

CANADA'S  
ECONOMIC  
ACTION PLAN

*YEAR 2*

*Built to keep  
our economy growing*

*A SEVENTH REPORT  
TO CANADIANS*



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# Chapter 1

## Overview







## Highlights

- ✓ The first phase of Canada's Economic Action Plan, a \$60-billion fiscal stimulus package, is steering the economy on a recovery from the deepest global recession since the 1930s and is positioning Canada to succeed in a highly competitive global economy.
- ✓ Canada's labour market is performing better than its Group of Seven (G-7) peers, with Canada posting the strongest employment growth among G-7 countries since June 2009. In addition, Canada has now more than fully recouped all of the loss in output experienced during the recession.
- ✓ This strong economic performance reflects the timely and effective implementation of Canada's Economic Action Plan.
- ✓ On average, the Economic Action Plan is estimated to have boosted Canada's gross domestic product (GDP) growth by 1.3 percentage points per quarter since the second quarter of 2009.
- ✓ In its first year of implementation, the Economic Action Plan delivered close to \$32 billion in timely stimulus to the economy. The Action Plan is on track to deliver \$28 billion in further stimulus in its second year.
- ✓ More than 26,000 projects have been completed or are underway under the Economic Action Plan. These projects are putting Canadians across the country to work, contributing to the strong labour market recovery.
- ✓ The Government has demonstrated flexibility in responding to the needs of Canadians:
  - The Government acted to strengthen Employment Insurance (EI) benefits and limit the increase in EI premiums to 5 cents per \$100 of insurable earnings for 2011 and 10 cents for subsequent years. This will help businesses, particularly small and medium-sized enterprises, to continue to create jobs in the recovery.
  - The Government has extended the deadline for infrastructure projects under four Economic Action Plan funds, from March 31, 2011 to October 31, 2011. This extension should allow sufficient time for the completion of remaining infrastructure projects, and will also extend construction activity and the associated economic benefits into the next fiscal year.



- ✓ Because of the Economic Action Plan's emphasis on temporary measures, Canada is well-placed to retain its fiscal advantage and is on track to return to balanced budgets over the medium term.
- ✓ Although the global economic recovery remains fragile, Canada's domestic economy is performing well and private sector demand is poised to take over as the primary engine of growth creation while the Government continues to promote long-term prosperity.
- ✓ The Economic Action Plan will continue to benefit Canadians in the long run by ensuring that the economy recovers from the recession with a more modern public infrastructure, a renewed science and research base, a highly skilled workforce, lower taxes and a more competitive economy.





## Introduction

The first phase of Canada's Economic Action Plan is steering the Canadian economy on a recovery from the deepest global recession since the 1930s, and is supporting economic growth and job creation. As a result, while the fragile global recovery poses risks to the Canadian outlook, Canada remains in an enviable position, posting the strongest employment growth among G-7 countries since June 2009. Moreover, Canada has now more than fully recouped all of the loss in output experienced during the recession.

The introduction of Canada's Economic Action Plan was timely and its implementation is on track. In the first year of implementation, close to \$32 billion in timely support was provided to individuals and businesses most affected by the economic downturn. An additional \$28 billion is being delivered in the second year. Through the Economic Action Plan, more than 26,000 projects have been completed or are underway. These projects are putting Canadians to work across the country and have contributed to a strong labour market recovery, with close to 400,000 jobs created since July 2009.

While the majority of projects were on track to be completed by March 31, 2011, a small number of projects were at risk of being delayed for a variety of reasons. The Government has accordingly demonstrated flexibility by allowing its partners an additional construction season to complete their infrastructure projects under four stimulus funds. This extension will result in construction activity and the associated economic benefits continuing into the next fiscal year, thus extending the stimulus during this uncertain global economic recovery.

The Economic Action Plan investments will provide lasting benefits to Canadians through a modernized, greener infrastructure, a renewed science and research base, a highly skilled workforce, lower taxes and a more competitive business environment.

The Government remains committed to ensuring that the stimulus program is completed as the economy recovers and that Canada returns to balanced budgets. Canada will continue to be an international role model in fiscal management, supporting a sustained recovery through a credible plan to return to budgetary balance over the medium term.



*On fiscal stabilization, the government appropriately charts a course to fiscal balance over the medium term. This would put net debt-to-GDP ratio on a downward trajectory from already low levels, maintaining Canada's standing as [having] the strongest fiscal position in the G-7.*

— International Monetary Fund (IMF),  
*Canada: 2010 Article IV Consultation*,  
December 2010

## Canada's Economic Action Plan

By providing \$60 billion in timely fiscal stimulus, the first phase of Canada's Economic Action Plan is supporting those most affected by the global recession while making important investments to ensure Canada's long-term economic prosperity. Taxes have been reduced for Canadian families and job creators, EI benefits have been enhanced for the unemployed, thousands of infrastructure projects have been undertaken across the country, significant support has been provided for science and technology, industries and communities, and extraordinary actions have been taken to improve access to financing.

The introduction of the Economic Action Plan was timely and its implementation remains on track. In addition, the Government has carefully designed and managed the Plan to ensure the sound stewardship of taxpayer funds.

*We found that the programs we examined were designed in a manner to allow for timely implementation while maintaining suitable controls.*

— Fall 2010 Report of the Auditor General of Canada



The first phase of the Action Plan is stimulating economic growth by:

- **Reducing the Tax Burden for Canadians:** Providing Canadians with significant, permanent personal income tax relief and encouraging businesses to make the type of productivity-enhancing investments that result in sustained economic growth.
- **Helping the Unemployed:** Providing more resources for EI benefits to support those who have lost their jobs and providing the training required to help Canadians get the additional skills they need for high-quality, well-paid jobs. This includes providing additional benefits to long-tenured workers. It also includes providing support to Canadian workers participating in work-sharing arrangements and to the self-employed.
- **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 modern and greener infrastructure and more affordable and safe housing for lower-income Canadians. These projects are benefiting workers and the economy across the country. The Economic Action Plan has also provided additional support to the housing sector through the Home Renovation Tax Credit.
- **Advancing Canada's Knowledge Economy and Creating Better Jobs:** Improving infrastructure at colleges, universities, federal laboratories and research facilities; introducing additional support for graduate students and internships; commercializing new ideas; and strengthening research and technology leadership in Canada.
- **Supporting Industries and Communities:** Supporting local economies and protecting jobs in regions, communities and sectors that have been most affected by the economic downturn.
- **Improving Access to Financing and Strengthening Canada's Financial System:** Ensuring the continued stability of the Canadian financial system and improving access to financing for Canadian households and businesses.

Over the last two years, a great deal has been achieved. Roughly \$32 billion in spending and tax reductions were delivered to the economy in 2009–10 and a further \$28 billion in stimulus is planned for 2010–11 (Table 1.1).



*The Economic Action Plan was a partnership between governments to protect Canadians during a global crisis—and that partnership has delivered results. Municipalities are co-funding \$10 billion worth of stