as more direct support for particularly hard-hit areas of the financing market.
- ✓ Financing support of \$131 billion has been provided, all of it on a commercial basis to protect the taxpayer.
- ✓ The Government's actions have contributed significantly to improved liquidity and credit conditions, assisting households and businesses across the country.
- ✓ Financial institutions now have ample funding to lend to creditworthy borrowers, and the Government's financial Crown corporations are playing a strong role in providing support.
- ✓ Average effective interest rates paid by households and businesses have fallen significantly.



Improving Access to Financing

Canadians need access to affordable financing for their homes, cars and businesses. The level of interest rates and access to loans influence how Canadians invest and spend their money, which drives our economy and promotes job creation. Strong financial conditions are vital for a sustained recovery in Canada and elsewhere in the world.

The Canadian financial system withstood the global financial crisis better than most. Indeed, the World Economic Forum's 2009–2010 *Global Competitiveness Report* recently ranked Canada as having the world's soundest banking system. This is the second year in a row that Canada has received this ranking.

The global crisis, however, made it difficult for Canadian banks and other lenders to obtain funds from international markets at reasonable costs. To soften the impact of this crisis, Canada's Economic Action Plan has taken measures to provide up to \$200 billion to support lending to Canadian households and businesses through the Extraordinary Financing Framework. All facilities under the Extraordinary Financing Framework are operational, and the measures that are described below and summarized in Table 2.12 have contributed significantly to improved credit conditions in Canada.

Table 2.12
Progress in Implementing Support for Financing

	Financing Available	Elements in Place	Financing Provided Until Now
	(billions of dollars)		(billions of dollars)
Insured Mortgage Purchase Program	125	✓	64
New 10-year Canada Mortgage Bond	10	✓	8
Canadian Lenders Assurance Facility	N/A	✓	N/A
Canadian Life Insurers Assurance Facility	N/A	✓	N/A
Crown corporation new flexibilities including Business Credit Availability Program	13	✓	7
Canadian Secured Credit Facility	12	✓	12
Bank of Canada	40	✓	40
Total	200		131



In total, the Government has provided \$131 billion in extraordinary support to improve access to financing for Canadian households and businesses, all of it on a commercial basis to protect taxpayers.

The Government's actions under the Extraordinary Financing Framework have contributed significantly to improved credit conditions. Consumer credit growth is strong and business credit remains stable. This stands in contrast to the situation in other major economies such as the U.S., where credit growth has slowed markedly.

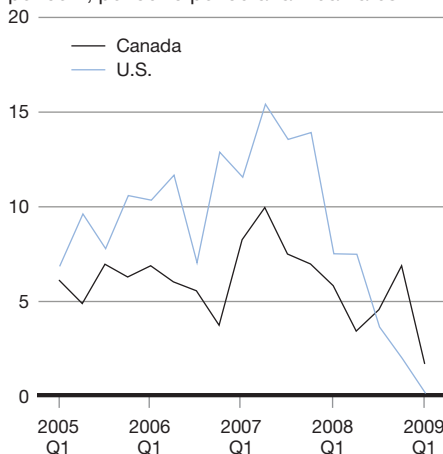
In Canada, credit growth has been combined with significantly lower interest rates for borrowers. In response to the global financial crisis, the Bank of Canada reduced its policy rate by 425 basis points between July 2007 and April 2009 and has held it there since. The Government's measures to support access to financing have helped to alleviate market uncertainty and supported a dramatic reduction in interest rates. For example, a number of lenders have pointed to the Insured Mortgage Purchase Program as contributing to a significant decline in mortgage interest rates since last October. As a result, average effective interest rates for both households and businesses, as estimated by the Bank of Canada, have fallen by about 200 basis points since last fall.

Credit growth in Canada has slowed but remains higher than in the U.S. and other countries

Chart 2.14

Business Credit Growth

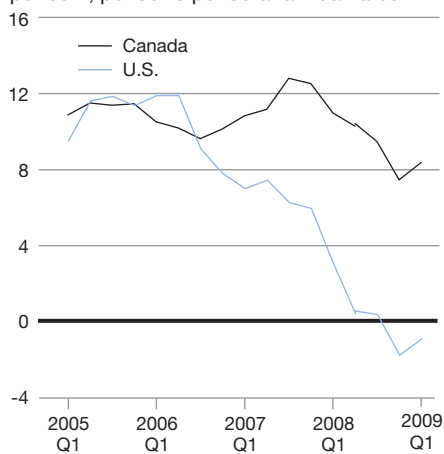
per cent, period to period at annual rates



Sources: Bank of Canada; U.S. Federal Reserve Board. Based on latest comparative data available.

Household Credit Growth

per cent, period to period at annual rates

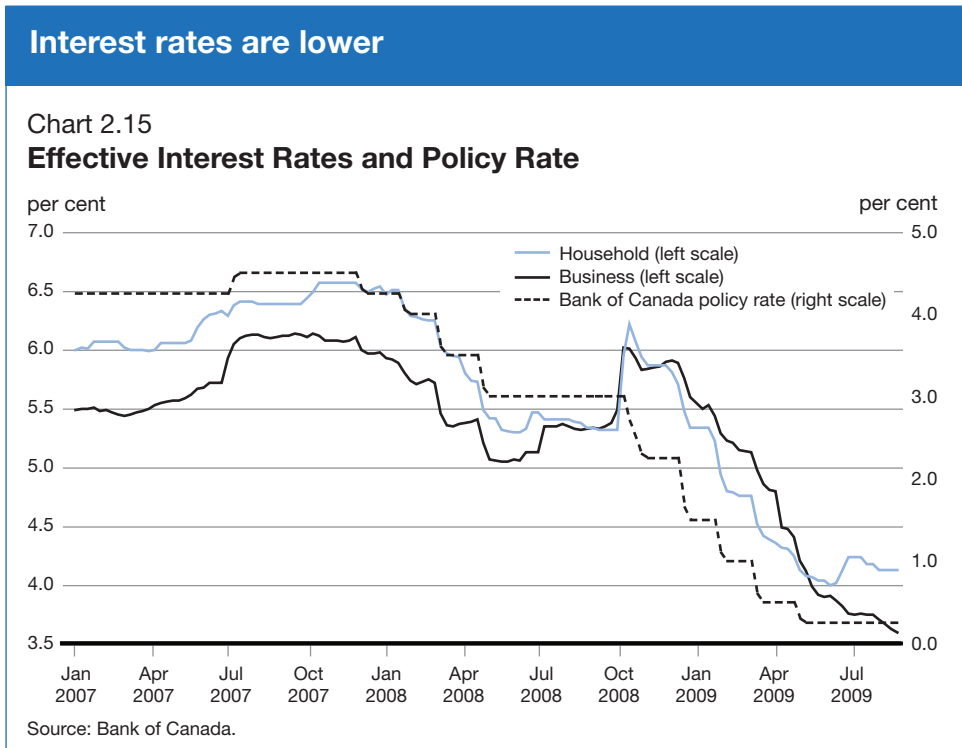


Sources: Bank of Canada; U.S. Federal Reserve Board. Based on latest comparative data available.



Following extraordinary policy measures introduced by governments and central banks to support the financial system worldwide, financial market conditions have improved significantly since the start of the year. Improved financial market conditions in recent months have led to a rebound in bond and equity issuances, following several months of retrenchment in these activities (Chart 2.16). Meanwhile, the difference between corporate and government bond rates has narrowed considerably.

As conditions have improved, demand for certain measures under the Extraordinary Financing Framework has decreased. For instance, lenders have not participated as aggressively in the Insured Mortgage Purchase Program, and the extraordinary liquidity provided by the Bank of Canada stood at about \$27 billion in mid-September, down from its peak of over \$40 billion in December 2008. These programs, however, continue to be an important source of liquidity should normal sources of funding become less available. The Government is committed to maintaining the availability of the Insured Mortgage Purchase Program until the end of March 2010.

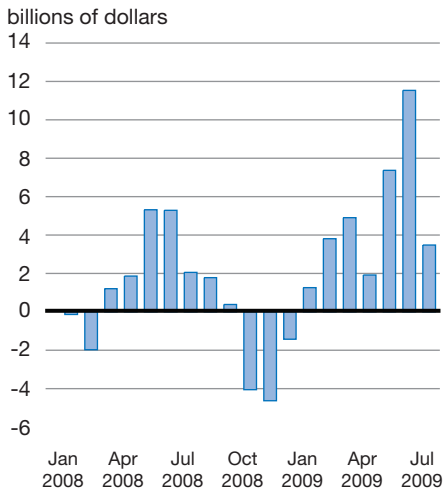




Improvement in business lending conditions and financial market activity

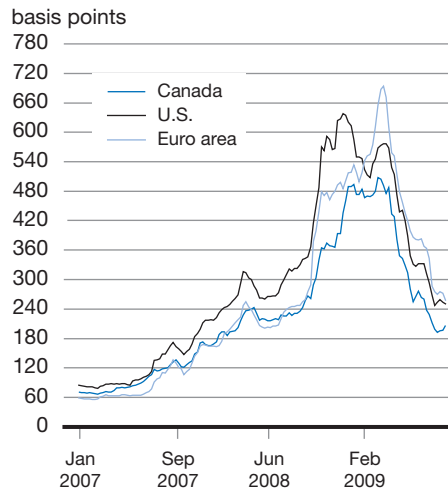
Chart 2.16

Net Funds Raised by Canadian Non-Financial Businesses Through Equities, Bonds and Short-Term Paper



Source: Bank of Canada.

Long-Term Corporate Spreads



Notes: The spreads are the difference between corporate and government yield of bonds with a maturity between 7 and 10 years. Weekly data up to and including September 4, 2009.

Source: Merrill Lynch.



Direct Support for Small and Medium-Sized Business

The Government is continuing to work hard to help businesses find financing to fund growth and maintain jobs through the Business Credit Availability Program (www.fin.gc.ca/bcap). Since the Second Report to Canadians in June, Export Development Canada (EDC) and the Business Development Bank of Canada (BDC) have made further progress in providing loans and other forms of credit support under this program. As of the end of August, EDC and BDC reported total activity under the Business Credit Availability Program of about \$2.7 billion, assisting almost 6,000 businesses. As illustrated in the tables below, the financial Crown corporations have provided assistance in regions all across the country and in all sectors of the economy, with a particular focus on small businesses. A sample of the success stories is found below. Program activity is expected to continue to increase.

Table 2.13
Support by Region

	Millions of Dollars	Number of Transactions
Western Canada	971	1,597
Central Canada	1,641	3,572
Atlantic Canada	112	752
Northern Canada	5	17
Total	2,729	5,938

Note: Totals may not add due to rounding.



Table 2.14

Support by Sector

	Millions of Dollars	Number of Transactions
Manufacturing	729	2,155
Wholesale and retail	232	969
Construction and infrastructure	109	369
Business/non-business services	111	826
Information technology and telecom	24	131
Extractive and resources	769	282
Transport and storage	225	243
Real estate	307	172
Tourism	207	594
Other	15	197
Total	2,729	5,938

Note: Totals may not add due to rounding.

Table 2.15

Support by Size of Borrower

Borrower Size (Sales)	Millions of Dollars	Number of Transactions
Less than \$25 million	1,052	5,814
\$25 million to \$250 million	663	108
Over \$250 million	1,014	16
Total	2,729	5,938

Note: Totals may not add due to rounding.



EDC and BDC also continue to play a significant role in lending to Canadian businesses more broadly during these difficult times. For instance, BDC experienced a record increase in loans to businesses during the first quarter of 2009–10. In the first quarter ending June 30, the total dollar amount of loans accepted by BDC’s clients jumped 37 per cent compared to the same period last year, from \$738 million in 2008 to just over \$1 billion in 2009. This is the largest quarterly increase in BDC’s history, reflecting new initiatives it has taken on to assist in easing access to credit for entrepreneurs and stimulating the economy. EDC’s business volume in the first half of 2009 was \$38.2 billion, up more than \$2.4 billion over the same period in 2008, with more than 7,530 exporters and investors using its products or services through June 30, 2009, compared to 6,818 in 2008.

Canada’s Economic Action Plan: Working for Canadians



Business Credit Availability Program Success Stories

BDC authorized \$2 million in financing to support working capital for Superior Cabinets based in Saskatoon, in addition to providing consulting advice on the overall business strategy, operating plan, and process improvements underway. The company manufactures and provides complete kitchen solutions and other specialty millwork, serving markets primarily in Saskatchewan and Alberta. The company was going through a period of transition following a formal succession, and had refocused its efforts to provide stronger client solutions, serving expanded market segments. These challenges, combined with the economic decline in late 2008, had eroded the company’s working capital position and limited strategic investments. With the financing in place, another lender agreed to provide support while Superior implements its new strategic plan.

BDC was able to assist Urecon Ltée, a Saint-Lazare, Quebec company specializing in pipe insulation, with the construction of a new plant in Coteau-du-Lac, Quebec and the expansion of its facilities in Calmar, Alberta, by working with all financial partners. Already involved in financing the new plant, BDC used its business partnerships to enable the company to also receive support from Investissement Québec and from a private sector financial institution. This assistance enabled Urecon to obtain the funding it required to cover the costs of the Coteau-du-Lac facilities, the expansion work at Calmar, and the purchase of equipment for both sites. As a result of the collaboration among its financial partners, Urecon is now able to continue growing in its chosen communities.



Canada's Economic Action Plan: Working for Canadians



Business Credit Availability Program

Success Stories *(cont'd)*

On June 15, EDC joined a syndicate of international banks for a non-amortizing US\$600-million revolving credit facility for Canadian gold producer Agnico-Eagle Mines. The new facility provides Agnico-Eagle Mines with additional liquidity for internal expansion opportunities, as well as financial flexibility to deal with potential investment opportunities and other corporate priorities.

On June 23, EDC contributed \$25 million towards a \$570-million syndicated revolving credit facility for Superior Plus Corp. Superior Plus Corp. has four Canadian-based operating businesses: propane distribution, specialty chemicals, construction products distribution, and fixed-price energy services. The transaction was facilitated under EDC's temporary two-year broadening of its mandate to undertake domestic financing and insurance. EDC's domestic powers were enacted on March 12.

On August 19, EDC and Brookfield Asset Management announced the establishment of a new \$1-billion fund to provide debtor-in-possession loans and other specialty finance solutions to Canadian companies undergoing a restructuring or reorganization. EDC's initial participation will provide up to \$450 million in debt financing. This financing provides companies seeking protection from creditors with funds to continue to operate their business while they complete a plan of reorganization. The fund will target mid-market and larger-scale opportunities where at least \$20 million of financing is required.

Support for Vehicle and Equipment Financing

The Canadian Secured Credit Facility is designed to support the financing of vehicles and equipment and to stimulate private lending to these sectors. Under the facility, the Government has committed to purchase up to \$12 billion of newly issued term asset-backed securities backed by loans and leases on vehicles and equipment and dealer floor plan (inventory financing) loans. There is evidence that the facility is having a positive impact on the availability and cost of financing for vehicles and equipment. The changes to the program announced on September 17 will further enhance the availability of financing for the sale of vehicles and equipment, supporting key manufacturers and Canada's economic recovery.

Progress in implementing other initiatives under the Extraordinary Financing Framework can be found in Table 2.16.



Canada's Economic Action Plan: Working for Canadians



Recent Developments in Credit Conditions in Canada

Credit conditions in Canada continue to normalize towards pre-crisis levels. Total household credit growth remains strong and is showing signs of stabilization, after a deceleration from the cyclical peak observed around the start of the financial crisis. The three-month annualized growth rate in total household credit stood at 8.2 per cent as of July 2009. The stabilization of household credit has been supported by increases in both consumer credit and residential mortgages.

While total business credit remains stable, there have been several signs that business credit is normalizing. Spreads have narrowed significantly, leading to a resumption of activity in the bond market and providing businesses with a greater choice of whether to borrow on an intermediated basis through a financial institution, or non-intermediated basis by borrowing directly through financial markets. As a result, net issuance of bonds by non-financial corporations rebounded to almost \$22 billion in the first seven months of 2009 after a decline of about \$2 billion in the fourth quarter of 2008. Another positive development in recent months has been the shift from shorter-term to longer-term business credit.

In the most recent Bank of Canada survey of senior loan officers at banks, conducted over the second quarter of 2009, survey respondents reported that lending terms continue to be tight. However, tight lending conditions were less generalized among respondents than in previous quarters and was focused in specific industries, including the auto sector, forestry products and transportation. Similarly, in the Bank of Canada's most recent *Business Outlook Survey*, while the balance of opinion still indicates tight credit conditions, fewer firms reported tight conditions than in recent surveys.

Average interest rates have continued to steadily decrease for both households and businesses. Over the past 12 months, the prime rate fell 250 basis points and posted 5-year mortgage rates have dropped about 125 basis points. The average effective household interest rate, estimated by the Bank of Canada, was 3.99 per cent in September compared to 5.47 per cent in December 2008. Similarly, the average effective business interest rate was 3.52 per cent in September compared to 5.75 per cent in December 2008.



Strengthening Canada's Financial System

Canada's financial system has shown exceptional stability throughout the crisis and has become a globally noted leader in best banking practices. The International Monetary Fund noted in March that while financial conditions in Canada have tightened, "strains are considerably less severe than in other major countries, and credit growth remains solid, both of which reflect a resilient financial system."²

While the Extraordinary Financing Framework provided an immediate response to alleviate the impact of the global credit crunch in Canada, Canada's Economic Action Plan also contained initiatives to strengthen Canada's financial system and modernize the regulatory framework going forward. There has been further progress on these initiatives since the Second Report to Canadians in June.

Helping Consumers of Financial Products

Credit Card Regulations: The credit card regulations will be published in the *Canada Gazette, Part II* shortly. The new regulations are aimed at limiting business practices that are not beneficial to consumers and at providing clear and timely information to Canadians about credit cards.

Financial Literacy: On June 26, 2009 the Government of Canada announced the establishment of Canada's Task Force on Financial Literacy to help create a cohesive national strategy to support initiatives across Canada aimed at improving financial education.

The task force is comprised of 13 members, including the Chair and Vice-Chair. It is chaired by Donald A. Stewart, Chief Executive Officer of Sun Life Financial Inc., and L. Jacques Ménard, Chairman of BMO Nesbitt Burns, is the Vice-Chair. The task force will make recommendations to the Minister of Finance on improving the coordination of financial literacy efforts, outlining a national strategy. The task force is expected to deliver its findings in the fall of 2010. It will make its report available to the public, as well as any research commissioned to develop its recommendations.

More information on the task force is available at www.financialliteracyinCanada.com.

² International Monetary Fund, 2009 Article IV Mission to Canada: Concluding Statement (March 9, 2009).



Mortgage Insurance: On August 8, 2009, regulations were pre-published in the *Canada Gazette, Part I* that will enhance disclosure to consumers about the characteristics of mortgage insurance and that will set out new measures to ensure that Canadians are charged no more for mortgage insurance than the true cost of obtaining that insurance. The comment period for these regulations ended on September 7, 2009. The Government is now reviewing the input received and will be finalizing these regulations.

Establishing a Canadian Securities Regulator

Establishing a Canadian securities regulator will help to strengthen Canada's financial system. A Canadian securities regulator will better protect investors by improving enforcement, reducing the compliance burden faced by market participants, and providing clear national accountability for capital markets regulation, while enhancing Canada's financial stability framework.

Given its importance, the Government of Canada committed in Budget 2009 to move forward quickly with willing provinces and territories to establish a Canadian securities regulator that respects regional interests and expertise as well as constitutional jurisdiction. As an important first step, the Government indicated its intention to establish and fund an office to manage and lead the transition to a Canadian securities regulator.

The Government announced the launch of the Canadian Securities Regulator Transition Office on June 22, 2009. The Transition Office has a strong mandate to lead all aspects of the transition, including the development of a Canadian securities act, collaborating with provinces and territories, and developing and implementing a transition plan with respect to organizational and administrative matters. The Transition Office has three years (with the possibility of a one-year extension), and a total budget of \$33 million, to effect the transition.

The Transition Office is headed by Douglas Hyndman, who is its Chair and Chief Executive Officer, and Bryan Davies, who is Vice-Chair. Both individuals bring significant expertise and experience to the initiative. Mr. Hyndman has been Chair of the British Columbia Securities Commission since 1987. He is also Chair of the Accounting Standards Oversight Council. Mr. Davies is Chair of the Canada Deposit Insurance Corporation, which is a key pillar in Canada's financial stability framework, and will continue in this part-time capacity. Prior to this appointment, he served as Chief Executive Officer and Superintendent of the Financial Services Commission of Ontario.



The Government plans to announce shortly the launch of the Advisory Committee of Participating Provinces and Territories. The Advisory Committee will be responsible for providing advice to the Transition Office to ensure that the views of participating provinces and territories are properly represented as work is undertaken to transition to a Canadian securities regulator.

Federally Regulated Private Pension Plans

On June 12, 2009, regulations providing temporary solvency funding relief measures for federally regulated defined benefit plans came into force. These measures, which were proposed in the 2008 Economic and Fiscal Statement and in Budget 2009, will:

- Extend the solvency funding payment period by one year for deficiencies reported as of year-end between November 1, 2008 and October 31, 2009.
- Extend the solvency funding payment period to 10 years from 5 years with the agreement of members and retirees.
- Extend the solvency funding payment period to 10 years from 5 years when the difference is secured with a letter of credit.
- Extend the solvency funding payment period to 10 years from 5 years for agent Crown corporations with terms and conditions to ensure a level playing field.
- Allow asset smoothing above 110 per cent with the difference in payments subject to a deemed trust.

The Government also held extensive consultations on the legislative and regulatory regime for federally regulated private pension plans during the first half of 2009. The consultations were initiated with the release of a consultation paper in January followed by public consultation meetings led by the Parliamentary Secretary to the Minister of Finance, Mr. Ted Menzies, in March and April across Canada. The Government intends to introduce changes to the legislative and regulatory framework in the coming months.

Progress in implementing other initiatives to strengthen the Canadian financial system can be found in Table 2.16.



Table 2.16

Improving Access to Financing and Strengthening Canada's Financial System

	Total Financing Available	Authorities in Place	Financing Provided Until Now
	(billions of dollars)		(billions of dollars)
Insured Mortgage Purchase Program	Up to 125	Yes	64
Business Credit Availability Program, supported by expanded powers and additional capital for Export Development Canada/ Business Development Bank of Canada	At least 5	Yes	2.7
Canada Small Business Financing Program	N/A	Yes	0.1
Canadian Secured Credit Facility	Up to 12	Yes	12
Canadian Lenders Assurance Facility	N/A	Yes	–
Canadian Life Insurers Assurance Facility	N/A	Yes	–
Modernization of Bank of Canada authorities	40	Yes	40
Canada Mortgage Bond	Up to 10	Yes	8
Advisory Committee on Financing	N/A	Yes	–
Canada Deposit Insurance Corporation authorities and mandate	N/A	Yes	–
Expanded powers for Minister	N/A	Yes	–
Recapitalization/equity investments in banks	N/A	Yes	–
Measures to protect consumers regarding mortgage insurance	N/A	Yes	–
Consultations on leasing powers	N/A	Yes	–
National task force on financial literacy	N/A	Yes	–
Improving the legislative and regulatory framework for federally regulated pension plans	N/A	Yes	–

REDUCING THE
TAX BURDEN
FOR CANADIANS





Highlights

- ✓ Tax reductions are an essential part of Canada's Economic Action Plan. They support Canadians and Canadian businesses in the short term by providing stimulus, putting money in the hands of Canadians to spend as they see fit, thus encouraging job creation and helping create a long-term advantage for sustained economic growth.
- ✓ Canada's Economic Action Plan includes measures that will reduce the tax burden for Canadian families and businesses by more than \$20 billion over 2008–09 and the following five fiscal years. This builds on early action taken by the Government in the October 2007 Economic Statement to offset the economic downturn with substantial and permanent tax reductions.
- ✓ Canadians have been seeing the benefits of income tax reductions announced in the Action Plan on their pay stubs since April 2009.
- ✓ Increased child benefits started to flow in July, providing up to \$436 per year for a family with two children, making raising children more affordable.
- ✓ Tax relief for low- and middle-income seniors has been put in place, providing up to an additional \$150 in annual tax savings, to help our seniors thrive in retirement.
- ✓ Consultations with provinces and territories on the design of an enhanced Working Income Tax Benefit (WITB) have been completed. The enhanced WITB will further reduce the welfare wall by helping ensure that more low-income Canadians are financially better off as a result of getting a job.
- ✓ Tax assistance of up to \$1,350 per family in support of home renovations and improvements is helping stimulate the economy and encouraging investment in Canadian homes. The Canada Revenue Agency has received about 2.2 million enquiries about the Home Renovation Tax Credit through its website and by telephone.



- ✓ To help small businesses retain more of their earnings for reinvestment, expansion and job creation, the Economic Action Plan increased the amount of small business income eligible for the reduced federal income tax rate of 11 per cent from \$400,000 to \$500,000. This enhanced support took effect on January 1, 2009 and can save small businesses up to \$8,000 each in 2009 taxes.
- ✓ Canada's manufacturers and processors are benefiting from a temporary 50-per-cent straight-line accelerated capital cost allowance (CCA) rate on machinery and equipment purchases, first introduced in Budget 2007 and extended in Budget 2008 and the Economic Action Plan, and the permanent elimination of tariffs on a wide range of machinery and equipment effective January 28, 2009. These measures are helping businesses in the manufacturing and processing industries make the necessary equipment purchases and position themselves for long-term success.
- ✓ To help businesses adopt new technology at a faster pace, a two-year 100-per-cent CCA rate for investments in computers has been in effect since January 28, 2009.
- ✓ Mineral exploration activity across Canada is being supported by the one-year extension of the temporary 15-per-cent Mineral Exploration Tax Credit, which took effect April 1, 2009.
- ✓ In total, actions taken by this Government since 2006 will reduce taxes by \$220 billion over 2008–09 and the following five fiscal years, allowing Canadian individuals, families and businesses to keep more of their money.



Introduction

Canada's Economic Action Plan includes \$6.2 billion over two years to stimulate the economy and support job creation by providing personal tax relief to Canadians, allowing Canadians to decide how best to spend their money.

Table 2.1

Reducing the Tax Burden for Canadians

	2008-09	2009-10	2010-11	Total
	(millions of dollars)			
Personal income tax relief for all taxpayers	470	1,885	1,950	4,305
Increases to the National Child Benefit Supplement and the Canada Child Tax Benefit		230	310	540
Enhancing the Working Income Tax Benefit	145	580	580	1,305
Targeted relief for seniors	80	325	340	745
Total—Reducing the Tax Burden for Canadians	695	3,020	3,180	6,895

Notes: Totals may not add due to rounding. The Canada Child Tax Benefit and the National Child Benefit Supplement are considered expenditures for budgetary purposes and thus should not be included in calculations of total tax relief.



Table 2.2

Tax Measures to Support Housing and Business

	2008–09	2009–10	2010–11	Total
	(millions of dollars)			
Home Renovation Tax Credit	500	2,500		3,000
Increase in Home Buyers' Plan withdrawal limit		15	15	30
First-Time Home Buyers' Tax Credit	30	175	180	385
Tariff relief on machinery and equipment	12	76	81	169
Mineral Exploration Tax Credit for flow-through share investors		70	-15	55
Increase the income limit for the small business tax rate		45	80	125
Temporary 100-per-cent capital cost allowance rate for computers		340	355	695
Temporary accelerated capital cost allowance rate for manufacturing or processing machinery and equipment ¹				
Total—Tax Measures to Support Housing and Business	542	3,221	696	4,459
Timing of Home Renovation Tax Credit	-500	500		
Total stimulus value	42	3,721	696	4,459

Note: Totals may not add due to rounding.

¹ Businesses will benefit from the extension of this measure, first introduced in Budget 2007 and extended in Budget 2008, starting in 2011–12.



Reducing the Tax Burden for Canadians and Canadian Business

The tax reductions in Canada's Economic Action Plan are an essential part of the Government's effort to stimulate the economy and to create or maintain jobs. Lower taxes help ease the financial pressure on individuals, families and businesses and help build a solid foundation for future economic growth. Lower taxes also stimulate individual spending, which helps to protect and create jobs. The tax reductions in the Plan reinforce the Government's ambitious agenda of tax relief aimed at creating a tax system that fuels job creation and investment in Canada, improving the standard of living of Canadians.

Canada took early significant action in the October 2007 Economic Statement, anticipating the prospect of a weaker global economy. This Government put in place broad-based permanent tax reductions that are sustainable for the future. As a result of these actions, Canada is better positioned than most countries to withstand the effects of today's global economic challenges.

Tax reductions support Canadians, Canadian businesses and jobs in the short term by providing immediate economic stimulus, which helps individuals and businesses to weather the global recession, and also create a long-term advantage for sustained economic and employment growth.

Actions taken by the Government since 2006, including those proposed in the Economic Action Plan, will reduce taxes on individuals, families and businesses by an estimated \$220 billion over 2008–09 and the following five fiscal years. Of this amount, the tax relief proposed in the Economic Action Plan totals more than \$20 billion.



Tax Relief for Individuals and Families

The Economic Action Plan introduced significant new personal income tax reductions that are providing immediate relief, particularly for low- and middle-income Canadians, as well as measures to help Canadians purchase and improve their homes. For example:

- The temporary Home Renovation Tax Credit will provide an estimated 4.6 million Canadian families with up to \$1,350 in tax relief on eligible renovation projects, thereby providing needed stimulus to the economy. In addition, the First-Time Home Buyers' Tax Credit will provide relief of up to \$750 to help with the purchase of a first home.
- The amount of income that Canadians can earn before having to pay federal income tax was further increased, and the top of the two lowest income tax brackets was increased so that Canadians can earn more income before being subject to higher tax rates.
- Tax relief provided by the Working Income Tax Benefit (WITB), first introduced in Budget 2007, will be effectively doubled to further strengthen work incentives for low-income Canadians already in the workforce, and to encourage low-income Canadians to enter the workforce.
- The Age Credit amount was increased by \$1,000 to provide tax relief to low- and middle-income seniors. This means additional annual tax savings of up to \$150.
- In addition, the Economic Action Plan has raised the level at which the National Child Benefit Supplement for low-income families and the Canada Child Tax Benefit are phased out, providing a benefit of up to \$436 for a family with two children. Additional monthly benefits under these programs began to be paid to families with children in July 2009.



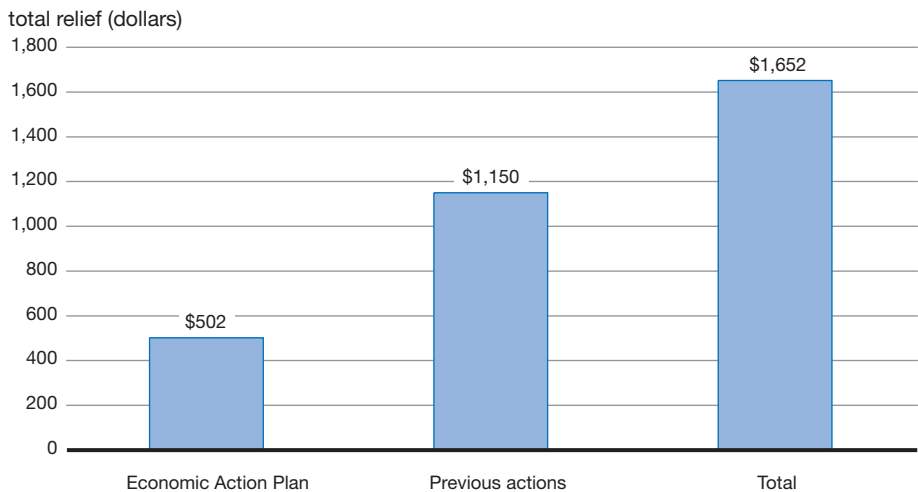
Canada's Economic Action Plan: Tax Relief for Canadians



Personal Tax Relief for Canadians

Beverly earns \$35,000 and is a single parent of two children. In total, her personal income taxes have been cut by three-quarters, or \$1,216, and she receives an additional \$436 in child benefits, making her \$1,652 better off.

Chart 2.1
Personal Tax Relief





Canada's Economic Action Plan: Tax Relief for Canadians



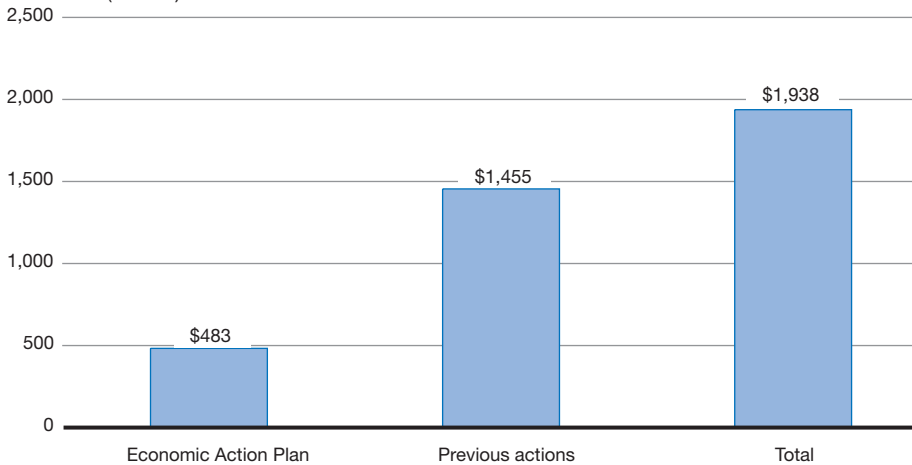
Personal Tax Relief for Canadians

Bob and Emily have two children. Bob earns \$45,000 and Emily earns \$85,000. In total, their personal income taxes have been cut by 10 per cent, providing \$1,938 in additional tax relief.

Chart 2.2

Personal Tax Relief

total relief (dollars)





Canada's Economic Action Plan: Tax Relief for Canadians



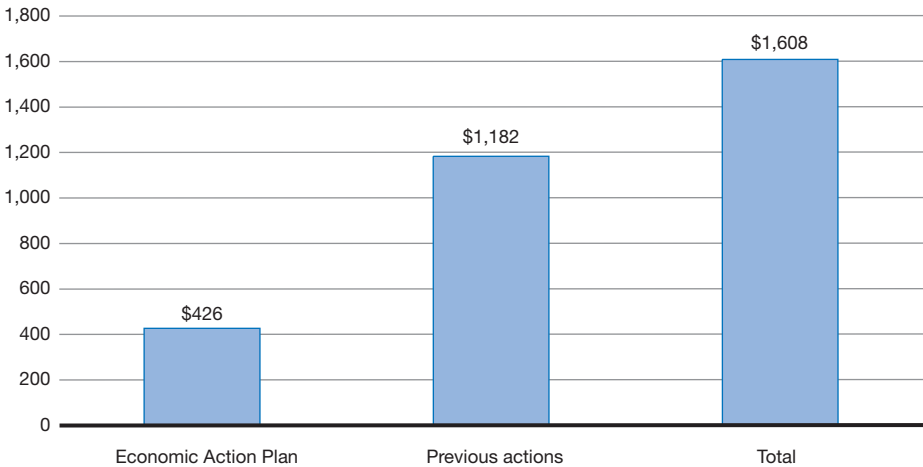
Personal Tax Relief for Canadians

Matthew and Giuliana have two children, and Matthew's income is \$90,000. In total, their personal income taxes have been cut by 11 per cent, or \$1,532, and they receive \$76 in additional child benefits, making them \$1,608 better off.

Chart 2.3

Personal Tax Relief

total relief (dollars)



Tax relief for individuals and families announced in Canada's Economic Action Plan is now largely committed, and Canadians are realizing its benefits through higher take-home pay.

Consultations with provinces and territories on the design of the enhanced WITB have been completed and a Notice of Ways and Means Motion to implement the enhanced WITB was tabled in Parliament on September 14, 2009 and adopted by the House on September 18, 2009. The Government expects that low-income working Canadians will receive benefits from the enhanced WITB when they file their 2009 tax returns.



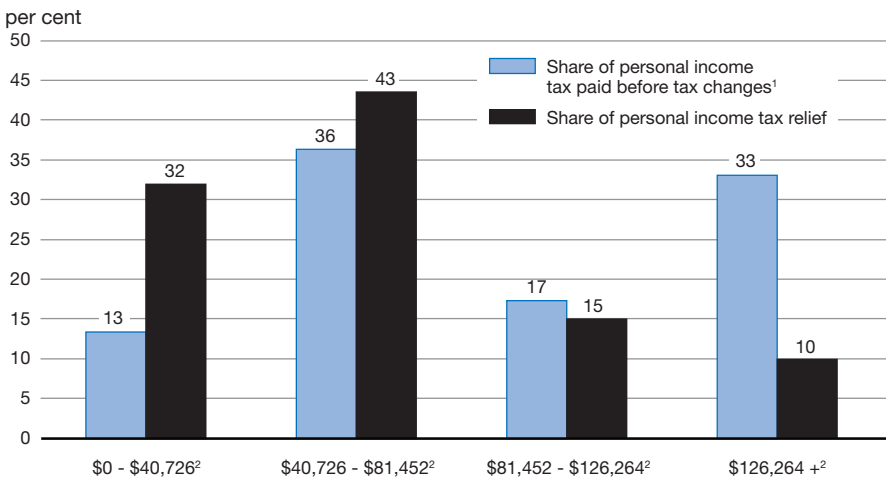
A Strong Record of Tax Relief for Individuals and Families

Since coming to office in 2006, the Government has taken actions that will reduce taxes on individuals and families by an estimated \$160 billion over 2008–09 and the following five fiscal years. This includes \$20 billion of tax relief announced under the Economic Action Plan, and earlier actions to offset the economic downturn announced in the October 2007 Economic Statement, which provided substantial permanent tax reductions.

Chart 2.4

More Money in the Pockets of Canadians

Proportionately More for Low- and Middle-Incomes



Note: Bar totals may not add due to rounding.

¹ Budgets 2006, 2007, 2008 and 2009, the 2006 Tax Fairness Plan, the 2007 Economic Statement, and the 2008 Economic and Fiscal Statement (not including GST reduction).

² Individual taxable income.

Canadians at all income levels are benefiting from this tax relief with proportionately greater savings for those with lower incomes. The Government’s commitment to tax relief is also paying off in the form of greater opportunity and choice for people. For example:

- All Canadians—even those who do not earn enough to pay personal income tax—are benefiting from the 2-percentage-point reduction in the Goods and Services Tax (GST) rate. Maintaining the GST credit level while reducing the GST rate by 2 percentage points translates into more than \$1.1 billion in benefits annually for low- and modest-income Canadians.



A Strong Record of Tax Relief for Individuals and Families *(cont'd)*

- All taxpayers are benefiting from personal income tax relief, which includes reducing the lowest personal income tax rate to 15 per cent from 16 per cent and increasing the basic amount that all Canadians can earn without paying federal income tax.
- Low-income working Canadians are benefiting from the \$580-million Working Income Tax Benefit (WITB) introduced in Budget 2007. The WITB, in combination with other tax relief introduced by this Government, has substantially improved work incentives and the financial circumstances of many low-income Canadians.
- The new Tax-Free Savings Account is improving incentives to save through a flexible, registered general-purpose account that allows Canadians to earn tax-free investment income while saving for their individual needs such as for a car, a home or retirement.

The Government has also introduced measures targeted to help families, students, seniors and pensioners, workers, persons with disabilities, and communities. Examples of such measures include:

- A Child Tax Credit in recognition of the expenses associated with raising children.
- Exempting scholarship and bursary income from tax.
- The introduction of pension income splitting, the doubling of the Pension Income Credit and two \$1,000 increases to the Age Credit amount to provide substantial tax savings to seniors and pensioners.
- The Canada Employment Credit, which recognizes work-related expenditures such as home computers, uniforms and supplies.
- The Registered Disability Savings Plan, which will contribute to the financial security and well-being of children with severe disabilities.
- A tax credit for public transit passes.



Tax Relief for Canadian Businesses

A competitive business tax system is essential for creating an environment that encourages new investment, growth and job creation in Canada. The Economic Action Plan builds on corporate income tax reductions to help position Canadian businesses to weather the effects of the current global economic challenges, maintain and create jobs and emerge from the economic downturn even stronger:

- To help businesses adopt newer technology at a faster pace, a temporary two-year 100-per-cent capital cost allowance (CCA) rate for computers acquired after January 27, 2009 and before February 1, 2011 was introduced.
- To help businesses in manufacturing and processing industries to restructure and retool to position themselves for long-term success, the 50-per-cent straight-line accelerated CCA rate for investments in manufacturing or processing machinery and equipment was extended to include investments undertaken in 2010 and 2011. Manufacturers and processors are already benefiting from this measure, which was first introduced in Budget 2007 and extended in Budget 2008.
- To help small businesses retain more of their earnings for reinvestment, expansion and job creation, the amount of small business income eligible for the reduced federal income tax rate was further increased to \$500,000 effective January 1, 2009, following a previous increase to \$400,000 from \$300,000 as of January 1, 2007.
- To support mineral exploration activity across Canada and help our mining industry grow, the temporary Mineral Exploration Tax Credit was extended for an additional year.
- Consultations on the possible extension of accelerated CCA to assets used in carbon capture and storage were held in the spring and submissions are now being analyzed.
- Consultations on the desirability and feasibility of an Arrivals Duty-Free Program were launched in March 2009. These consultations have concluded and submissions are being analyzed.

The Government has introduced significant tax relief for Canadian businesses since 2006, including measures in the Economic Action Plan, that total more than \$60 billion over 2008–09 and the following five fiscal years.



Key actions include:

- Substantial, broad-based tax reductions that are lowering the federal general corporate income tax rate from 22.12 per cent (including the corporate surtax) in 2007 to 15 per cent by 2012. These tax reductions include the elimination of the corporate surtax in 2008 for all corporations and a reduction in the federal general corporate income tax rate to 19 per cent as of January 1, 2009.
- A reduction of the federal income tax rate applying to qualifying small business income to 11 per cent in 2008.
- Alignment of CCA rates for a number of assets to better reflect their useful life—this both reduces the tax burden on investment and ensures neutral tax treatment of CCA, encouraging investment to flow to its most productive uses.
- Elimination in 2006 of the federal capital tax, a particularly damaging tax for business investment, and the introduction in 2007 of a temporary financial incentive to encourage provinces to eliminate their general capital taxes and to eliminate or replace their capital taxes on financial institutions with a minimum tax. All provincial general capital taxes will be eliminated by 2012.

Early actions taken by this Government as well as the measures included in Canada's Economic Action Plan are positioning Canadian businesses to succeed in these tough economic times. At the same time, the broad-based corporate income tax reductions and other tax relief measures are building a solid foundation for future economic growth, job creation and higher living standards for Canadians.

As a result of federal and provincial business tax changes and bold tax reductions, Canada will have the lowest overall tax rate on new business investment¹ in the Group of Seven (G7) by 2010 and the lowest statutory corporate income tax rate in the G7 by 2012. By 2012, Canada will also have a tax rate on new business investment that is lower than the Organisation for Economic Co-operation and Development (OECD) average (Chart 2.5). The competitiveness of our business tax system encourages new investment in Canada, including direct investment from abroad.

¹ The marginal effective tax rate (METR) on new business investment takes into account federal and provincial statutory corporate income tax rates, deductions and credits available in the corporate tax system and other taxes paid by corporations, including provincial capital taxes and retail sales taxes on business inputs. The methodology for calculating METRs is described in the 2005 edition of *Tax Expenditures and Evaluations* (Department of Finance Canada).

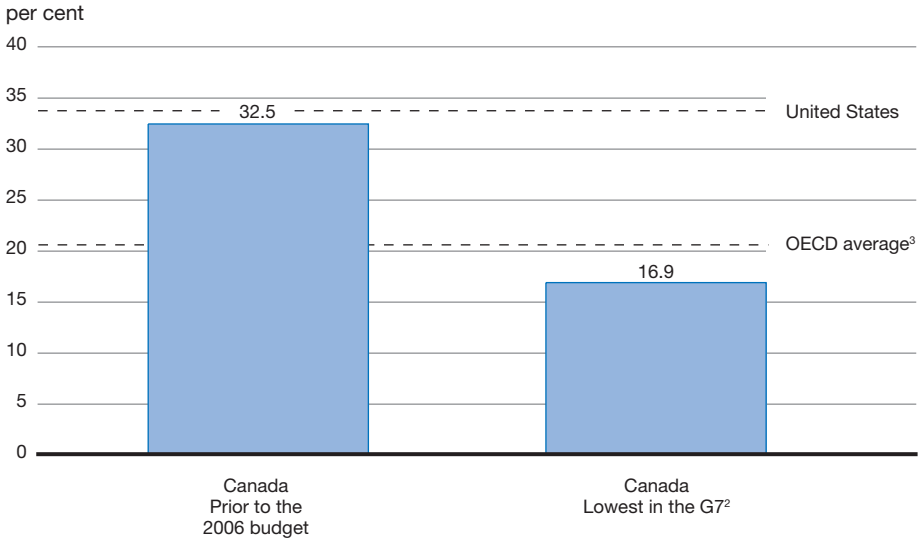


Canada will soon have a tax rate on new business investment that is the lowest in the G7 and below the OECD average

Chart 2.5

Attracting New Investment

Tax Rate¹ on New Business Investment in Canada, 2012



¹ Excludes resource and financial sectors and tax provisions related to research and development.

² Includes federal and provincial measures announced as of July 31, 2009.

³ Excludes Canada.

Source: Department of Finance Canada.



Improving the competitiveness of the Canadian tax system requires collaboration among all governments to help Canadian businesses compete globally as the economy recovers. Provinces and territories have taken action to enhance Canada's business tax advantage, building on actions taken at the federal level.

Several provinces are reducing their corporate income tax rates. Over the next few years, Ontario, British Columbia and New Brunswick will be reducing their corporate income tax rates to 10 per cent or below. Alberta is currently at 10 per cent. Together with the scheduled reductions in the federal general corporate income tax rate to 15 per cent by 2012, these provincial actions will help Canada move closer to the Government's goal of a 25-per-cent combined federal-provincial statutory corporate income tax rate.

Further reductions in provincial corporate income tax rates and other actions would do even more to improve the competitiveness of Canadian businesses across the country and further encourage investment and job creation.



Table 2.3

Reducing the Tax Burden for Canadians

	2009–10 Stimulus Value	Authorities in Place	Stimulus Committed
	(millions of dollars)		(millions of dollars)
Personal income tax relief for all taxpayers	1,885	Yes	1,885
Increases to the National Child Benefit Supplement and Canada Child Tax Benefit	230	Yes	230
Enhancing the Working Income Tax Benefit	580	NWMM ¹	–
Targeted relief for seniors	325	Yes	325
Total	3,020		2,440

Reference:

**Tax Measures to Support Housing
and Business**

Home Renovation Tax Credit	3,000	NWMM ¹	3,000
Increasing withdrawal limits under the Home Buyers' Plan	15	Yes	15
First-Time Home Buyers' Tax Credit	175	NWMM ¹	175
Mineral Exploration Tax Credit for flow-through share investors	70	Yes	70
Increase the income limit for the small business tax rate	45	Yes	45
Temporary 100-per-cent capital cost allowance rate for computers	340	Yes	340
Temporary accelerated capital cost allowance rate for manufacturing or processing machinery and equipment		Yes	

¹ Notice of Ways and Means Motion tabled in the House of Commons on September 14, 2009, and adopted by the House on September 18, 2009.

HELPING THE UNEMPLOYED





Highlights

The Economic Action Plan supports Canadian workers who have lost their jobs or may face layoffs. The Employment Insurance (EI) program is responding to the increased unemployment rate. This year, an additional \$5.8 billion will be paid out in EI benefits.

To leave more money in the hands of employers and employees, the Government has frozen EI premium rates for 2010 at \$1.73, the same rate as 2009 and the lowest since 1982.

The Economic Action Plan is also providing additional benefits in 2009–10. So far, Economic Action Plan measures have provided:

- ✓ More than 300,000 workers with up to an extra five weeks of benefits at a cost of \$446 million.
- ✓ Enhanced EI work-sharing agreements that are supporting more than 164,000 individuals.
- ✓ Extended EI benefits for long-tenured workers through the Career Transition Assistance initiative for longer-term training.
- ✓ More than \$18 million in payments under the Wage Earner Protection Program.

Training measures are also in place to support Canadian workers and prepare them for the future:

- ✓ Funds are flowing to provinces and territories, supporting training for approximately 44,000 Canadians.
- ✓ An additional \$10 million in 2009–10 for the Canada Summer Jobs Program, bringing total funding to \$100 million, is helping to hire 40,000 students for the summer, of which approximately 3,700 are attributable to Action Plan investments.
- ✓ Investments are flowing for 38 projects through the Targeted Initiative for Older Workers, supporting over 1,500 older workers.
- ✓ The \$2,000 Apprenticeship Completion Grant is now available and 4,329 grants have been issued.
- ✓ Approximately 80 projects to support skills development and create employment opportunities for Aboriginal Canadians have been identified across the country.



Introduction

Losing a job can be one of the most traumatic events in a person's life, affecting that person and his or her family. That is why Canada's Economic Action Plan includes \$6.3 billion over two years to support workers affected by the global slowdown and create opportunities for workers through skills development.

In addition, as unemployment has risen, more Canadians are accessing EI benefits. Total EI support is now expected to be \$5.8 billion higher this year than last year.

Table 2.4

Helping the Unemployed

	2009–10	2010–11	Total
		(millions of dollars)	
Strengthening benefits for Canadian workers	950	950	1,900
Enhancing the availability of training	940	965	1,905
Maintaining low Employment Insurance premium rates	818	1,631	2,449
Total—Helping the Unemployed	2,708	3,546	6,254

Note: Totals may not add due to rounding.

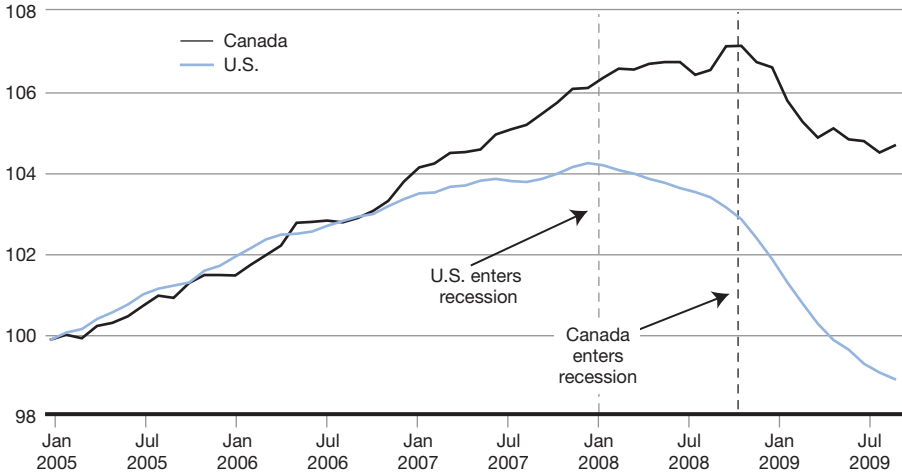
While the economic situation has been difficult worldwide, Canada's job market has been less affected than those in other countries. In sharp contrast to the situation in the United States, employment in Canada continued to increase over much of 2008. The relatively strong Canadian performance in 2008 was due to a number of factors, including the soundness of Canadian housing and financial markets, activity related to the recent commodity price boom, as well as the tax reductions introduced by the Government in the October 2007 Economic Statement, which took effect in January 2008, just as the U.S. was entering recession.



Canada entered the recession later than the U.S. and job losses have been fewer

Chart 2.6
Total Employment

index, January 2005 = 100



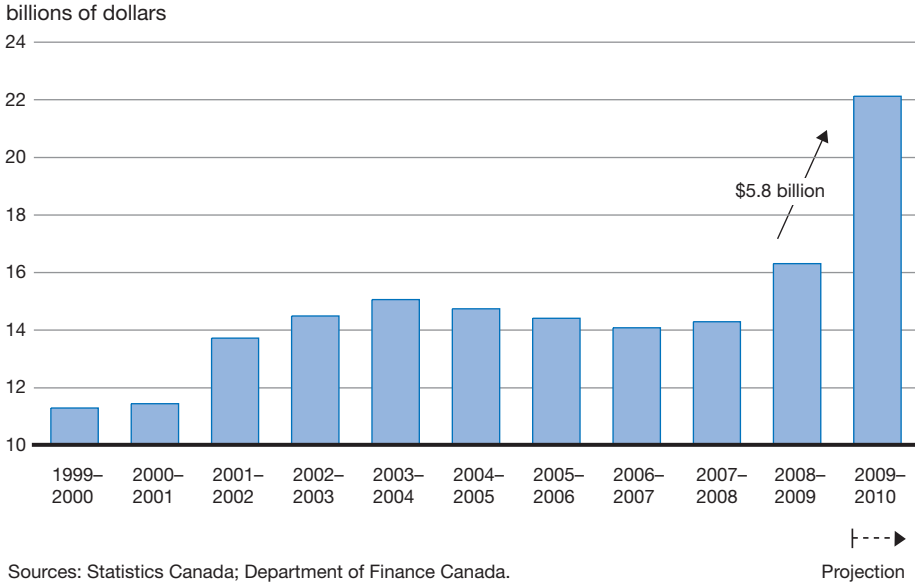
Sources: Statistics Canada; U.S. Bureau of Labor Statistics.

In 2009, the global recession has directly affected workers and their families. Employment in Canada has declined since October 2008, and the unemployment rate rose to 8.7 per cent in August 2009. Canadian workers and their families are directly feeling the impact of the economic decline and are increasingly relying on EI to provide support while they weather the economic situation and transition to new jobs.



EI benefits are up sharply

Chart 2.7
Employment Insurance Benefits



The EI program has continued to respond to the changing labour market conditions, providing more benefits to Canadians. This year, the Government will spend approximately \$5.8 billion more in EI benefits than last year, providing additional support to Canadians when they need it most. In addition, the Government has recognized the challenges faced by Canadians in these tough economic times, and under the Economic Action Plan the Government is making needed investments in training to help workers transition into new jobs.

While job losses have slowed in recent months, Canadians continue to need timely access to EI benefits. In areas where unemployment has risen, the program has automatically adjusted, lowering the eligibility criteria to qualify and extending the duration of EI benefits. Between October 2008 and September 2009, 82 per cent of Canadian workers had easier access to EI benefits and for longer periods of time.



The Employment Insurance Program Is Responding – Especially for Those Regions Most in Need

In Kitchener, Ontario, where the unemployment rate rose to 9.9 per cent in August 2009 from 5.4 per cent in October 2008, the number of working hours required to receive EI fell by 140—from 700 to 560 hours.

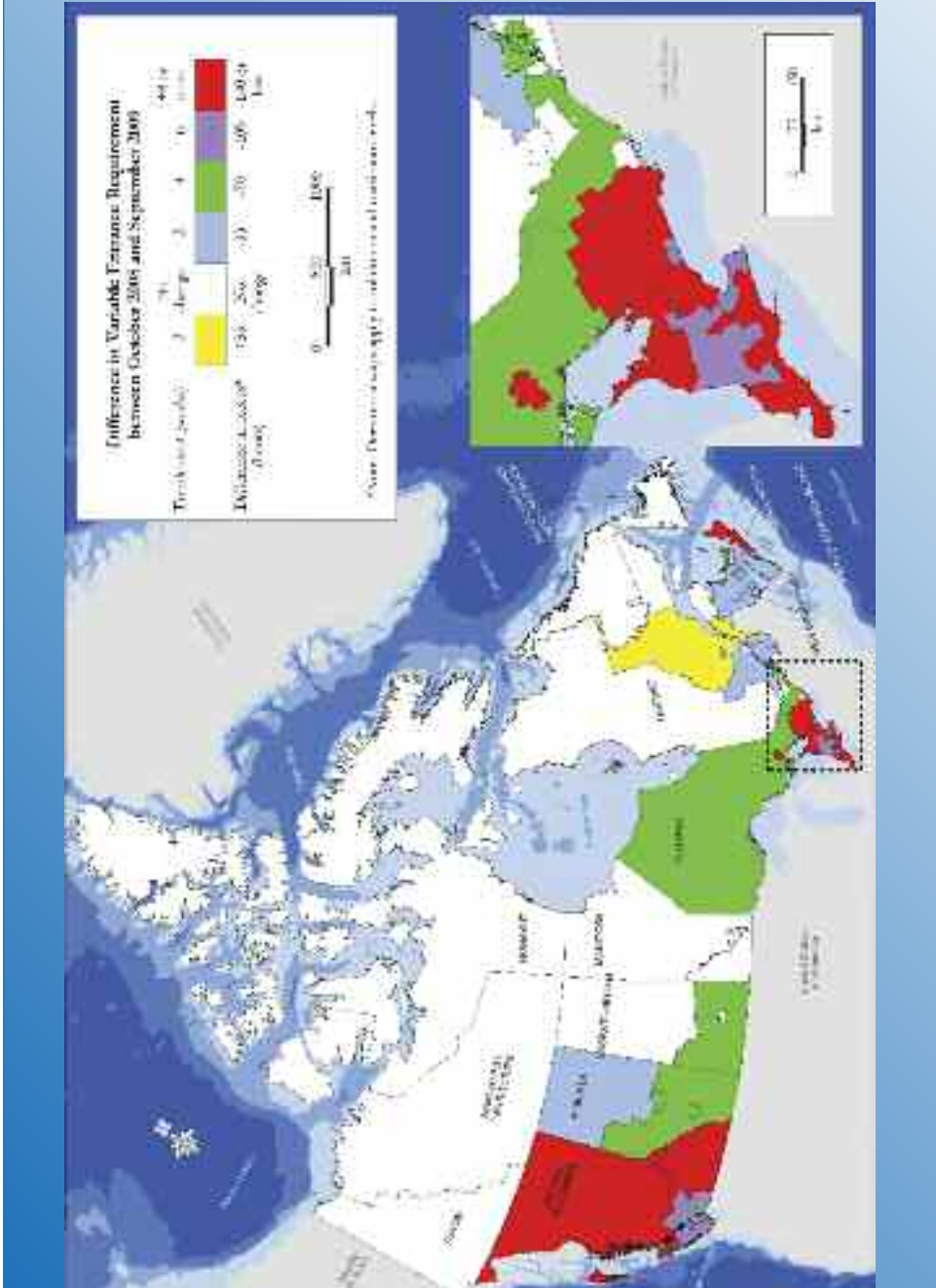
The minimum benefit duration rose to 25 weeks from 14, which includes the extra 5 weeks of benefits provided by the Economic Action Plan.

At the same time, the maximum benefit period increased to 49 weeks from 36, including the extra 5 weeks provided by the Economic Action Plan.

As of September 2009, 38 of 58 regions have a lower eligibility requirement and higher duration of benefits than they did in October 2008. Eligibility requirements and benefit duration change in line with changes in local labour market conditions. Since the June report, labour market conditions have improved in four regions and deteriorated in one sufficient to change eligibility.



Access to EI has been made easier and benefits enhanced in regions of the country most affected by the global recession





Canadians Are Getting the Support They Need

Canadians are counting on the Government to deliver their EI benefits in a timely manner, to answer their questions and concerns, and to resolve their problems efficiently and professionally. The Government has made the necessary investments to ensure Canadians receive their EI benefits as quickly and efficiently as possible.

- Services have been enhanced to ensure faster processing of claims and to help deal with a nearly 30-per-cent year-over-year increase in claims.
- Hours have been extended to ensure timely responses to inquiries.

As a result of these investments, more than 80 per cent of Canadians submitting new claims received their first cheques within 28 days. The Government will continue to monitor service standards and will ensure that Canadians continue to receive EI benefits in a timely manner.

Helping the Unemployed

The Economic Action Plan took quick and decisive action to support workers and families hardest hit by the global recession and resulting job losses with the creation of the Canada Skills and Transition Strategy. The strategy addresses the needs of Canadians affected by the recession while at the same time ensuring a more flexible, highly skilled workforce that will provide a competitive edge in the global economy of the future. The first element of the strategy focuses on providing significantly enhanced EI benefits and the second element focuses on enhancing the availability of training.



Canada's Economic Action Plan: Working for Canadians



Strengthening Benefits

- Up to an extra five weeks of Employment Insurance benefits (\$1.15 billion)
- Enhanced work-sharing (\$200 million)
- Extended benefits for long-tenured workers on training (\$500 million)
- Wage earner protection (\$50 million)

Enhancing the Availability of Training

- Enhanced Employment Insurance training programs (\$1 billion)
- Strategic Training and Transition Fund (\$500 million)
- Youth employment (\$55 million)
- Targeted Initiative for Older Workers (\$60 million)
- Apprenticeship Completion Grant (\$80 million)
- Foreign credential recognition (\$50 million)
- Aboriginal Skills and Employment Partnerships (\$100 million)
- Aboriginal Skills and Training Strategic Investment Fund (\$75 million)

Employment Insurance Rates

- Freezing Employment Insurance premium rates at \$1.73 for 2010

Strengthening Benefits for Canadians

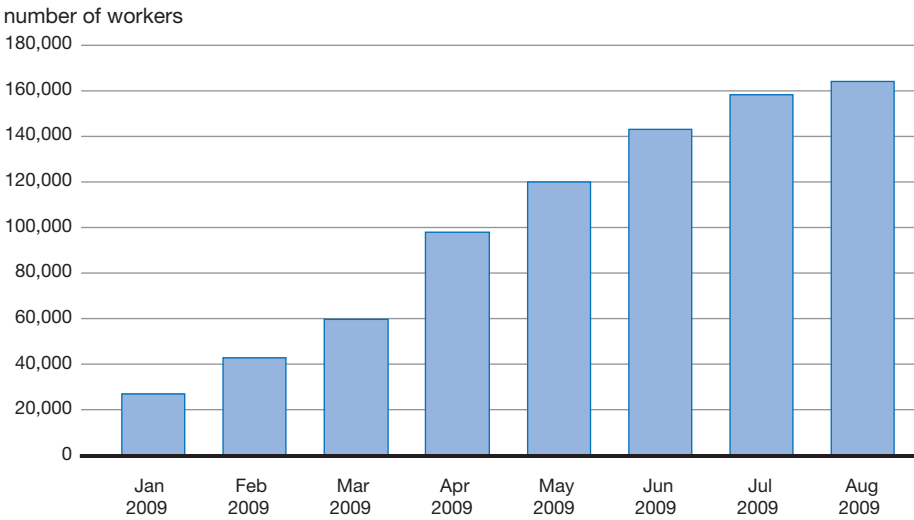
Extra Five Weeks of EI Regular Benefits: Canadian workers are now able to receive up to an extra five weeks of EI regular benefits. As of September, more than 300,000 claimants had benefited from up to five extra weeks of benefits at a cost of \$446 million. An extra five weeks of benefits represents up to an additional \$2,235 in EI benefits for an unemployed worker.

Enhanced Work-Sharing Flexibility: The work-sharing program is helping to preserve jobs that otherwise might have been lost. It provides support to thousands of employees by allowing them to continue working a reduced work week while they receive EI benefits for the days they do not work. It also allows business to keep their skilled workers engaged during the cyclical downturn. Since the Economic Action Plan initiative took effect in February, the number of job-sharing agreements has risen significantly and the number of Canadians participating in the program is up to more than 164,000.



The number of Canadian workers participating in work-sharing has increased more than sixfold since the beginning of the year

Chart 2.8
Canadian Workers Participating in Work-Sharing Agreements



Source: Human Resources and Skills Development Canada.



Canada's Economic Action Plan: Working for Canadians



Enhanced Work-Sharing

Creative Connectors, a 16-person company in Vernon, British Columbia, ran into difficulty when it lost one of its biggest accounts a year and a half ago. Despite its best efforts, Creative Connectors faced the possibility of having to lay off some of its employees. Work-sharing is designed to avoid layoffs by offering Employment Insurance income benefits to qualifying workers willing to work a reduced work week while their employer recovers. Thanks to a work-sharing agreement reached for 11 workers, the company has been able to weather the storm and all 11 employees are still working and sharing the hours available. Work-sharing has enabled Creative Connectors to keep its workforce together.

"We have a pretty stable group of people here, and they don't want to leave any more than we want them to go."

—Lyle Enns, President and CEO, Creative Connectors

Standen's Limited, a 475-person company in Calgary, Alberta, has been in operation since the early 1920s. The company manufactures heat-treated alloy steel products, such as leaf springs, tillage tools, trailer axles and other specialty products used for heavy duty agriculture, transportation and light military vehicle applications. The business has an international market exporting to the United States, South America, Australia, New Zealand and China. Like many companies across Canada, the economic downturn had a negative impact on Standen's business. The company chose to apply for a work-sharing agreement to keep its workforce together.

"By keeping all our staff, we are able to keep our skills base. We focus on training and keeping our people to allow us to serve the customer better. If an order comes in, we can deliver it quickly,"

—John Simpson, Director of Personnel and Human Resources, Standen's Limited.



Support for Long-Tenured Workers: Many Canadians, especially in the manufacturing and forestry industries, who have worked for years, paying into EI but who have claimed very little, are now losing their jobs.

To provide these workers with the support needed to retrain for a new job, possibly in an entirely different industry, the Economic Action Plan launched the Career Transition Assistance initiative. This initiative extends benefits for these workers up to a maximum duration of two years while they participate in longer-term training. In addition, workers who use their severance package to pay for training will have earlier access to EI benefits.

Service Canada has contacted long-tenured workers to notify them of their potential eligibility to participate in the initiative. The majority of these individuals are in hard hit regions such as southwestern Ontario, Montréal or northern Alberta. To date, thousands of Canadians are participating in long-term training programs—with additional intake expected in the fall.

More recently, the Government is taking steps to temporarily provide more weeks of EI regular benefits to long-tenured workers who have worked and paid EI premiums for a significant period of time, while making only limited use of the program. The Government has introduced legislation to extend regular benefits for eligible long-tenured workers by between 5 and 20 weeks, at a projected cost of \$935 million, over the next 2 years.

Wage Earner Protection Program (WEPP): The WEPP's extended benefits took effect on January 27, 2009. Eligible workers are now provided guaranteed and timely payment of wages, severance, and termination and vacation pay owed if their employer becomes bankrupt and does not pay. Since January, over 8,800 WEPP claimants have received more than \$18 million in WEPP payments, including for termination and severance.

Enhancing the Availability of Training

The Government funds a wide range of training benefits and other labour market supports to help Canadians prepare for and find new employment. Canada's Economic Action Plan strengthened these benefits by providing \$1.9 billion over two years for targeted investments aimed at developing a skilled, flexible and knowledgeable workforce. This builds on the \$3.4 billion the Government has already injected into new training measures over the last four years.



Canada's Economic Action Plan: Enhancing the Availability of Training



Strong Record of Support for Training

Before the Economic Action Plan, the Government had already injected more than \$3.4 billion in new funding for training measures. This has provided employees and employers with access to the skills and training they need to find a job, including increasing investments in apprentices, older workers, Aboriginal skills and employment, and training for those individuals who do not qualify for EI. This spending includes:

- \$3 billion over six years for new Labour Market Agreements to address the gap in labour market programming for those who do not currently qualify for training under the EI program.
- \$105 million over five years for the Aboriginal Skills and Employment Partnership initiative to ensure that Aboriginal Canadians receive skills and training that will lead to their increased participation in opportunity-driven economic development projects across Canada.
- \$160 million over five years for the Targeted Initiative for Older Workers to assist unemployed older workers in communities experiencing ongoing high unemployment.
- \$100 million per year for the Apprenticeship Incentive Grant to encourage more young Canadians to pursue apprenticeships, and \$75 million per year for a tax credit to a maximum of \$2,000 per apprentice per year through the Apprenticeship Job Creation Tax Credit to encourage employers to hire apprentices.

Enhanced Training: The Economic Action Plan is providing support to provinces and territories to address their particular priorities such as: supporting transition for workers, creating opportunities for employment, helping communities gain self-reliance, and supporting skills training, including workplace-based training. Agreements to deliver additional training have now been signed with all jurisdictions. These enhancements already provide incremental funding to support training for approximately 44,000 Canadians.

With these investments, there are more training opportunities available to help Canadians develop new skills and return to work through new programs such as: literacy and basic skills upgrading; wage subsidies and earnings supplements; skills enhancement and training; on-the-job training and workplace-based skills upgrading; and employment counselling.



Supporting Youth Employment: Young Canadians have been particularly affected by rising unemployment. The Economic Action Plan committed an additional \$10 million in 2009–10 to the Canada Summer Jobs Program, bringing the total available funding for 2009–10 to over \$100 million and helping employers, particularly in the not-for-profit sector, hire almost 40,000 students for the summer, of which approximately 3,700 are attributable to investments in the Action Plan.

Under the Economic Action Plan, an additional \$10 million was provided in 2009–10 in support of the federal public service student employment program. As of September, 565 more students have been hired via existing federal work programs.

In addition, agreements have been finalized with the YMCA and YWCA to implement the new YMCA and YWCA Grant for Youth Internships, which will support the creation of up to 1,000 internships for Canadian youth in not-for-profit and community services organizations, with a focus on environmental projects. Funding is now flowing to the organizations to support such activities as participant selection and the internships themselves. Participants will develop valuable skills and knowledge that will assist them in integrating effectively into the labour market and/or assist them in making the choice to further their education.

Targeted Initiative for Older Workers (TIOW): Older workers in a large number of affected communities are being provided with additional support through the TIOW. The Economic Action Plan committed an additional \$60 million over three years to the TIOW and expanded the scope to include a greater number of vulnerable cities with populations of less than 250,000. Since June, agreements with 11 provinces and territories have been finalized. To date, 38 projects have been approved, providing over 1,500 older workers in vulnerable communities across the country with access to employment activities such as learning assessments, skills training and help finding a job.

Apprenticeship Completion Grant: Changing demographics mean that the current shortages of skilled labour in certain parts of the country are expected to increase once the economy begins recovering. The Apprenticeship Completion Grant provides an additional incentive for young Canadians to finish their training and launch rewarding careers in the skilled trades by providing a \$2,000 grant to those who complete their apprenticeship in a Red Seal trade. 4,329 grants have already been issued to eligible apprentices in such trades as construction and carpentry.



Aboriginal Skills and Training: The Economic Action Plan also provided support for Aboriginal Canadians by improving opportunities for training and skills development and creating jobs in their communities. All funding for 2009–10 has been committed.

The Aboriginal Skills and Employment Partnership initiative fosters partnerships between provincial and territorial governments, Aboriginal organizations and the private sector to create training and employment opportunities. Ten projects providing skills and training for Aboriginal Canadians have been approved. Work has begun to develop up to 10 additional projects.

The Aboriginal Skills and Training Strategic Investment Fund supports short-term, focused initiatives designed to help Aboriginal Canadians receive the specific training they require to benefit from employment opportunities, including those generated by the Economic Action Plan. The Fund will support over 70 projects that will begin in the fall.

Maintaining Low Employment Insurance Premium Rates

The EI program provides needed support to those who have lost their jobs. During harder economic times, EI pays more benefits to more people, increasing the cost of the program.

As a stimulus measure, the Government has frozen EI premium rates for 2010 at \$1.73, the same rate as 2009, and the lowest rate since 1982. This measure leaves more money in the hands of employers and employees. As the economy recovers, rates will be set by the Canada Employment Insurance Financing Board given their mandate defined in Budget 2008. Rates will only be raised to offset EI expenses over time.



Table 2.5
Helping the Unemployed

	2009–10 Stimulus Value	Authorities in Place	Stimulus Committed
	(millions of dollars)		(millions of dollars)
Strengthening Benefits for Canadian Workers			
An extra five weeks of EI benefits	575	Yes	575
EI—long-tenured workers	250	Yes	250
EI—work-sharing	100	Yes	100
Wage Earner Protection Program	25	Yes	25
Enhancing the Availability of Training			
EI training programs	500	Yes	500
Strategic Training and Transition Fund	250	Yes	250
Canada Summer Jobs Program	10	Yes	10
Federal public service student employment program	10	Yes	10
YMCA-YWCA	15	Yes	15
Targeted Initiative for Older Workers	20	Yes	18
Apprenticeship Completion Grant	40	Yes	40
Foreign Credential Recognition Program	25	Yes	25
Aboriginal Skills and Employment Partnerships	20	Yes	20
Aboriginal Skills and Training Strategic Investment Fund	25	Yes	25
Aboriginal Human Resources Development Strategy	25	Yes	25
Keeping Employment Insurance rates frozen for 2010	818	Yes	818
Total	2,708		2,706

BUILDING INFRASTRUCTURE
TO CREATE JOBS





Highlights

Building Infrastructure

- ✓ Since the release of Canada's Economic Action Plan, the Government has committed more than \$7.6 billion in federal funding towards over 4,700 provincial, territorial and municipal infrastructure projects worth over \$21 billion.
- ✓ This includes commitments of over \$3.2 billion through the \$4-billion Infrastructure Stimulus Fund. To date, more than 2,900 projects across Canada have been announced under the Fund.
- ✓ \$2.5 billion in federal funding has been committed from the Major Infrastructure Component of the Building Canada Fund to 78 priority projects, worth over \$8.5 billion.
- ✓ \$138 million in recreational infrastructure funding has been committed to projects across the country in 2009–10.
- ✓ VIA Rail is beginning construction of segments of a third main line track and other upgrades between Toronto and Montréal, which will improve reliability, reduce trip times and increase the frequency of VIA Rail services.
- ✓ Work on a comprehensive 10-year repair program for the Champlain Bridge in Montréal has begun. The project will create an estimated 2,600 jobs over 10 years.
- ✓ Investments in commercial small craft harbours will involve over 250 projects in over 200 different locations in Canada.
- ✓ The twinning of the Trans-Canada Highway in Banff National Park has begun.



Stimulating Housing Construction

- ✓ The tax relief available through the temporary Home Renovation Tax Credit of up to \$1,350 is providing an immediate incentive for homeowners to invest in their homes and is supporting jobs in the housing industry.
- ✓ Tax relief of up to \$750 through the First-Time Home Buyers' Tax Credit and higher Home Buyers' Plan withdrawal limits will encourage home ownership and further support the housing industry.
- ✓ Agreements have been reached with all of the provinces and territories to deliver \$650 million in federal investment in 2009–10, which will be matched by the provinces and territories, for construction, renovation and retrofits of social housing across Canada. 153 projects have already begun.
- ✓ \$1 billion in low-cost loans is available for municipalities in 2009–10 to undertake housing-related infrastructure projects. 38 loans have already been approved.
- ✓ Through the federally administered renovation and retrofit initiative, investments in close to 650 projects, representing some 20,000 units, are expected in 2009–10.
- ✓ Projects have begun to build and renovate on-reserve social housing in 121 First Nation communities. In addition, federal investments are creating jobs and supporting communities in the North, with 31 projects already started.



Introduction

Investing in infrastructure helps create and preserve jobs. For every dollar invested, the economy receives a boost of \$1.60, generating new economic activity that puts people to work. The Federation of Canadian Municipalities estimates that each \$1 billion invested in new infrastructure creates more than 11,000 jobs. For this reason, Canada’s Economic Action Plan provides up to \$16 billion over two years to modernize a broad range of infrastructure including our roads, bridges, public transit, parks and water treatment facilities, and to support home ownership, help stimulate the housing sector and improve housing across Canada. These investments will create jobs across Canada and will contribute to higher productivity and a better quality of life for Canadians as we emerge from the economic downturn.

Table 2.6
Building Infrastructure to Create Jobs

	2008–09	2009–10	2010–11	Total
	(millions of dollars)			
Building Infrastructure				
Investments in provincial, territorial and municipal infrastructure		2,980	2,961	5,941
Investments in First Nations infrastructure		260	255	515
Investments in federal infrastructure projects		475	254	729
Subtotal—Building infrastructure		3,715	3,470	7,185
Stimulating Housing Construction				
Support for home ownership and the housing industry	530	2,840	345	3,715
Investments in social housing for Canadians		1,025	1,050	2,075
Subtotal—Stimulating Housing Construction	530	3,865	1,395	5,790
Total—Building Infrastructure to Create Jobs	530	7,580	4,865	12,975
Total stimulus value		9,589	6,412	16,001
With provincial contributions		13,421	10,290	23,711

Notes: Totals may not add due to rounding. The stimulus value reflects projected cash expenditures. The budgetary impact may be somewhat smaller because some of these expenditures relate to construction and renovation costs of federal assets (for which only depreciation is recorded on a budgetary basis) and loans to third parties (where there is a budgetary impact only in the event that there is a risk of loss).



Building Infrastructure

Investments in Provincial, Territorial and Municipal Infrastructure

The Government of Canada has joined forces with provincial, territorial and municipal governments across the country. Together, governments are driving a national effort to stimulate the economy by investing in Canada's public infrastructure. This is a key component of Canada's Economic Action Plan.

The Government's contribution to this effort is significant. In January, the Action Plan allocated \$6.4 billion in new funding over two years to provincial, territorial and municipal infrastructure. While some of this new funding is being provided through top-ups to or advances on existing Building Canada funds, much of it is being used to launch new funds such as the Infrastructure Stimulus Fund, the Green Infrastructure Fund and Recreational Infrastructure Canada. An additional \$2 billion has been provided for repair and construction of facilities at universities and colleges across Canada.

As well, the Government has identified priority projects and fast-tracked billions of dollars in existing funding under the seven-year (2007–2014) Building Canada plan.

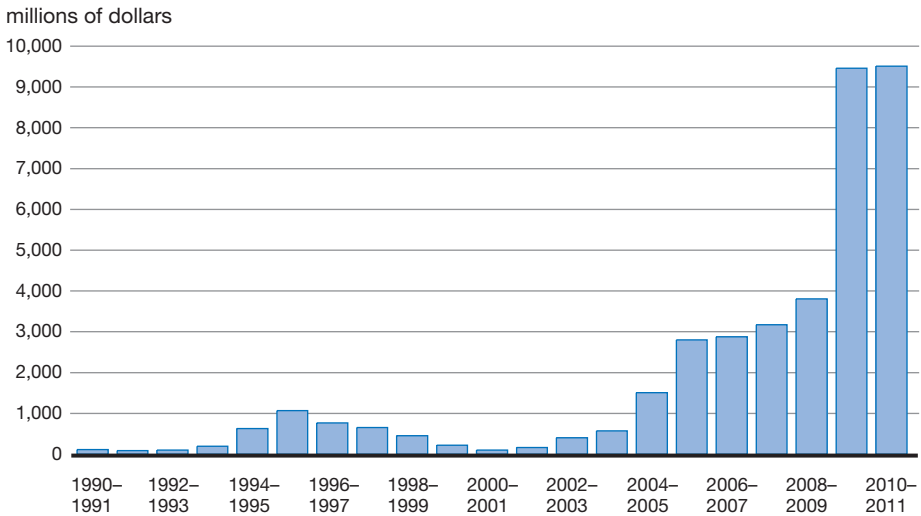
The Government is now rolling out this unprecedented investment in infrastructure in record time. Since the release of Canada's Economic Action Plan, the Government has committed more than \$7.6 billion towards more than 4,700 provincial, territorial and municipal infrastructure projects. When combined with contributions from other orders of government and other funding partners, this results in a total commitment of over \$21 billion for projects in communities across the country.

Work has already begun or been completed on close to 1,800 projects. These projects have a total value of approximately \$6 billion, and are creating jobs in every province and territory.



New infrastructure investments build on a solid foundation of existing support

Chart 2.9
Federal Support for Provincial, Territorial and Municipal Infrastructure



In Budget 2007, the Government announced the historic seven-year \$33-billion Building Canada plan.

Under Canada's Economic Action Plan, the Government is accelerating and expanding this historic investment in infrastructure and taking action to cut red tape and streamline the approval of infrastructure projects.

As a result of these investments, the amount of federal funding available to provinces, territories and municipalities for infrastructure projects will rise to more than \$18 billion over 2009-10 and 2010-11, almost three times what was available over the previous two years.



Budget 2009 Priority Identified Projects

Canada's Economic Action Plan announced support for a number of specific priority projects that would be expedited over the next two years. Since the release of the Action Plan, important progress has been made on these projects. For example:

- The Summerside Wind Energy Project in Prince Edward Island, the Fundy Trail Parkway in New Brunswick, Telus World of Science in Calgary, Alberta, and the Yellowknife bypass in the Northwest Territories have all started construction.
- The Government has also green-lighted federal funding for important transit improvements, such as the revitalization of Union Station in Toronto and the construction of the Evergreen rapid transit line in Metro Vancouver.

Accelerating Existing Provincial, Territorial and Municipal Infrastructure Initiatives Under Building Canada

Through its infrastructure initiatives, the Government of Canada provides funding to provinces, territories and municipalities to help finance their infrastructure projects. These other orders of government are ultimately responsible for building these projects. The federal role in project management in this respect is largely restricted to making contributions to the capital construction of the projects.

To support jobs now, the Government has accelerated and topped up existing Building Canada initiatives. Since the release of Canada's Economic Action Plan in January, we have:

- Streamlined federal approval processes for infrastructure projects so that provinces, territories and municipalities can start construction sooner.
- Announced funding for 78 priority projects that are worth over \$8.5 billion. These strategic projects will receive \$2.5 billion in federal funding from the Major Infrastructure Component of the Building Canada Fund.
- Committed \$1.1 billion in federal funding towards close to 1,100 projects in communities with populations of less than 100,000. This funding is coming from the Communities Component of the Building Canada Fund. Originally a seven-year program, this fund has been accelerated and is now fully committed in 8 of 10 provinces. Including contributions from provinces and municipalities, this federal spending will leverage a total investment of more than \$3.4 billion. Over 600 of these projects have begun.



- Transferred \$484 million to provinces and territories through the Provincial/Territorial Base Funding Initiative. In addition, most jurisdictions have indicated an interest in accepting the federal government's offer to accelerate some or all of their seven-year funding under the Economic Action Plan. Four jurisdictions have chosen not to accelerate Provincial/Territorial Base Funding at this time. Accordingly, the Government is adjusting its estimates of funds to be made available to jurisdictions for this initiative and reducing corresponding stimulus values in 2009–10 and 2010–11.

In the coming months, the Government will continue to build on this successful partnership by continuing to work with provinces, territories and municipalities to get more projects started.

Canada's Economic Action Plan: Working for Canadians



Accelerating Large Strategic Projects

Highway 8 (Ontario): This will be the final phase of improvements to Highway 8 between Highway 7/8 (Conestoga Parkway) and Highway 401, outside of Kitchener. The last phase will cover a six-kilometre stretch of Highway 8 and will include the addition of new lanes, twinning of the bridge over the Grand River, highway resurfacing and the construction of bus bypass shoulders on northbound and southbound lanes from Grand River to Sportsworld Drive. The Government of Canada is providing \$35 million for this \$70-million project. The Province of Ontario estimates that this will create or sustain up to 570 direct and indirect jobs.

Edmonton Ring Road: Construction on an interchange at Anthony Henday Drive SW (ring road) and Stony Plain Road in Edmonton began in April of this year. This interchange will allow the free flow of traffic in all directions and will include seven bridges. It will relieve considerable congestion and improve safety. Construction on Anthony Henday Drive will extend from Whitemud Drive to south of Yellowhead Trail in west Edmonton. This is one of several interchanges that the Government of Canada is contributing \$100 million towards as part of Edmonton's ring road system. The Province of Alberta estimates that the overall project will create over 1,900 jobs.

Summerside Wind Farm: \$4.5 million in funding is being provided for Phase Two of the wind energy project that will see the purchase and installation of two wind turbines at the North St. Eleanor's site. Combined with Phase One, the wind farm has the potential to meet more than 25 per cent of the energy needs of the community of Summerside. This project began in June 2009.



New Provincial, Territorial and Municipal Infrastructure Initiatives

Canada's Economic Action Plan also introduced a number of new funding initiatives to further bolster provincial, territorial and municipal infrastructure and to provide immediate economic stimulus.

Infrastructure Stimulus Fund: The largest new initiative is the \$4-billion Infrastructure Stimulus Fund, which specifically targets infrastructure projects that are construction-ready and would not have otherwise been built in the next two years without funding from the federal government. The Fund is a national partnership, leveraging investments from federal, provincial, territorial, municipal and other partners to stimulate economic activity and create jobs in the short term, while also improving Canada's infrastructure for the long term.

The Government has worked with its partners to identify shovel-ready projects and get funds flowing. To date, over \$3.2 billion out of the total \$4 billion in federal funding available under the Infrastructure Stimulus Fund has been committed. The remaining federal funding will be available for projects until March 31, 2011. Across Canada, more than 2,900 projects with a total value of \$7.4 billion (taking into account contributions from provinces, territories, municipalities and other partners) have been announced. Examples, based on reports provided by provinces and territories to date, include:

- British Columbia:
 - The upgrade of Highway 77 near Deasum Creek, which will receive \$2.7 million in federal funding. This \$5.4-million project will allow the highway to better withstand heavy industrial traffic.
 - The replacement of the existing two-lane “blue bridge” that crosses the Capilano River on Marine Drive in the westbound direction with a modern, three-lane bridge. This \$36-million project in North/West Vancouver is receiving \$18 million in federal funding. The new bridge will reduce congestion between the Lions Gate Bridge and Taylor Way, and support transit priority initiatives on Marine Drive.
 - The four-laning of a one-kilometre section of Highway 97 (Cariboo Connector) south of 100 Mile House. The federal government is contributing \$1.25 million towards this \$2.5-million project.
- Alberta:
 - \$0.95 million for a face-lift and expansion of the Galloway Station Museum in the Town of Edson, a \$2.9-million project.



- Nearly \$1 million to rehabilitate and upgrade the lagoon, lift station and force main in the Town of Mayerthorpe in order to address health concerns of local residents. This project will cost \$2.9 million.
- Saskatchewan:
 - The repaving of Highway 40 between Wilbert and the Alberta border. This \$13-million project will receive \$6.5 million in federal funding.
 - Upgrades to sewage treatment infrastructure in Vanscoy that will increase the number of households and businesses with connections to sanitary sewer systems. This \$1.5-million project will receive \$0.5 million in federal funding.
- Manitoba:
 - The reconstruction of the Trans-Canada Highway east of Winnipeg, which is going ahead thanks to \$30 million in federal funding. The total project costs are \$60 million.
 - The construction of a new building for the United Way in downtown Winnipeg, a \$10-million project. The federal contribution to this project totals \$3.3 million.
- Ontario:
 - A four-kilometre extension of the Southwest Transitway in Ottawa, which will significantly improve transit service reliability and efficiency. This \$52.6-million project is receiving \$17.5 million in federal funding.
 - The resurfacing of Dixie Road in Mississauga at a total cost of \$6.7 million. The federal government is contributing \$2.2 million towards this project.
 - The \$11.5-million rehabilitation of Paris Street in Sudbury, a major north-south route in the city. This project is receiving \$3.8 million in federal funding.
- Quebec:
 - \$350 million for the repair and replacement of water and wastewater pipes. Projects have already been announced in a number of communities, including Chambly, Mont-Saint-Hilaire, Notre-Dame-des-Prairies and Beloeil.
 - \$4.5 million to rehabilitate and expand Pier 30 at the Port of Sept-Îles. This \$9-million project will result in an increase of business activity, a longer wharf life span, and a higher docking capacity for Wabush Mines and future marine operators.
 - \$6 million for the construction of a 700-seat performing arts centre and a museum gallery in Saint-Georges.



- New Brunswick:
 - Upgrades to the New Brunswick Southern Railway totalling \$36.1 million. This project will receive \$9 million in federal funding and allow the railway to accommodate heavier rail cars.
 - Investments of \$5.7 million in water infrastructure in Saint John to ensure a safe and reliable water supply. The federal contribution is \$1.9 million.
 - \$61.2 million in improvements to the facilities at the Port of Belledune. This will increase the amount of port traffic and provide economic benefits to northern New Brunswick. The federal government is contributing \$26.4 million toward this project.
- Nova Scotia:
 - The repaving of Route 245 near Antigonish. This \$2.2-million project is receiving \$1.1 million in federal funding.
 - The repaving of Truro Heights Road in Truro at a cost of \$1 million. The federal contribution toward this project is \$0.5 million.
- Prince Edward Island:
 - Phase 1 of the Charlottetown Perimeter Highway, which is moving forward thanks to \$3.8 million in federal funding. The \$7.5-million project will increase the capacity of the highway by increasing the number of lanes, creating additional turning lanes and realigning on/off ramps as required.
 - \$3 million in storm sewer upgrades in Summerside. This project is receiving \$1 million from the Government of Canada.
- Newfoundland and Labrador:
 - The construction of the Petty Harbour Long Pond water treatment plant in St. John's, which will augment the supply of drinking water. This \$37-million project is receiving \$12.3 million in federal funding.
 - Improvements to the Bay Bulls Big Pond water treatment plant in St. John's that will enhance the quality of drinking water. Total project costs are \$35 million including \$11.7 million in federal funding.
 - The reconstruction of sections of eight streets in Labrador City, which is receiving a total of \$1.2 million in federal funding.



- The territories:
 - \$200,000 in upgrades to Freegold Road in the Yukon, which will benefit placer miners and the general public. This project will receive \$100,000 in federal funding.
 - \$525,000 in renovations to a water treatment plant in the Village of Fort Simpson in the Northwest Territories. The federal government is contributing \$262,500 toward this project.
 - \$2.25 million in repairs to the Arctic Winter Games Arena in Iqaluit. \$0.75 million in federal funding is flowing to this project.

Canada's Economic Action Plan: Working for Canadians



Stimulus Projects

St. John's Bay Bulls Big Pond Water Treatment Plant (St. John's, Newfoundland and Labrador): The federal government is providing over \$11 million for this \$35-million project that will see the construction of a new building to house dissolved air flotation process equipment. This will allow pre-treatment of raw water prior to treatment at the existing plant to improve plant efficiency and capacity.

Port of Belledune Terminal Expansion (Belledune, New Brunswick): The port is receiving over \$26 million for this \$61.2-million project that will see the construction of an 18-hectare cargo storage area, a roll-on-roll-off barge terminal and the refurbishment of Terminal 1. These improvements to the port will enhance its operating and competitive capacities. The port expects to create 200 direct jobs during the construction project.

Véloroute des Bleuets (Lac-Saint-Jean, Quebec): Over \$1.6 million in federal funding has enabled construction to start on bicycle paths around Lac-Saint-Jean. The Véloroute des Bleuets is an important part of tourism in the Lac-Saint-Jean area.

Realignment of the Intersection of Rue de l'Église and Rue des Pins (Dubreuilville, Ontario): The intersection of Rue de l'Église and Rue des Pins will be reconstructed to increase the safety of the Dubreuilville road network. The cost of the project is \$255,000, to which the Government of Canada is providing \$85,000.



Canada's Economic Action Plan: Working for Canadians



Stimulus Projects *(cont'd)*

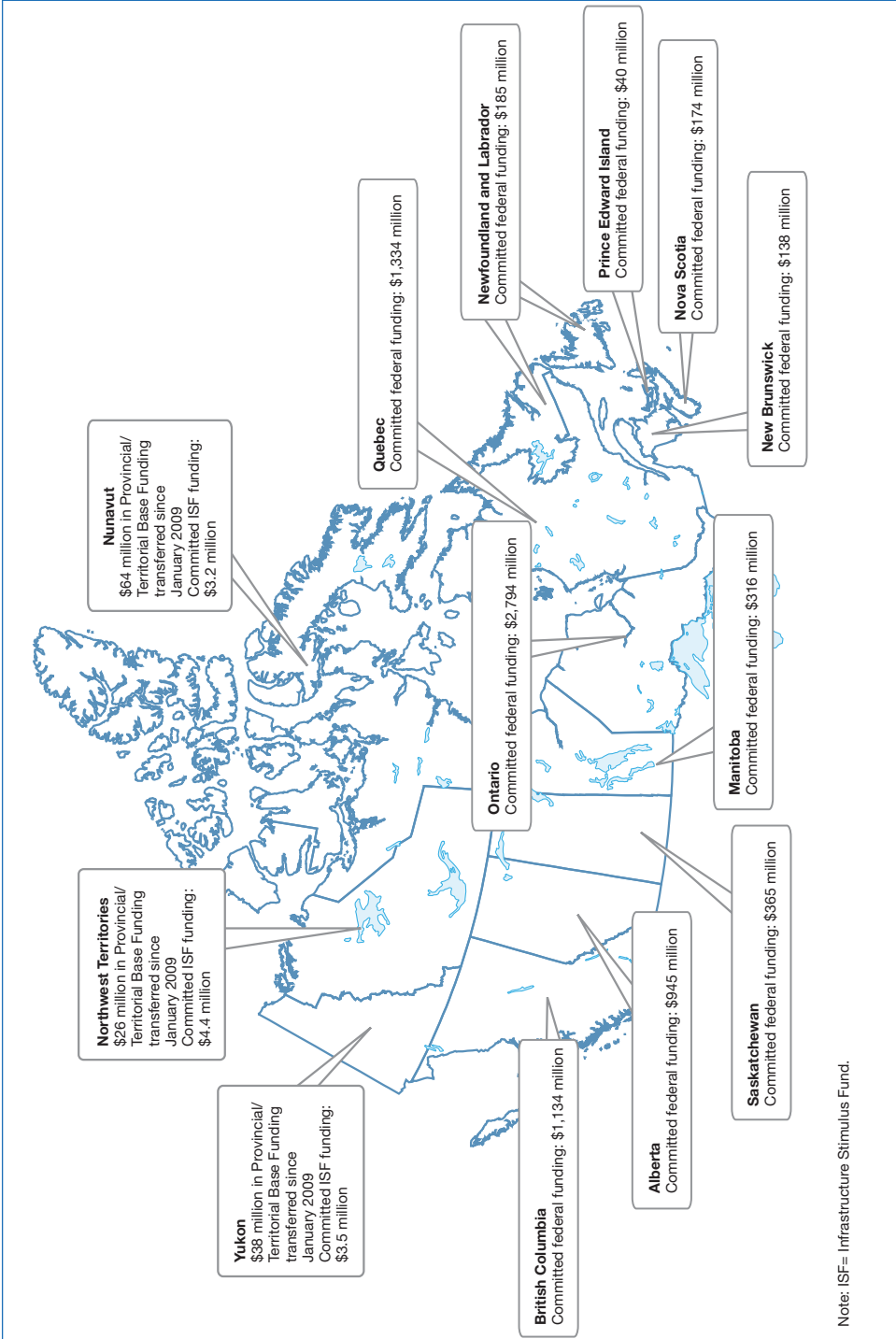
United Way Headquarters (Winnipeg, Manitoba): Over \$3.3 million in federal funding is being provided for the construction of a new three-storey building for United Way's Winnipeg operation in the downtown area on Main Street at the Disraeli Freeway. The United Way estimates that 6,000 days of employment are being generated by this project.

Marine Drive Transit/Capilano Bridge Project (British Columbia): This \$36-million project replaces the existing two-lane "blue bridge" that crosses the Capilano River on Marine Drive in the westbound direction with a modern, three-lane bridge. Transit queue jump lanes will be built on Marine Drive to give priority to buses travelling to the Lions Gate Bridge. TransLink, the District of West Vancouver and the District of North Vancouver will extend the transit-only lanes east of Capilano Road and west of Taylor Way. The Province of British Columbia estimates that the project will create more than 500 jobs during construction.

Arctic Winter Games Arena (Iqaluit, Nunavut): This project will render the Arctic Winter Games Arena that was built in 2001–2002 fully operational again. Once work is completed, the arena will provide for recreational and physical activity in the community and facilitate the growth of many recreational programs. The Government of Canada is providing over \$748,000 toward a total project cost of \$2.25 million, which will create 25 jobs during construction.



Infrastructure: Funding Commitments Across Canada





Green Infrastructure Fund: Through the Green Infrastructure Fund, the Government is investing \$1 billion over the next five years in green priorities such as green energy generation and transmission infrastructure, new and upgraded wastewater treatment systems, and better solid waste management. The Fund is focusing on a few large-scale strategic infrastructure projects. The first project to receive funding, upgrades to the Mayo B hydro generation facility and completion of the Carmacks-Stewart transmission line in the Yukon, has begun.

“The Mayo B facility is a perfect example of how Canada is well positioned to be a clean energy superpower for decades to come. By investing in upgrades to this hydro plant today, we are creating jobs, protecting the environment and ensuring a more reliable supply of electricity for families and businesses in Canada’s North.”

—The Right Honourable Stephen Harper,
Prime Minister of Canada, August 21, 2009

In addition, the Government recently announced a contribution of up to \$130 million towards a second project, the construction of the Northwest Transmission Line in northern British Columbia. 20 per cent of this five-year funding is committed and over \$120 million of federal funding for green projects is under final review.

National Recreational Trails: As part of the Economic Action Plan, the Government is providing a total of \$25 million to the National Trails Coalition to help build, upgrade and renew recreational trails for a number of non-motorized and motorized uses, including hiking, walking, cycling, equestrian, cross-country skiing, all-terrain vehicles, off-road motorcycles and snowmobiles. The coalition called for applications and, on July 30th, announced that it had selected the more than 500 trail projects that will receive federal funding. All of these projects will be completed by March 2010.

Recreational Infrastructure Canada: Hockey arenas, soccer fields, tennis courts and swimming pools provide Canadians and their families with the benefits of physical activity and community-based experience. Many of these facilities were built in 1967 to mark Canada’s Centennial year and are in need of renewal. Upgrading existing community recreational facilities and constructing new ones will provide much-needed economic stimulus, while



providing Canadians in all regions with better facilities in which to play, relax and build community life. This is why the Economic Action Plan provides \$500 million over two years to create the Recreational Infrastructure Canada program, supporting the construction of new facilities and upgrades to existing ones across the country.

To date, nearly \$138 million of the \$250 million in 2009–10 funding for Recreational Infrastructure Canada has been committed to projects across the country.

Canada's Economic Action Plan: Working for Canadians



Examples of Recreational Infrastructure Canada (RIInC) Projects

Calgary—Calgary Perimeter Greenway Project

A commitment of \$1 million has been made to Parks Foundation Calgary to undertake the \$3-million first phase of the extensive, multi-phase Calgary Perimeter Greenway Project. The project will create 120 kilometres of accessible pathways, following Calgary's Ring Road (Stoney Trail). The first phase, the East Calgary Greenway Project, consists of 10 kilometres of pathways, in addition to the creation of new open spaces, wetlands, benches and signage, and will create approximately the equivalent of 30 jobs for general labourers, landscapers and construction and paving workers.

Windsor—Nature Centre

A new \$1.5-million nature centre will be built at the Ojibway Prairie Complex in Windsor as a result of a \$500,000 contribution from RIInC. This project will create the equivalent of 10 jobs. The Ojibway Nature Centre will be rebuilt to better accommodate large groups and schools, allowing more visitors to enjoy one of Ontario's largest and most important prairie-savanna sites.

Hamilton—YMCA

The federal government has committed \$588,333 towards a \$1.765-million expansion of the Flamborough Family YMCA Health and Wellness Centre, and Youth Centre in Hamilton. This funding will allow the YMCA to expand innovative community-based programs, provide a safe and friendly environment for youth, and assist more children and families to adopt healthier lifestyles.



Canada's Economic Action Plan: Working for Canadians



Examples of Recreational Infrastructure Canada (RInC) Projects *(cont'd)*

Laval – Val-des-Arbres Sports Centre

The Government of Canada, in partnership with the Complexe Multi-Sports de Laval Inc., the City of Laval and the Province of Quebec, has committed \$550,000 to renovate the Val-des-Arbres sports centre. This \$2.2-million project will allow the centre to hold high-calibre events and will create 18 jobs.

Stellarton, Nova Scotia – Track and Field Facility

The Pictou County Recreation and Athletic Society has received \$998,000 in RInC funding to build a high-calibre track and field facility. The total project cost of this facility in Stellarton, Nova Scotia is \$2.8 million. The project will provide 10 long-term positions once completed. The new facility will provide an excellent venue for young athletes to train and compete, as well as provide a facility for everyone in the region to increase physical activity and host local, provincial and federal track and field events.

Public-Private Partnerships (P3s): P3s have demonstrated that they can help governments build better infrastructure projects, on time, on budget and with better value for taxpayers. The Government created PPP Canada (P3C), a new Crown corporation, to help develop the market in Canada for acquiring public infrastructure through P3s, in part through managing a \$1.25-billion fund.

P3C has now formally called on provincial and territorial governments to submit eligible P3 projects, including those involving municipal infrastructure, to be considered under the P3 Fund. P3C is also working with Indian and Northern Affairs Canada and certain First Nations to identify P3 infrastructure projects for early funding. This first call for projects formalizes an ongoing dialogue with these governments. Projects will be reviewed expeditiously and funding decisions will be announced in due course. Additional information on this process can be found at www.p3canada.ca.



First Nations Infrastructure

The Economic Action Plan provides \$515 million over two years, including \$260 million in 2009–10, to support construction and renovation of schools, water and wastewater projects and critical community infrastructure, such as health and police facilities in First Nation communities. These infrastructure projects mean new classrooms for students of all ages and needed education facilities such as upgraded libraries and resource centres, science and computer rooms, auditoriums, soccer fields, tracks, landscaping and play facilities, as well as improved access to safe drinking water and quality health care facilities for First Nation communities. These investments support better social and health outcomes for Aboriginal Canadians while sparking job creation on reserve and in remote and rural communities.

Of the funding for infrastructure in First Nations, 97 per cent has been committed for 2009–10, and projects have begun in the following priority areas:

First Nations Schools: 13 school projects for First Nation communities have been announced. Work has begun on four projects. Two additional projects have gone to tender and 6 are expected to go to tender by early 2010, with a total of 10 projects under construction by March 2010.

Safe Water Systems: 18 water and wastewater projects in First Nation communities have been announced. Work on seven projects has already begun. An additional project has gone to tender and 7 are expected to go to tender by early 2010, with a total of 15 projects under construction by March 2010.

First Nations Health Services Infrastructure: Work on seven projects to build health facilities and nurses' residences in First Nations has already begun. Numerous renovation projects are also advancing to improve existing First Nations health infrastructure. Nine additional projects have gone to tender and additional projects are expected to go to tender and begin construction by March 2010.



Canada's Economic Action Plan: Working for Canadians



Through Canada's Economic Action Plan, the Government Is:

Funding A New School for the Birch Narrows First Nation

The Birch Narrows First Nation was awarded a contract to build a new school with funding committed in the Economic Action Plan. The Birch Narrows First Nation is located about 490 kilometres northwest of Prince Albert, Saskatchewan.

This \$25-million project allows the Birch Narrows First Nation to build a new Kindergarten to Grade 12 facility. Site preparation and foundation work are complete, masonry and floor installation work have already begun, and mechanical and electrical work have been initiated. Construction is expected to be completed by March 2011.

The Government of Saskatchewan will cover approximately 17 per cent of the total project cost, while the First Nation has committed \$400,000. The new school is considered a priority for the Birch Narrows First Nation, as well as the Northern Lights School Division.

This investment will assist many Aboriginal and non-Aboriginal businesses, provide local employment opportunities and increase the number of Aboriginal Canadians with skilled trades.

The new school will accommodate 340 students, contributing to a stronger and more productive educational experience for First Nations children, and enriching the lives of their families and their community.



Canada's Economic Action Plan: Working for Canadians



Through Canada's Economic Action Plan, the Government Is: *(cont'd)*

Investing in Critical First Nations Health Infrastructure

A new nursing residence is being built in York Landing, Manitoba, a remote community located about 100 kilometres northeast of Thompson. The project is valued at \$2.9 million with a planned completion in the spring of 2010. The residence will assist in dealing with nurse recruitment and retention issues and will complement a new nursing station that will be completed in early fall 2009.

An expansion is planned for the existing health centre in the Swan River First Nation in Alberta. The project is valued at \$1.34 million, with over \$1 million funded through Canada's Economic Action Plan. Construction is expected to be completed by January 2010.

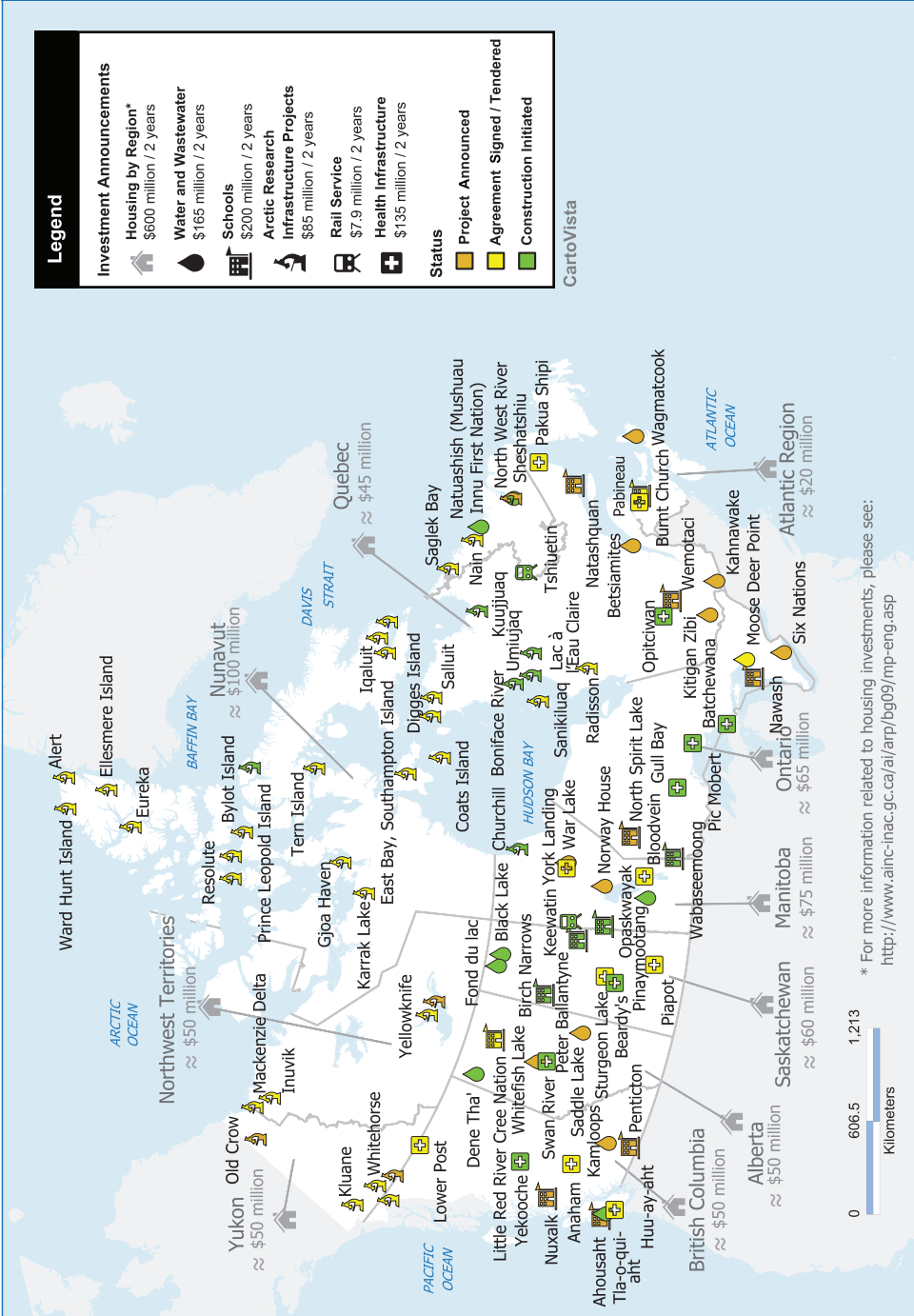
A new health centre is under construction in the Pic Mobert First Nation in northern Ontario to replace the existing one built in 1985. Construction began in the summer of 2009, with a planned completion in March 2010. The project is valued at \$2.13 million.

The construction of a health centre or a nursing station generally creates approximately 15 jobs, depending on the size of the facility and the location of the project.

First Nations Policing Infrastructure: Eight projects to remediate critical policing infrastructure in First Nation communities have been negotiated with provinces and First Nations. Discussions with provinces and First Nations continue to identify additional projects.



Aboriginal and Northern Investment Announcements





Funding to Upgrade and Modernize Federal Infrastructure

Canada's Economic Action Plan is also supporting jobs by making investments in federal infrastructure that will provide tangible benefits to Canadians through faster and more reliable passenger rail services, safer bridges and highways, refurbished harbours for small craft and more efficient border crossings.

Federal infrastructure spending is now 89 per cent committed, creating jobs across the country. The investments in federal infrastructure include:

VIA Rail: The Economic Action Plan provides funding for the construction of segments of a third main line track and other upgrades between Toronto and Montréal, which will improve reliability, reduce trip times and increase the frequency of VIA Rail services. An agreement has been reached with Canadian National Railway, which to date has assigned more than 100 people to this project, including many new hires. Environmental reviews have been completed and permits are being received from Fisheries and Oceans Canada and Transport Canada. Construction will begin in early fall 2009.

Canada's Economic Action Plan: Working for Canadians



VIA Rail: Jobs Created

- The \$30 million of stimulus funding to overhaul the LRC (Light, Rapid, Comfortable) cars will generate 357 person-years of total employment (direct and indirect) in 2009, 2010 and 2011. The supplier has assigned 64 employees to this project, of which 26 are new hires, and is currently recruiting for an additional 75 new hires.
- Canadian National Railway (CN) has hired 83 people (now in training) for the Montréal-Toronto third main line track project. To date, 107 CN employees have been assigned to the project.
- VIA has hired 30 people to work on locomotive and head-end power equipment overhauls. At full production, 59 people will be assigned to this project.
- To date, VIA has hired approximately 15 full-time-equivalent staff to work on information technology projects.



Federal Bridges: The Economic Action Plan includes a comprehensive 10-year repair program for the Champlain Bridge in Montréal to ensure that the bridge remains safe. The main contract for the 2009 construction season has been awarded and work began in April. All of the work planned for the 2009 construction season is expected to be completed on schedule. It is estimated that the project will create 2,600 person-years of employment over its 10-year timeframe. Contribution agreements for both the Blue Water Bridge in Sarnia and the Peace Bridge in Fort Erie have been signed. Project work has begun in both locations.

Work has begun on the Alexandra Bridge in the National Capital Region, creating approximately 50 jobs. The contract for the Burlington Lift Bridge in Burlington, Ontario was awarded in early September with construction expected to begin in January 2010, while construction for the LaSalle Causeway in Kingston, Ontario is expected to begin in November. Contracts for work on the Chaudière Bridge in the National Capital Region will be awarded in October.

Federal Buildings: The Economic Action Plan committed significant funds to repair and renovate the federal government's building portfolio. Of the 2009–10 funding, 87 per cent has already been committed. Work has started on 1,150 repair and renovation projects and 140 of these projects are greater than 30 per cent completed. Projects address a range of needed repairs to these assets including:

- Interior and exterior, including electrical upgrades and window replacements.
- Ventilation and air-conditioning systems.
- Roof work.

In addition, funding was provided to enhance the accessibility of Crown-owned buildings for persons with disabilities. Contracts have been issued for \$12.5 million of the \$20-million budget for 2009–10 and over 100 accessibility projects have begun. This represents 86 per cent of the current project list. Priority continues to be given to Service Canada facilities. Projects include:

- Tactile signage.
- Power door openers.
- Voice identification in elevators.
- Interior and exterior ramps and primary access doors.



These projects are contracted through Public Works and Government Services Canada's private sector building management service provider, which engages more than 5,200 small and medium-sized enterprises from coast to coast.

The Economic Action Plan also provided \$2 million over the next two years for the development of a comprehensive plan to secure the future of the historic Manège Militaire in Québec City. Public consultations were conducted and a consulting firm was selected in August to conduct a preliminary feasibility and profitability study. The recommendations from this study are expected to be received in October 2009.

Twinning of the Trans-Canada Highway in Banff National Park:

Parks Canada's completion of the twinning of the Trans-Canada Highway within Banff National Park will improve safety, enhance visitor access to Canada's block of mountain national parks, and reduce the potential for collisions with wildlife on this busy stretch of highway. The existing highway will be expanded from two lanes to four from the Lake Louise area to the Alberta/British Columbia border. Forecast job creation is over 1,600 person-years over the life of the project. The project has two components.

The first phase consists of the twinning from Lake Louise Village to the Icefields Parkway Interchange, including redeveloping the interchange, constructing a wildlife overpass and repaving a portion of the existing Trans-Canada Highway. Site preparation and the tendering process have both begun, and construction of the wildlife overpass is 70-per-cent complete. In the fall of 2009, fencing and the wildlife overpass structure will be completed as well as paving in the vicinity of Lake Louise Village. The interchange design/build tender closed and there were 10 bids. A second request for detailed tender bids was issued in May and closed August 19, 2009.



The second phase continues the twinning to the border with British Columbia, including rehabilitation of existing bridge structures. For this phase soils investigations are complete; an aggregate crushing contract has been awarded and work has begun. A design/build request was tendered and closed in September 2009 for roadway and structures west of the Icefields Parkway Interchange. Construction is planned for the spring of 2010.

Small Craft Harbours: The Economic Action Plan provides \$200 million over two years under the Small Craft Harbours Accelerated Infrastructure Program to accelerate repair work and maintenance of Canada's core commercial fishing harbours and an additional \$17 million to accelerate the construction of a small craft harbour in Pangnirtung, Nunavut. These investments will help ensure that the commercial fishing industry has access over the long term to safe and functional harbours while creating jobs. These investments will involve over 250 individual projects at over 200 different locations throughout Canada.

In 2009–10, \$82.3 million will be spent on contracts for repair, maintenance and dredging work at existing harbours, and \$7 million will be used to advance the construction of the Pangnirtung harbour, Nunavut's first small craft harbour. Significant progress has been achieved, with 217 projects representing \$79 million of the 2009–10 planned expenditures having begun or been completed.



Canada's Economic Action Plan: Working for Canadians



Accelerated Repair and Maintenance of Core Commercial Small Craft Harbours

- Work has begun in Shippagan, New Brunswick. This \$4.8-million project involves reconstructing and widening the stem of the east wharf, repairing the adjoining wharves and installing a new concrete deck on all wharves. Construction is expected to be completed by winter.
- A construction contract is now in place to perform wharf repairs in Miminegash, Prince Edward Island, which will involve demolishing and replacing existing pile structures. This \$1.5-million project will improve conditions and overall safety.
- Work continues in Pictou Landing, Nova Scotia for the construction of a 45-metre-long marginal pilework wharf and a 145-metre finger wharf, as well as floating docks and electrical services. This \$2.9-million investment is part of a larger development to provide a centralized and integrated harbour in the Pictou area and will create 10 jobs over a 12-month period.
- Work has begun on the construction of a wharf in Goose Cove, Newfoundland and Labrador, along with upgrading of the upland service area. This \$1.25-million project will provide additional berthage and improve the functionality of the service area to better meet the needs of harbour users.
- Some on-site construction work on Phase One of a small craft harbour in Pangnirtung, Nunavut is expected to begin this fall including partial dredging of the inner basin, construction of a marshalling area and installation of some floating wharves. To date, contracts worth more than \$1.1 million have been awarded for the purchase of floating wharves and to undertake geotechnical studies. Preparation for construction has begun, and construction will be completed by the summer of 2010.

Federal Contaminated Sites: The Government is accelerating work to assess and remediate federal contaminated sites, with nearly all of the \$92 million in 2009-10 funding committed. This work will create jobs and economic activity in communities across Canada over the next two years, while contributing new green spaces, cleaner bodies of water and soils and enabling long-term development. Departments have selected 127 projects for accelerated remediation and will conduct 1,279 site assessments this year.



For example, the Fort Nelson Airport in British Columbia will receive funding to remediate contaminated soil through an on-site treatment facility. Airport lands will be available for development once remediation is completed.

Stimulating Housing Construction

In recent years, Canada's housing industry has become a key contributor to economic growth by fuelling demand for tradespeople, building materials and other goods and services.

To stimulate our construction industry and protect and create jobs, the Government is providing significant support for home ownership and renovations. It is also making investments to renew Canada's social housing and improve municipal housing-related infrastructure.

Supporting Home Ownership and Jobs in Housing Construction

The housing industry is an important source of economic activity and job creation in Canada, as it promotes demand for building materials and other goods and services. For many Canadians, their homes are the most important investment of their lives.

To provide needed stimulus in these challenging economic times, Canada's Economic Action Plan delivers powerful incentives for Canadians to invest in their homes, thereby supporting employment in the construction industry.

Canadians undertaking eligible renovations to their homes before February 2010 will receive up to \$1,350 in tax relief from the temporary Home Renovation Tax Credit. It is estimated that about 4.6 million families in Canada will take advantage of the credit, and, by doing so, will support jobs in the housing industry.

Canada's Economic Action Plan also provides tax support to encourage home ownership. First-time home buyers will benefit from greater access to their Registered Retirement Savings Plan savings to purchase or build a home as well as up to \$750 in tax relief from the First-Time Home Buyers' Tax Credit.



The Home Renovation Tax Credit and First-Time Home Buyers' Tax Credit, as well as the new Home Buyers' Plan withdrawal limits, are being administered by the Canada Revenue Agency, and Canadians are already taking advantage of them. Detailed information on eligibility conditions and how to claim these credits is available on the Canada Revenue Agency's website (www.cra-arc.gc.ca).

Canada's Economic Action Plan: Working for Canadians



Support for Home Ownership and Renovation

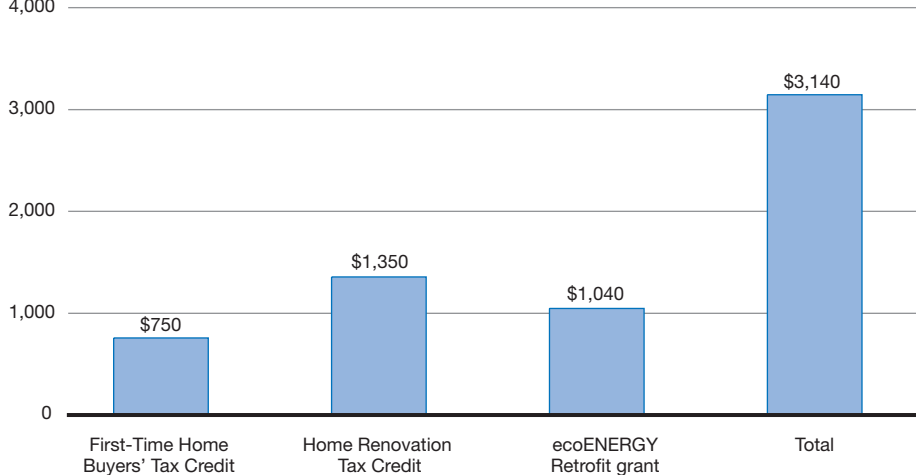
Mark and Jenna have just purchased their first home and paid \$10,000 to install a new high-efficiency gas furnace and energy-efficient central air-conditioning system.

- As first-time home buyers, they can receive up to \$750 in tax relief through the First-Time Home Buyers' Tax Credit.
- They are also eligible to receive \$1,350 in additional income tax relief through the temporary Home Renovation Tax Credit.
- In addition, having had an energy-efficiency evaluation of their home performed, they are also eligible for up to \$1,040 in federal grants under the ecoENERGY Retrofit program.

Chart 2.10

Support for Home Ownership, Renovations and Energy Retrofits

total support (dollars)



Source: Department of Finance Canada.



Canadians have indicated that the availability of the Home Renovation Tax Credit is an important factor in their decision to renovate their homes, and high-profile advertising campaigns undertaken by major building material suppliers and retailers have also helped increase awareness of the Home Renovation Tax Credit.

A recent Canadian Press-Harris/Decima survey concluded that 82 per cent of Canadians are aware of the credit. This result is consistent with those of similar surveys undertaken earlier in the year.

“Unlike many new tax policies which only get noticed by accountants and actuaries, the Government of Canada has successfully communicated the introduction of the Home Renovation Tax Credit to Canadians.”

—Jeff Walker, Senior Vice-President, Harris/Decima

The considerable interest in the Home Renovation Tax Credit, and the tax relief it provides, is indicative of its positive impact on renovation activity, which promotes job creation in construction and trades. The Canada Revenue Agency has received about 2.2 million enquiries about the credit through its website and by telephone since the credit was announced, which represents 1.5 million additional enquiries since the Second Report to Canadians three months ago—or about 17,000 enquiries daily.

“What we are hearing from our dealers right across the country is that people are definitely taking advantage of this opportunity [the Home Renovation Tax Credit] to invest in their homes.”

—Rob Wallace, Spokesman, Home Hardware
(Peter Zimonjic, *The Ottawa Sun*, August 4, 2009)

Given the interest in the Home Renovation Tax Credit, it is not surprising that the volume of home renovation investment increased 2.2 per cent in the second quarter of 2009 (9 per cent at annual rates), even as the overall economy continued to contract (Chart 2.11).

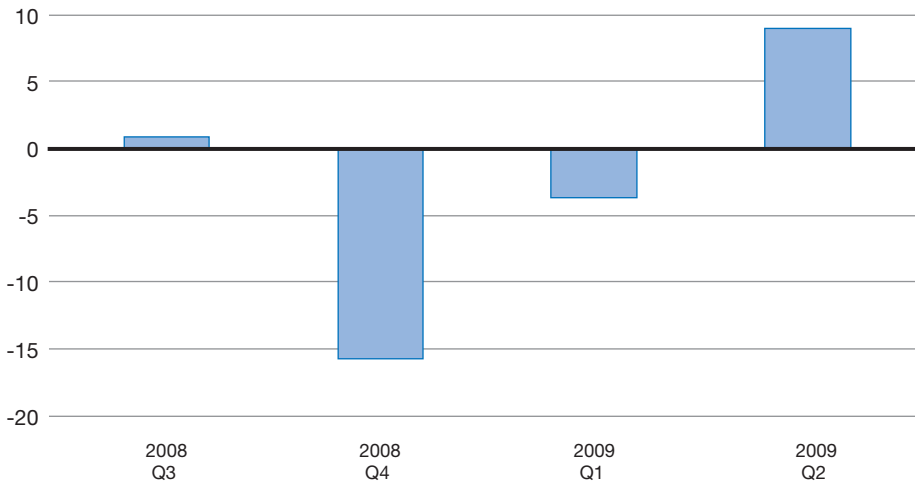


Renovation activity has been supported by the Home Renovation Tax Credit introduced in the Economic Action Plan

Chart 2.11

Growth in Real Renovation Activity

per cent, period to period at annual rates



Source: Statistics Canada (Canadian Economic Accounts).

Homeowners can also benefit from the enhanced ecoENERGY Retrofit program if they choose to make energy-efficiency improvements to their homes. The additional \$300 million provided through the Action Plan is expected to support an estimated 200,000 home retrofits.

The enhanced ecoENERGY Retrofit program is encouraging the development and installation of next generation energy products, as well as fostering improved techniques in home construction and renovation. It is anticipated that \$150 million will be provided to Canadians in 2009–10 under the program.

Together, the Home Renovation Tax Credit and the enhanced ecoENERGY Retrofit program provide a strong incentive to undertake home renovation projects this year. This timely stimulus promotes demand for labour, building materials and other goods and services, helping to create more jobs.



Investments in Social Housing

Canada's Economic Action Plan is creating jobs through social housing construction and renovation, and helping low-income and vulnerable Canadians find suitable and affordable housing. This new funding is also improving the quality and energy efficiency of up to 200,000 social housing units across Canada, enhancing the lives of Canadians as well as helping to protect the environment.

The Economic Action Plan has fully committed \$425 million to provinces and territories for renovation and retrofits, \$200 million to support housing for low-income seniors, and \$25 million to meet the housing needs of persons with disabilities, for a total of \$650 million in 2009–10. For these projects, the Government of Canada's support is being matched by provincial and territorial governments, which are responsible for program design and delivery. In addition, the Government of Canada has fully committed \$75 million for renovation and retrofits of federally administered social housing, \$200 million for First Nations housing, and \$100 million to support the specific housing needs of northern residents.

Across the country, social housing investments are supporting about 300 projects that have begun. Yukon has already fully taken advantage of the funds available to it. The other provinces and territories are also moving quickly to announce specific projects, having already signed agreements to deliver the federal investment.

Now that agreements are in place with all provincial and territorial jurisdictions, money is starting to flow. Social housing initiatives include:

Renovation and Retrofit of Social Housing: In 2009–10, provinces and territories are delivering \$850 million (a \$425-million federal investment plus \$425 million matched by the provinces and territories) for the renovation and retrofit of existing social housing, which is helping some of the most vulnerable in our communities including seniors, single parent families, recent immigrants and Aboriginal households.



Housing for Low-Income Seniors and Persons With Disabilities:

In 2009–10, Canada’s Economic Action Plan provides \$200 million to support housing for low-income seniors and \$25 million for housing for persons with disabilities, with funding matched by the provinces and territories. All federal funds are now fully committed and some projects have already begun.

Federally Administered Renovation and Retrofit of Social Housing:

Canada Mortgage and Housing Corporation is directly delivering \$75 million in 2009–10 to be invested in the renovation and energy retrofit needs of existing federally administered social housing. The call for funding applications for 2009–10 has been completed. It is expected that close to 650 federally administered projects representing some 20,000 units will benefit this year.

Northern Housing: Canada’s Economic Action Plan provides \$100 million in 2009–10 for the renovation and construction of housing in northern communities. These funds are now fully committed and 31 projects have already begun.



Canada's Economic Action Plan: Working for Canadians



Investments in Social Housing

Federal dollars are creating not only jobs but also legacies in neighbourhoods and communities across Canada. Canada's Economic Action Plan is funding projects that are improving the quality and energy efficiency of Canada's existing social housing as well as the construction of social housing units for seniors and persons with disabilities and in northern and First Nations communities. Examples include:

In Hamilton, \$7.1 million is supporting 3 projects in which 81 units of affordable housing for low-income seniors have been approved. The combined federal and provincial investment in these projects will result in an estimated 78 direct and indirect jobs.

"These projects will create new affordable rental housing for seniors in areas of the City where demand is high. Not only will this partnership help us meet the housing needs of some of our elderly citizens, it will also create economic opportunities and construction jobs in our community."

—Fred Eisenberger, Mayor of the City of Hamilton

Yukon is capitalizing on Canada's economic stimulus package, to the benefit of its residents, industry and communities, and was the first jurisdiction to fully allocate its \$26 million in funding for 2009–10 under Canada's Economic Action Plan. This combined federal and territorial investment will result in an estimated 303 direct and indirect jobs. Ten projects have already been announced by the Government and the remainder are expected to be announced shortly. Together, these new projects are helping local business to create jobs and expand their expertise—such as energy-efficient technologies—to benefit more households in the community.

"We're very pleased with the partnership established with the Government of Canada, with construction already underway throughout the territory."

—Dennis Fentie, Premier of Yukon

First Nations Housing: To improve housing conditions on reserve and stimulate the economy, the Economic Action Plan provides \$200 million for 2009–10. The funds are dedicated to new social housing projects, the remediation of existing social housing and complementary housing activities. These funds are now fully committed and projects have already begun in 121 First Nation communities.



For 2009–10, \$125 million is being delivered for the construction and renovation of federally assisted on-reserve social housing. An additional \$75 million is being delivered for complementary housing activities, such as lot servicing, renovations, new construction of high-density multi-unit dwellings, and renovations to support the conversion of band-owned housing to private ownership. Over 2,100 housing units have been selected for construction, renovation or conversion to private ownership and nearly 600 lots for servicing for 2009–10, increasing access to safe and affordable housing for more than 300 First Nations across Canada.

Canada's Economic Action Plan: Working for Canadians



Investments in First Nations Housing: Musqueam First Nation Receives Federal Stimulus for On-Reserve Housing

On July 15, 2009, the Government announced a \$5.3-million investment, as part of the Economic Action Plan, for the Musqueam First Nation in British Columbia to build 31 social housing units for the Musqueam community. As the first on-reserve housing project to be announced, this new development will provide on-reserve housing for young families, seniors and persons with disabilities in the Musqueam community. It will also provide an economic stimulus for the Musqueam community and surrounding areas by creating an estimated 58 direct and indirect jobs.

"This new and exciting housing project comes at a time when both the Musqueam leadership and Musqueam members have identified our housing needs as the number one priority in our community. Through this project, our people, long on housing waiting lists, will have an opportunity to raise their families in safe and healthy homes."

—Chief Ernest Campbell, Musqueam First Nation



Helping Municipalities Build Stronger Communities: In addition to direct funding for social housing, up to \$1 billion is available in 2009–10 in low-cost loans for municipalities to undertake housing-related infrastructure projects. Canada Mortgage and Housing Corporation has already approved 38 loans across the country. Examples include:

- **Corner Brook, Newfoundland and Labrador’s New Water Treatment System:** A \$19.5-million low-cost loan is providing needed funds to construct a new water treatment plant in the City of Corner Brook. More than 10,000 residents of Corner Brook, as well as Massey Drive and Mount Moriah, will soon benefit from access to cleaner potable water.
- **St. Clair, Ontario’s New Wastewater Treatment Facility:** The approval of a \$9-million low-cost loan is providing the Township of St. Clair with the necessary funds to upgrade and expand the regional wastewater treatment facilities for the Corunna and Courtright municipalities. This project will provide residents with a more modern wastewater treatment system that will accommodate the expected future growth of the Township.
- **Saskatoon, Saskatchewan’s Riverfront Park Revitalization:** With the help of a low-cost loan of \$2.29 million, the City of Saskatoon is proceeding with the development of a riverfront park, which includes pathways that provide good connections to adjacent neighbourhoods.



Table 2.7

Building Infrastructure to Create Jobs

	2009–10 Stimulus Value	Authorities in Place	Stimulus Committed
	(millions of dollars)		(millions of dollars)
Building Infrastructure			
<i>Investments in Provincial, Territorial and Municipal Infrastructure</i>			
Accelerating payments under the Provincial/Territorial Base Funding Initiative	255	Yes	132
Infrastructure Stimulus Fund (two-year value) ¹	4,000	Yes	3,268
Bonus for Community Projects	250	Yes	140
Green Infrastructure Fund (five-year program)	200	Yes	7
National recreational trails	25	Yes	25
Recreational Infrastructure Canada	250	Partial	138
<i>Investments in First Nations Infrastructure</i>			
School construction	95	Yes	95
Water and wastewater projects	83	Yes	83
Critical community services (health facilities)	68	Yes	68
Critical community services (police facilities)	15	Yes	6
<i>Investments in Federal Infrastructure Projects</i>			
An improved rail system	141	Yes	116
Trans-Canada Highway	20	Yes	13
Federal bridges and Champlain Bridge	43	Yes	35
Alaska Highway	13	Yes	13
Small craft harbours	89	Yes	79
Repair and restoration of federal buildings	175	Yes	151
Enhancing accessibility of federal buildings	20	Yes	13
Manège Militaire in Québec City	2	Yes	–
Accelerating action on federal contaminated sites	92	Yes	91
Border facilities	7	Yes	4
Aviation security	383	Yes	362



Table 2.7 (cont'd)

Building Infrastructure to Create Jobs

	2009–10 Stimulus Value	Authorities in Place	Stimulus Committed
	(millions of dollars)		(millions of dollars)
Stimulating Housing Construction			
<i>Support for Home Ownership and the Housing Industry</i>			
Home Renovation Tax Credit	3,000	NWMM ²	3,000
Increasing withdrawal limits under the Home Buyers' Plan	15	Yes	15
First-Time Home Buyers' Tax Credit	175	NWMM ²	175
Enhancing the energy efficiency of our homes	150	Yes	150
<i>Investments in Social Housing for Canadians</i>			
Renovation and retrofit of social housing (provincial/territorial)	425	Yes	425
Renovation and retrofit of social housing (federal)	75	Yes	75
First Nations housing	200	Yes	200
Northern housing	100	Yes	100
Housing for low-income seniors	200	Yes	200
Housing for persons with disabilities	25	Yes	25
Loans to municipalities	1,000	Yes	1,000
Total	9,589		8,094

¹ The amount for the Infrastructure Stimulus Fund is presented on a two-year basis as funds will flow to provinces, territories and municipalities as work is completed. However, in order to provide a consistent comparison between Table 1.2 and this table, the \$1,160 million committed under the Infrastructure Stimulus Fund for 2009-10 is counted in the total infrastructure amount.

² Notice of Ways and Means Motion tabled in the House of Commons on September 14, 2009, and adopted by the House on September 18, 2009.

CREATING THE ECONOMY
OF TOMORROW





Highlights

- ✓ Almost 93 per cent of the \$2-billion Knowledge Infrastructure Program, which supports research and advanced education by funding deferred maintenance, repair and construction projects at colleges and universities across Canada, has been committed. There are already 381 projects that have begun, and a further 66 projects will start this fiscal year. Projects at universities will improve the quality of post-secondary research and development, while projects at colleges will strengthen their ability to deliver advanced knowledge and skills training.
- ✓ New Canada Graduate Scholarships awards have been fully allocated.
- ✓ Funding for about three-quarters of the projects supported by the Arctic Research Infrastructure Fund in 2009–10 has begun to flow. In some instances, construction has already begun.
- ✓ About 90 per cent of the 2009–10 funding set aside to address deferred maintenance at some 70 federal laboratories and scientific facilities across Canada has been committed. Initiatives that are well advanced include projects to upgrade the Royal Canadian Mounted Police's forensic laboratories in Halifax, Ottawa, Winnipeg, Regina, Edmonton and Vancouver.



Introduction

Canada's Economic Action Plan includes about \$4.0 billion over two years for post-secondary education and research and other investments in science and technology. These measures will strengthen Canada's capacity for excellence in research by creating world-leading facilities for research and advanced training, and better prepare young Canadians for the jobs of tomorrow. Other investments will modernize the federal laboratories that deliver critical services to Canadians in a wide range of areas including health and the environment. The Economic Action Plan also includes measures to create business opportunities and provide support for small and medium-sized companies as they develop new products and services for the marketplace, discover new technologies that will help reduce greenhouse gas emissions, create business opportunities in robotics, improve Canadians' access to broadband Internet, and create jobs.

Table 2.8

Creating the Economy of Tomorrow

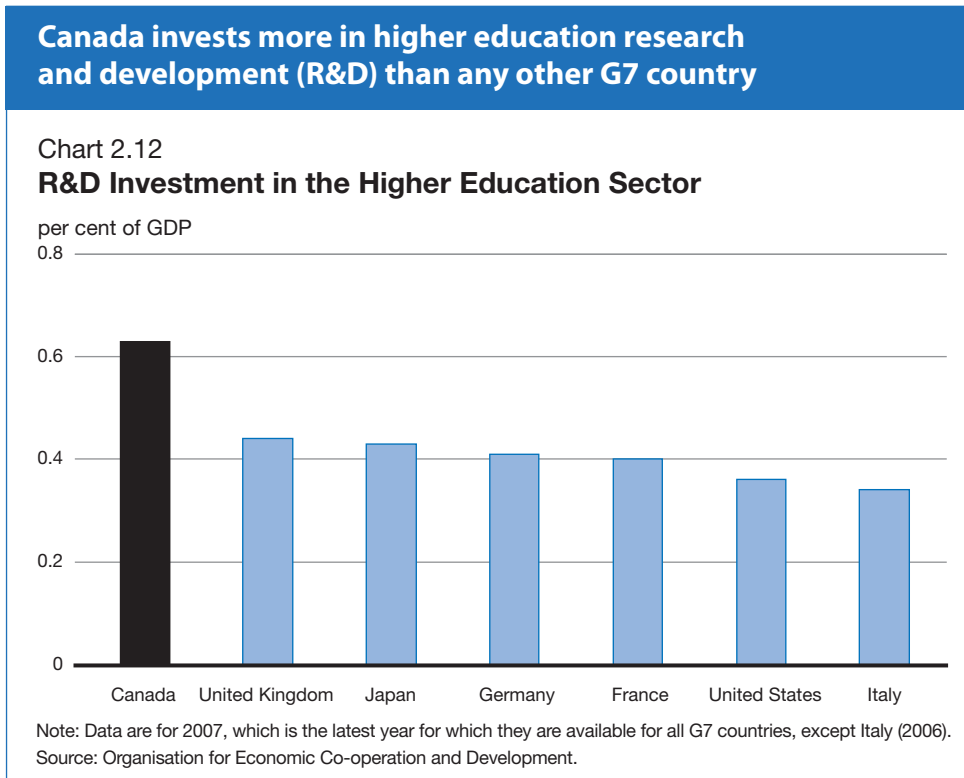
	2009–10	2010–11	Total
	(millions of dollars)		
Action to Invest in Colleges, Universities and Research			
Improving infrastructure at colleges and universities	1,000	1,000	2,000
Other	90	154	244
Subtotal—Action to Invest in Colleges, Universities and Research	1,090	1,154	2,244
Investing in Science and Technology			
Renewing federal laboratories	100	150	250
Clean energy and the environment	501	201	702
Other	120	660	780
Subtotal—Investing in Science and Technology	721	1,011	1,732
Total—Creating the Economy of Tomorrow	1,811	2,165	3,976
Total stimulus value	1,871	2,164	4,035
With provincial contributions	2,871	3,331	6,202

Notes: Totals may not add due to rounding. The stimulus value reflects projected cash expenditures. The budgetary impact may be somewhat smaller because some of these expenditures relate to construction and renovation costs of federal assets (for which only depreciation is recorded on a budgetary basis) and loans to third parties (where there is a budgetary impact only in the event that there is a risk of loss).



The Government is helping to build a strong innovative economy through science, technology and research excellence. Investments in science, technology and research also help to train new generations of highly skilled individuals. Canada needs this new wave of highly qualified workers to prosper in a global economy that depends more and more on knowledge and innovation. Canadians are committed to learning how to do things in new and innovative ways that make us more competitive.

Prior to the Economic Action Plan, the Government had invested over \$2.2 billion in new science and technology measures since 2006. Canada's investments in higher education research and development as a proportion of the economy are now the highest in the G7 (Chart 2.12).





The Government is committed to maintaining Canada's global leadership position in post-secondary research. Funding has been provided to support research excellence at Canadian post-secondary institutions, help Canadian scientists focus on areas where we can be world leaders, and link our research strengths to the opportunities and challenges facing the private sector. These investments are consistent with the principles and objectives articulated in *Advantage Canada: Building a Strong Economy for Canadians*, the Government's plan to ensure Canada's long-term economic prosperity.

The Government has provided significant additional resources to the three federal research granting councils, increasing their combined annual budgets by about \$400 million since 2006. This has included new funding for research competitions to identify the best ideas, support advanced training, and accelerate the translation and application of new knowledge. Overall, the total planned spending of the granting councils will rise to about \$2.7 billion in 2009–10. This represents an average annual increase in funding of 5 per cent since 2006.



Supporting Advanced Research, Training and Commercialization

The Government has strengthened the ability of the granting councils to fund world-leading research, support advanced training and promote commercialization through the following new investments:

- \$205 million of new core funding in 2009–10 compared to 2006 levels to support basic and applied research at Canada’s universities and colleges, including collaborative research focused on the needs of strategic industries.
- \$80.5 million to provide 2,500 new Master’s and doctoral scholarships to promising students in all disciplines. This includes the creation of the new prestigious Georges P. Vanier Canada Graduate Scholarships program, which this year will support up to 166 world-class doctoral students.
- \$70 million in new funding this year compared to 2006 levels for the indirect costs of research program, which helps post-secondary institutions support world-class research.
- \$21 million over two years to build upon the Canada Research Chairs program and establish 20 Canada Excellence Research Chairs.
- \$41 million annually to create and support new business-led Networks of Centres of Excellence and new Centres of Excellence for Commercialization and Research. These initiatives encourage collaborative research and stimulate the commercialization of discoveries and technological advances that benefit Canadians.

The Government’s investments since 2006 represent an average annual increase in funding for the granting councils of about 5 per cent.

Further, the Government has invested significant new resources to strengthen Canada’s position in knowledge leadership and establish centres of excellence in key priority areas such as health, energy, the environment, and information and communication technologies. These investments are not only supporting jobs now, they will make us more competitive in the future. We are also ensuring that our investments in science are more responsive to the needs of the private sector, for example through practical research internships for graduate students in companies, support for college innovation, and the creation of business-led Networks of Centres of Excellence. In particular, we have launched Automotive Partnership Canada, which will support major collaborative research projects that will lead to innovation and greater competitiveness in the Canadian automotive sector.



Building on these important measures, Canada's Economic Action Plan invests a further \$5.1 billion in science and technology initiatives. This is an unprecedented investment that underlines our continued commitment to research excellence and the objectives of our science and technology strategy. This new funding supports two broad priorities.

The first priority area is post-secondary education and research, the centrepiece of which is a fund to support deferred maintenance, repair and construction at colleges and universities. This \$2-billion investment in Canada's future will create the infrastructure needed to keep Canadian research and educational facilities at the forefront of scientific advancement. It is also providing important support for new employment now. Post-secondary institutions already have 381 projects that have begun, creating jobs for engineers, architects and construction management professionals.

Canada's Economic Action Plan: Working for Canadians



Examples of Infrastructure Investments at Canada's Colleges and Universities That Will Strengthen the Economy and Support Jobs

- Capilano University in British Columbia will receive more than \$14 million from the federal government to establish a new film centre.
- The foundation piles are now in the ground for the construction of a Science Complex and College for the Environment at the University of Winnipeg in Manitoba, which will employ 400 workers through to March 31, 2011.
- The construction of a Centre for Engineering Innovation, which has begun at the University of Windsor in Ontario, is expected to employ 444 workers until March 31, 2010 and 315 workers from April 1, 2010 to March 31, 2011.
- Four projects that have begun at Laval University in Quebec are scheduled for completion by March 31, 2010 and are expected to create 105 jobs.
- Nine projects that have begun in New Brunswick will create or maintain 784 jobs by March 31, 2011.
- Projects at the Yukon College campuses in Dawson City and Pelly Crossing are expected to create 53 jobs in the Yukon by March 31, 2011, providing substantial economic stimulus for the 1,619 inhabitants of the two communities.



Canada's Economic Action Plan: Working for Canadians



Examples of Infrastructure Investments at Canada's Colleges and Universities That Will Strengthen the Economy and Support Jobs *(cont'd)*

- The Aurora College campuses in the Northwest Territories will receive over \$2 million from the federal government for the construction of new community learning centres in Lutsel K'e, Hay River Dene Reserve and Tsigehtchic.
- Renovations at the Western College of Veterinary Medicine at the University of Saskatchewan have begun. This project is expected to be completed by December 2010 and will enhance the college's training, research and clinical programs.
- Construction has begun on the expansion and renovation of the Nova Scotia Community College's Institute of Technology Campus in Halifax. The renewed IT Campus will include a new library and student learning commons when it is completed in September 2010.

Other important initiatives in support of advanced education and research include a significant expansion of awards for post-graduate scholarships, funding for quantum research, as well as significant upgrades to arctic science facilities dedicated to research on ways to create a healthier and more sustainable society and economy in Canada's North. Funding for about three-quarters of the projects supported by the Arctic Research Infrastructure Fund in 2009–10 has begun to flow. All of these actions are supporting jobs now while contributing to a stronger future.

The second priority area is direct support for science and technology. This includes a series of measures to modernize federal laboratories, improve broadband access, and spur research in clean energy and space technology.

- Federal laboratories doing research in a wide array of fields, from health and food to natural resources, are being upgraded after several years in which maintenance had been delayed or deferred. This includes \$19 million over two years for the National Research Council to modernize 28 of its facilities in seven provinces.



- The Economic Action Plan's commitment to extend rural access to broadband services will enable rural households, businesses and community institutions to make use of the Internet at levels similar to many of their urban counterparts. An extensive mapping exercise to identify currently unserved and underserved households has been completed. A call for applications under the Broadband Canada initiative was launched on September 1, 2009, with applications due by October 23, 2009. Projects will be selected later this fall, with funding expected to begin flowing to projects early in 2010.
- The Economic Action Plan established the Clean Energy Fund, which will provide \$1 billion over five years to support clean energy research and demonstration. This will include up to \$150 million for clean energy research, and \$850 million for clean energy demonstration projects, including carbon capture and storage technologies. A Request for Proposals for renewable energy and clean energy systems demonstration projects has been initiated. These projects are expected to assist in increasing the deployment of renewable and clean technologies through Smart Grid and integrated energy systems. The Clean Energy Fund will strengthen Canada's position as an energy superpower while stimulating new investments, creating new jobs in the energy sector and contributing to our climate change objectives.
- The Economic Action Plan also provided \$110 million over three years to the Canadian Space Agency to support Canada's continued leadership in the design and construction of space robotics. This funding supports new opportunities for innovative Canadian companies and provides jobs for highly skilled employees. This new support will also help prepare Canadian astronauts to participate in future international space missions, similar to those in which astronauts Robert Thirsk and Julie Payette recently participated.

As part of the Action Plan, the Government announced an investment of \$500 million in Canada Health Infoway. Due diligence on this project will not be completed prior to the start of fiscal year 2010–11. The Government will continue to work with Canada Health Infoway to complete the due diligence process before next steps.



Canada's Economic Action Plan: Working for Canadians



Examples of Investments in Federal Laboratories

- \$13.1 million will be provided over the next two years to the Royal Canadian Mounted Police to upgrade existing forensic laboratories in Halifax, Ottawa, Winnipeg, Regina, Edmonton and Vancouver to assist investigators in solving crime. Some of this work is well advanced. For example, two projects have been completed at the Halifax laboratory, and projects at the other laboratories are expected to begin shortly. In all, this initiative is expected to create 45 jobs over the life of the projects.
- \$22 million will be provided over the next two years to the Canadian Science Centre for Human and Animal Health in Winnipeg to expand the existing shipping and receiving area. This will enhance the centre's ability to process specimens, strengthening Canada's capacity to anticipate and respond to threats to public health.
- \$5.3 million will be used to renovate the Manitoba Regional Laboratory of Health Canada to ensure ongoing operational support space for the Food Laboratory, which provides essential consumer protection services through testing in the areas of food chemistry and nutrition.
- \$14.2 million will be provided over the next two years to Transport Canada to update the Motor Vehicle Test Centre in Blainville, Quebec, and expand test capability to address emerging opportunities to reduce road safety risks and casualties. The principal construction contract will be awarded in November.
- \$1.8 million will be provided over the next two years for federal laboratories in Nunavut to modernize the Polar Continental Shelf Program facility in Resolute and the Dr. Neil Trivett Global Atmosphere Watch Observatory in Alert.



Table 2.9

Creating the Economy of Tomorrow

	2009–10 Stimulus Value	Authorities in Place	Stimulus Committed
	(millions of dollars)		(millions of dollars)
Action to Invest in Colleges, Universities and Research			
Improving infrastructure at colleges and universities	1,000	Yes	929
Canada Foundation for Innovation	–	Yes	–
Institute for Quantum Computing	17	Yes	17
Arctic research infrastructure	36	Yes	36
Canada Graduate Scholarships program	35	Yes	35
Industrial Research and Development Internship program	3	Yes	3
Investing in Science and Technology			
Modernizing federal laboratories	100	Yes	91
Transformation to a green energy economy	200	Yes	–
Canadian Environmental Sustainability Indicators	10	Yes	10
Strengthening Canada's nuclear advantage	351	Yes	279
Canada's space industry	20	Yes	–
Extending access to broadband in rural communities	100	Yes	–
Total	1,871		1,400

SUPPORTING INDUSTRIES
AND COMMUNITIES





Highlights

- ✓ Solid progress continues to be made on Community Adjustment Fund projects across the country. Approximately \$350 million in 2009–10 funding has been committed. To date, almost 600 individual projects have begun.
- ✓ Fulfilling key Economic Action Plan commitments, the Federal Economic Development Agency for Southern Ontario and the Canadian Northern Economic Development Agency were launched in August by the Prime Minister.
- ✓ The Government has worked in cooperation with the Government of Ontario and the Government of the United States to provide unprecedented support to the automotive industry.
- ✓ In addition to the \$170 million over two years provided in the Economic Action Plan to support the forestry sector, a \$1-billion Pulp and Paper Green Transformation Program was announced that will support investments by this sector to improve energy efficiency and environmental performance.
- ✓ To date, the Government has provided approximately \$40 million to 46 major Canadian events and festivals.
- ✓ Funding for shipbuilding initiatives in 2009–10 is fully committed and work has begun on 5 vessel life extensions, 22 vessel refits and the construction of 98 other small boats.
- ✓ All agricultural measures announced in the Economic Action Plan are in place:
 - The *Canadian Agricultural Loans Act* has received Royal Assent and loans are being granted.
 - The AgriFlexibility and Slaughter Improvement Programs have been launched and funding is expected to be committed this fall.
- ✓ In addition to these Economic Action Plan measures, the Government recently delivered a comprehensive restructuring plan for pork producers.



Introduction

Canada's Economic Action Plan provides approximately \$14 billion to support adjustment and help create and protect jobs in regions, communities and industries of the Canadian economy that have been most affected by the severe downturn. This includes targeted support for traditional industries such as forestry and agriculture, and manufacturing, which play important roles in the economies of many communities. This support will help these industries invest in their long-term success and create new opportunities and jobs for Canadians in all areas of the country.

Table 2.10
Supporting Industries and Communities

	2008–09	2009–10	2010–11	Total
	(millions of dollars)			
Support for Industries				
Forestry		70	100	170
Agriculture		85	140	225
Mining		70	-15	55
Small business		170	195	365
Tourism		70	70	140
Shipbuilding		19	30	49
Culture		177	158	335
Tax and tariff relief				
Accelerated capital cost allowance rate for computers		340	355	695
Tariff relief for machinery and equipment	12	76	81	169
Subtotal—Support for Industries	12	1,077	1,114	2,203
Support for Communities				
Helping all regions prosper		774	746	1,520
Strengthening partnerships with Aboriginal Canadians		115	183	297
Subtotal—Support for Communities		888	929	1,817
Total—Supporting Industries and Communities	12	1,965	2,043	4,020
Cash value				
Federal support to auto sector (cash value)		9,718		9,718
Ontario component of auto sector support (cash value)		4,859		4,859
Total cash value of stimulus		16,683	2,178	18,861

Notes: Totals may not add due to rounding. The stimulus value reflects projected cash expenditures. The budgetary impact may differ because some of these expenditures relate to construction and renovation costs of federal assets (for which only depreciation is recorded on a budgetary basis) and loans to third parties (where there is a budgetary impact only in the event that there is a risk of loss).



Canada's economy was built on a base of traditional industries that have provided employment and livelihoods for generations of Canadians. These industries, including agriculture, fishing and forestry, continue to represent important elements of our economy today, especially in rural and remote regions, providing jobs and supporting communities.

Manufacturing plays an equally important role in other parts of the country, employing thousands of Canadians and indirectly supporting many others through distribution, processing and retailing. Today, manufacturing continues to contribute to our economy by producing the goods that Canadians rely on and that enable us to successfully trade with other countries around the world.

Canadians are understandably concerned about the health of traditional industries and manufacturing. The Government has acted decisively to help these sectors bolster their competitiveness, so that they can take advantage of new opportunities and continue to be important contributors to job and wealth creation in Canada.

The Economic Action Plan provides support for jobs in industries most affected by the global recession. The Plan also provides assistance to communities affected by the economic downturn. Through the Economic Action Plan, nearly \$12 billion in support is available in 2009–10 to create and sustain jobs in industries and communities affected by the global slowdown.

Support for Communities: The Government is helping vulnerable communities manage through the considerable transition caused by the global recession. The \$1-billion Community Adjustment Fund is one such initiative, designed to help communities with fewer than 250,000 people deal with significant job losses and industrial restructuring.



Canada's Economic Action Plan: Working for Canadians



Community Adjustment Fund (CAF)

To date, approximately \$350 million of CAF funding has been committed to projects across the country, including:

- A \$15-million investment by the Government in the Forest Resource Improvement Association of Alberta through its Fire Hazard Reduction & Forest Health (FHRFH) program will create and maintain employment in the forestry sector. The FHRFH program supports projects that keep local loggers and related forest industry suppliers employed, allowing them to continue to make payments on their equipment so that the logging workforce will be ready once the industry recovers. This project will create 67 full-time jobs, including professionals (planning FHRFH activities), labourers, brushing operators, chainsaw operators, heavy equipment operators and truckers.
- More than \$3.3 million has been allocated to construct a 12,000-square-foot skilled trades training centre for the Conestoga College Institute of Technology and Advanced Learning in Ingersoll, Ontario. Conestoga College is one of Canada's premier polytechnic institutes, providing advanced applied education and innovative research in southwestern Ontario.
- \$4.25 million has been allocated to the Centre for Excellence in Mining Innovation in northern Ontario to install, test and measure the efficacy of novel Ventilation-on-Demand technologies.
- A \$4.9-million contribution has been provided to Premier Horticulture Itée to modernize and enhance its production capacity at two manufacturing facilities whose products can help improve agricultural yields and horticultural landscaping. The total cost of this project is \$13.5 million. The project is expected to create 42 new permanent jobs and maintain 125 existing jobs in the Rivière-du-Loup region.
- \$3.5 million has been received by the New Brunswick Federation of Woodlot Owners Inc. to help ensure a prosperous future for the woodlot industry through silviculture activities. The project has a total cost of \$16.1 million and created 162 seasonal, full-time jobs in planting, thinning and administration.



The Government has fulfilled two important commitments made in the Economic Action Plan by creating two regional economic development agencies. The Federal Economic Development Agency for Southern Ontario was announced by the Prime Minister on August 13, 2009 in Kitchener-Waterloo, Ontario. The Canadian Northern Economic Development Agency was launched by the Prime Minister on August 18, 2009 in Iqaluit, Nunavut. The role of both agencies is to open up business opportunities and create jobs, while meeting the specific development needs of their respective regions. These agencies are also the delivery agents for federal Economic Action Plan initiatives including the Community Adjustment Fund and the Recreational Infrastructure Canada program.

Of the \$206 million available to the Federal Economic Development Agency for Southern Ontario in 2009, strategic investments have been announced to support job creation in innovative firms in the region. Specifically, \$27.5 million has been committed to the National Research Council Industrial Research Assistance Program to support research and development-intensive small and medium-sized enterprises in the region. Also, the Government has announced that it will invest \$50 million in the Business Development Bank of Canada so businesses in southern Ontario will have greater access to venture capital.

The Government is also providing extensive support to affected industries, including the following:

Automotive Sector: The automotive industry has faced significant challenges over the past year. The governments of Canada and Ontario, working closely with the government of the United States, have taken significant steps to help the automotive industry overcome these challenges. These include:

- Jointly supporting the restructuring processes of Chrysler and General Motors through loans and debtor-in-possession financing.
 - Of the \$3.7 billion committed to Chrysler, \$2.9 billion has been disbursed to date. Chrysler emerged from bankruptcy on June 10, 2009. The governments of Canada and Ontario received 2 per cent equity in the restructured firm.
 - All of the \$10.8 billion committed to General Motors has been disbursed. General Motors emerged from bankruptcy on July 10, 2009. Canada and Ontario received a combined 11.7 per cent ownership stake in a restructured General Motors, as well as US\$403 million of preferred shares.



- Both Chrysler and General Motors emerged from bankruptcy protection earlier than anticipated.
- The Government of Canada has appointed a director to each of the boards of the restructured firms.
- Introducing the Canadian Warranty Commitment Program to sustain consumer confidence and help encourage the sale of new vehicles. This program was recently brought to a close as both General Motors and Chrysler have successfully emerged from bankruptcy protection.
- Expanding the accounts receivable insurance provided by Export Development Canada to support manufacturers and suppliers of automotive parts.

The Government is supporting all aspects of Canada's automotive industry, including parts manufacturing. The Government recently announced \$54.8 million for Linamar Corp., a Canada-based parts maker, to help it develop green and fuel-efficient automotive powertrains. The repayable contribution will help lever up to \$365 million in investments by Linamar by 2013. This support is being provided through the Automotive Innovation Fund, established in Budget 2008 with \$250 million over five years to support large-scale, strategic research and development in the sector.



Canada's Economic Action Plan: Working for Canadians



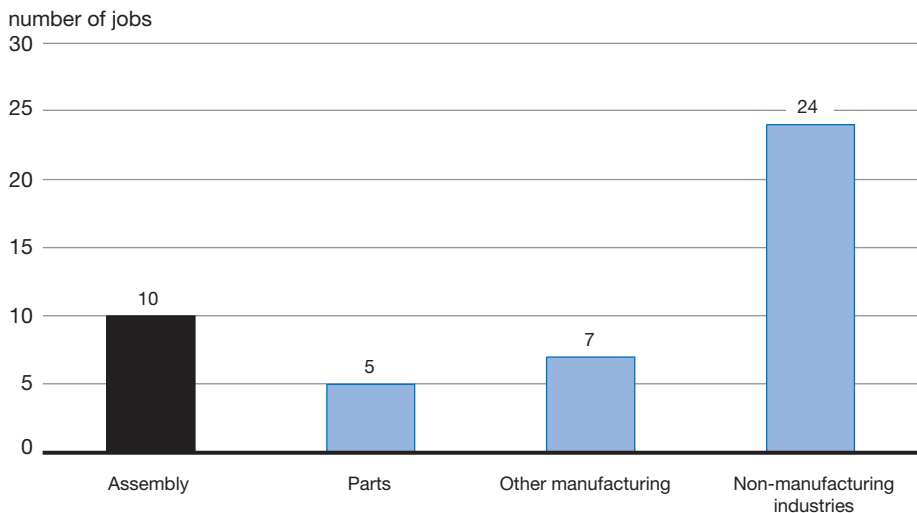
The Jobs Impact of the International Partnership to Support the Automotive Industry

The motor-vehicle industry, including both assembly and parts, is Canada's largest manufacturing industry, accounting for 10 per cent of manufacturing real gross domestic product and about 20 per cent of real merchandise exports in 2008. About 100,000 Canadians were directly employed in the motor-vehicle and parts manufacturing industries at the end of 2008. Of these workers, about 40,000 were employed in automotive assembly.

The automotive industry provides employment in a number of supporting industries. For every 10 direct jobs in auto assembly, there are:

- 5 jobs in the motor-vehicle parts industry.
- 7 jobs in other manufacturing industries, such as primary and fabricated metal products, plastics and rubber products, and machinery.
- 24 jobs in non-manufacturing sectors, such as engineering, accounting and legal services, financial services, wholesale trade, and transportation and warehousing.

Chart 2.13
**Sectoral Distribution of Jobs Directly
Tied to Motor-Vehicle Assembly**



Source: Statistics Canada, input-output tables.



Canada's Economic Action Plan: Working for Canadians



The Jobs Impact of the International Partnership to Support the Automotive Industry *(cont'd)*

General Motors and Chrysler account for close to 45 per cent of vehicles produced in Canada. Moreover, given the extreme interdependency of the auto supply chain, a shock to the supplier base caused by production disruptions at one of Canada's automakers would pose a systemic risk to continued operations of other automakers and suppliers in Canada.

As a result, the governments of Canada and Ontario worked together, in partnership with the Government of the United States, to support the auto sector. Combined support by Canadian governments, provided through loans and other instruments to General Motors and Chrysler, totalled about \$14.6 billion.

Currently, General Motors and Chrysler plants directly employ about 14,000 workers. In addition, over 50,000 jobs in other industries are estimated to be tied to production at General Motors and Chrysler. Based on Statistics Canada's input-output model of the Canadian economy, the Department of Finance estimates that 52,000 jobs (all the assembly jobs and about three-quarters of the indirect jobs) are being protected by government action to support the automotive industry, of which 17,000 jobs had already been accounted for in Budget 2009 estimates. As a result of these actions to support the automotive sector and other adjustments to the Plan, it is now expected that the Economic Action Plan will create or maintain 220,000 jobs by the end of 2010, up from the estimate of about 190,000 jobs in Budget 2009.



Forestry: The global economic downturn and the collapse in the U.S. housing market have created challenges for the forestry sector. To date, a total of \$70 million has been provided to Natural Resources Canada to support market diversification and innovation initiatives for the forestry sector, including research and demonstration projects on new forest products and initiatives to help forestry companies market innovative products internationally to protect and create jobs. This investment will be supplemented with a further \$100 million next year.

In addition, since the release of the Action Plan, the Government has announced the creation of a \$1-billion program to support environmental improvements for the pulp and paper industry. The Pulp and Paper Green Transformation Program will allow pulp and paper mills in all regions, particularly focused in British Columbia, Quebec and Ontario, to reduce greenhouse gas emissions while helping them become leaders in the production of renewable energy from biomass. This will position mills located in many communities to improve their competitiveness and create and sustain jobs.

Tourism: The Government has provided support to marquee events across Canada, such as the Charlottetown Festival, Stratford Shakespeare Festival, Calgary Folk Music Festival, Festival d'été de Québec, and Vancouver International Jazz Festival, in order to attract visitors and create jobs in the tourism sector. To date, the Government has committed \$40 million to 46 major Canadian events and festivals. Another call for proposals is expected in the fall of 2009.

Our vast national parks represent a unique Canadian advantage and help attract a large number of visitors from abroad each year, generating significant economic activity and bringing our natural heritage closer to Canadians. The Economic Action Plan provides over \$150 million over two years to Parks Canada to support upgrades and major capital repairs to national historic sites and visitor facilities in national parks. Parks Canada has fully committed the \$70 million made available in 2009–10 to projects across the country. These important investments are helping to create economic stimulus and jobs now while ensuring that our parks continue to provide Canadians with peerless opportunities for enjoyment and learning.



Culture: The arts and cultural industries are also important economic engines, by providing employment and opportunities for Canadians. The Economic Action Plan invests over \$335 million over two years in additional funding for several programs dedicated to culture and the arts, in recognition of the importance of artistic institutions and endeavours and the role they play in Canadians' lives. In 2009–10, \$177 million in funds is available for arts and cultural industries.

In 2009–10, support is available for infrastructure-related costs for professionally run cultural and heritage institutions such as local theatres, libraries and small museums. Some \$22 million for 2009–10 is committed for 53 cultural infrastructure projects in all regions.

The National Arts Training Contribution Program is providing nine projects with \$5 million in 2009–10 to support the highest-calibre institutions in Canada to train the most talented emerging artists for professional careers.

Continued access by Canadians to 1,084 Canadian magazines and community newspapers will be facilitated through a \$15-million investment. The first \$5 million was provided in July with the remainder to flow by January.

In 2009–10, as a result of the \$100 million in funding for the Canadian Television Fund, projects in partnership with the broadcasting industry will support the production of high-quality, distinctively Canadian television programs.

Another \$14.3 million was confirmed for the Canada New Media Fund, which has been fully committed.



Canada's Economic Action Plan: Working for Canadians



Support for Culture

- The West Coast Railway Association in Squamish, British Columbia, received \$2.0 million for the construction of a new roundhouse in the West Coast Railway Heritage Park to permanently house seven of the most valuable pieces of the organization's collection of historical railway rolling stock. Taken together with other financial contributions, not only will this create 38 full-time-equivalent jobs in the short term, it will provide support to a community which has lost some large employers and experienced a downturn in the forest industry.
- The Théâtre de la Manufacture in Montréal, Quebec, through a \$2.3-million investment, will enhance seating capacity in two performance spaces: from 125 to 225 seats in the Licorne Theatre and from 60 to 90 seats in the Petite Licorne Theatre. This will allow the theatre to provide live contemporary theatre for larger audiences and to support the work of established and emerging theatre artists. Taken together with other financial contributions, approximately 55 temporary full-time jobs will be created through this project, while two new full-time jobs will be created and 55 artists will continue to be employed.
- The National Theatre School has been awarded a \$1.2-million supplement, raising the total National Arts Training Contribution Program support from \$3.3 million to \$4.5 million. This increased investment will help the school increase its competitiveness and improve its long-term stability.
- The Corporation of the County of Prince Edward in Ontario received \$825,000 to stabilize and restore the Macaulay Church Museum and rejuvenate the interior, providing flexibility for exhibits and presentations. The interior will also provide improved space for historical, performing arts and visual arts presentations. As a result of the initiative, three new fulltime jobs as well as six sustained jobs will be created or maintained.



Mining: Canada's rich mineral resources represent significant economic opportunities. Promoting the exploration and development of these resources offers important benefits in terms of employment, investment and infrastructure, especially for rural and remote communities. Canada's Economic Action Plan supports mineral exploration activity and jobs across Canada by extending the temporary 15-per-cent Mineral Exploration Tax Credit to flow-through share agreements entered into during the period from April 1, 2009 to March 31, 2010.

The extension of the Mineral Exploration Tax Credit has been in effect since April 1, 2009. The legislation required to implement the extension received Royal Assent on March 12, 2009.

Agriculture: Canada's agricultural industry plays a unique role by providing healthy and nutritious foods for families in Canada and across the world while forming the economic basis for many small and rural communities in all regions of the country. The Economic Action Plan announced:

- A \$500-million AgriFlexibility program to support initiatives that help the agricultural sector adapt to pressures and improve its competitiveness, such as those that reduce the farm business's costs of production and its footprint on the environment, support innovative processes and products, and address market challenges.
- \$50 million to support investments in meat slaughter and processing plants to help improve their operations.
- Assistance to the agricultural sector in the form of expanded access to credit for farmers under the new *Canadian Agricultural Loans Act*, in order to allow them to grow their operations and to support the intergenerational transfer of farms.
- A commitment to work with interested provinces and territories toward the devolution of delivery of the AgriStability program to support improved client service.

The Government continues to make progress on the four new measures targeted to Canada's farm businesses outlined in the Economic Action Plan. All measures are in place and it is expected that funding will start to be committed to specific projects this fall.

In addition, the Government has recently demonstrated its ability to respond rapidly to new pressures facing the sector by delivering a comprehensive restructuring plan for pork producers. The plan includes investing \$17 million in key marketing initiatives, providing government-backed credit to help viable operations weather the current economic uncertainty, and allocating \$75 million to help struggling operations to transition out of the industry.



Canada's Economic Action Plan: Working for Canadians



Support for Agriculture

- Program details for the AgriFlexibility program were announced on July 21, 2009 and discussions on possible initiatives with provinces, territories and industry are ongoing. Funding is expected to be committed and some projects started this fall. The Government has announced the launch of two specific AgriFlexibility initiatives. The \$20-million Livestock Auction Traceability Initiative will allow Canadian auction marts, assembly yards, fairs and exhibitions, privately managed community pastures and other sites to upgrade facilities to help in the identification and tracing of individual animals. The AgriProcessing Initiative will deliver \$50 million in repayable contributions to processing facilities for the purchase and installation of equipment to enable the adoption of new manufacturing technologies and processes.
- Program details for the Slaughter Improvement Program were announced on June 5, 2009. Two rounds of applications are being held in 2009–10; the first round closed on August 21, 2009 and the second will close on October 30, 2009. In total, 26 proposals have been received from the first round of applications and are currently under review. Funding is expected to be committed this fall.
- The new *Canadian Agricultural Loans Act* received Royal Assent on June 18, 2009. Since then, over 560 loans have been granted under the new *Canadian Agricultural Loans Act* program totalling \$25 million. This represents a 33-per-cent increase compared to the same period last year under its predecessor program.
- The Government is currently finalizing negotiations with British Columbia and Saskatchewan to transfer delivery of the AgriStability program for the 2009 program year, starting January 2010.



Small Business: Canada's many innovative small and medium-sized companies are an important economic engine, introducing new goods and services, developing new technologies and creating jobs for highly skilled young graduates.

To help our small businesses innovate, Budget 2009 provided \$200 million in new resources over two years to the National Research Council's Industrial Research Assistance Program. The National Research Council has worked with small and medium-sized companies and has fully committed the \$100 million in new resources available through the Economic Action Plan in 2009–10.

The Economic Action Plan provided \$10 million over two years to the Canadian Youth Business Foundation to help young Canadians start their own business. Funding was provided to the foundation in June to enable it to begin supporting the entrepreneurs of tomorrow throughout Canada.

Shipbuilding: Canada's shipbuilding industry has been a mainstay of our history as a seafaring nation bounded by three oceans. The industry employs Canadians in over 150 establishments in Atlantic Canada, Quebec, Ontario and British Columbia. The shipbuilding sector is instrumental in providing the Canadian Coast Guard with the vessels needed to ensure the safety and security of our coasts and waterways. The Economic Action Plan has provided \$175 million to the Canadian Coast Guard to purchase 98 new vessels and to repair and refit 40 existing vessels.

In 2009–10, \$90 million is scheduled to be spent and good progress is being achieved. Funding for 2009–10 is now fully committed and work has begun on 5 vessel life extensions, 22 vessel refits and the construction of 98 other small boats. A further 40 contracts are expected to start this fiscal year, ensuring a steady workload for the industry.



Canada's Economic Action Plan: Working for Canadians



Support for Shipbuilding

- A contract worth \$19.6 million has been awarded through a competitive process to Victoria Shipyards Co. Ltd. to build five 47-foot motorized lifeboats that will enhance Canada's marine search and rescue capability. The vessels will be built in a single Canadian shipyard.
- A contract has been awarded for the design of the three inshore science vessels that will replace existing vessels that are at the end of their useful lives. Competitive procurement processes were conducted over the summer and continue into the fall for the construction of the vessels.
- Major contracts have been awarded for the vessel life extensions of two of the three large vessels that will be undertaken this fiscal year. A contract worth \$7 million has been awarded to Heddle Marine Services Inc. of Burlington, Ontario, to carry out the vessel life extension of the CCGS Limnos and a contract worth \$6.9 million has been awarded to Verreault Navigation Inc. of Les Méchins, Quebec, to carry out the vessel life extension of the CCGS Tracy. Also, a Request for Proposals has been published for the major portion of the vessel life extension for the CCGS Bartlett. The CCGS Tanu and CCGS Cape Roger are undergoing preparatory work prior to their vessel life extensions scheduled for 2010–2011.
- 52 contracts across Canada totalling \$10.1 million have been awarded for vessel refits. The refit work will consist of general repair, maintenance and updating obsolete systems on board the vessels to improve the reliability of the vessels to deliver Canadian Coast Guard services and programs and meet the on-water needs of other government departments.



Tax and Tariff Relief: In addition to supporting key industries, the Economic Action Plan includes permanent and temporary measures which build on broad-based tax reductions that are lowering the general corporate income tax rate from 22.12 per cent (including the corporate surtax) in 2007 to 15 per cent by 2012. These, in addition to other tax reductions introduced since 2006, will give Canada the lowest overall tax rate on new business investment in the G7 by 2010.

The Economic Action Plan is also helping Canadian firms create jobs, modernize their operations and better compete globally through the elimination of tariffs on a range of machinery and equipment, and through temporary measures to accelerate the capital cost allowance on manufacturing or processing machinery and equipment, and computers. Since the implementation of the Economic Action Plan, businesses have benefited from about \$69 million in tariff relief on their imports of machinery and equipment from overseas.

The Government also followed through on its Economic Action Plan commitment to undertake consultations with Canadian businesses to provide additional tariff relief to support the economy. A notice to this effect has been published in the *Canada Gazette* on September 19, 2009, seeking the views of Canadians on the elimination of tariffs on manufacturing inputs and additional machinery and equipment.



Table 2.11

Supporting Industries and Communities

	2009–10 Stimulus Value	Authorities in Place	Stimulus Committed
	(millions of dollars)		(millions of dollars)
Support for Industries			
<i>Autos</i>			
Support for the auto sector	9,718	Yes	9,718
<i>Forestry</i>			
Forestry marketing and innovation	70	Yes	57
<i>Agriculture</i>			
Agricultural flexibility program	65	Yes	0
Strengthen slaughterhouse capacity	20	Yes	0
Amendments to <i>Farm Improvement and Marketing Cooperatives Loans Act</i>	–	Yes	–
<i>Mining</i>			
Extending the Mineral Exploration Tax Credit	70	Yes	70
<i>Small Business</i>			
Reducing taxes for small businesses	45	Yes	45
Industrial Research Assistance Program	100	Yes	100
Canadian Youth Business Foundation	10	Yes	10
Canada Business Network	15	Yes	15
<i>Tourism</i>			
Canadian Tourism Commission	20	Yes	20
Marquee tourism events	50	Yes	40
Parks Canada	70	Yes	70
<i>Shipbuilding</i>			
Shipbuilding	90	Yes	90



Table 2.11 (cont'd)

Supporting Industries and Communities

	2009–10 Stimulus Value	Authorities in Place	Stimulus Committed
	(millions of dollars)		(millions of dollars)
Support for Industries (cont'd)			
Culture			
Cultural infrastructure	30	Yes	22
Canada Prizes for the Arts and Creativity	25	No	–
National Arts Training Contribution Program	7	Yes	5
Community newspapers and magazines	15	Yes	15
Canadian Television Fund	100	Yes	100
Tax and Tariff Relief			
Temporary 100-per-cent capital cost allowance (CCA) rate for computers	340	Yes	340
Temporary accelerated CCA rate for manufacturing or processing machinery and equipment	–	Yes	–
Tariff relief on machinery and equipment	76	Yes	76
Support for Communities			
Helping All Regions Prosper			
Community Adjustment Fund	500	Yes	353
Federal Economic Development Agency for Southern Ontario	206	Yes	78
Eastern Ontario Development Program	10	Yes	10
Strengthening economic development in the North	10	Yes	8
Strategic investments in northern economic development	10	Yes	3
Promoting energy development in Canada's North	38	Yes	–
Strengthening Partnerships With Aboriginal Canadians			
First Nations and Inuit health programs	108	Yes	108
First Nations child and family services	7	Yes	7
Total	11,824		11,360

Annex

EXTRAORDINARY ACTION
TO ENSURE QUICK
IMPLEMENTATION





Given the economic situation and the need to expedite funding of programs in the Economic Action Plan, the Government sought Parliament’s approval for an appropriation of \$3 billion in the 2009–10 Main Estimates for a new central Vote for Budget Implementation Initiatives—Treasury Board Vote 35. This exceptional and time-limited appropriation allowed Treasury Board Ministers to allocate funds directly to departments for immediate requirements related to budget measures in advance of Parliament’s approval of the Supply for Supplementary Estimates. Funds were only allocated during the period April 1, 2009 and ending June 30, 2009 for cash requirements in advance of the next parliamentary Supply.

The table below provides details of the allocations totalling \$2.1 billion approved by Treasury Board Ministers. The Vote has now expired and the remaining funds will lapse.

Table A.1

Allocations for the \$3-Billion Budget Implementation Vote

Measures	Value
	(millions of dollars)
Reducing the Tax Burden for Canadians	
Implementation of Budget 2009 tax measures	8.6
Helping the Unemployed	
Strategic Training and Transition Fund	250.0
Canada Summer Jobs Program	4.0
YMCA-YWCA	15.0
Building Infrastructure to Create Jobs	
ecoENERGY Retrofit program	32.5
Recreational Infrastructure Canada	91.3
An improved rail system	125.0
Trans-Canada Highway—Banff	2.1
Champlain Bridge rehabilitation program	4.3
Accelerating action on federal contaminated sites	16.7
Federal infrastructure (repair and restoration of federal buildings, enhancing accessibility of federal buildings, federal bridges, Manège Militaire in Québec City)	100.0
Aviation security	157.5



Table A.1 (cont'd)

Allocations for the \$3-Billion Budget Implementation Vote

Measures	Value
	(millions of dollars)
Building Infrastructure to Create Jobs (cont'd)	
First Nations infrastructure—health facilities	10.0
First Nations infrastructure—police facilities	7.5
National recreational trails	22.5
Border facilities	3.4
Creating the Economy of Tomorrow	
Improving infrastructure at colleges and universities	498.3
Canada Graduate Scholarships program	27.9
Transformation to a green energy economy—Clean Energy Fund	10.0
Industrial Research and Development Internship program	2.5
Canadian Space Agency	7.0
Modernizing federal laboratories	32.3
Extending access to broadband services in rural communities	83.7
Strengthening Canada's nuclear advantage	276.0
Supporting Industries and Communities	
Industrial Research Assistance Program	76.0
Forestry—marketing and innovation	15.9
Canadian Youth Business Foundation	10.0
Federal Economic Development Agency for Southern Ontario	145.0
Canada Business Network	1.0
Canadian Tourism Commission	20.0
Promoting energy development in Canada's North	16.6
Marquee festivals	30.0
Parks Canada—national historic sites and visitor facilities	9.9
First Nations child and family services	4.1
Total	2,116.5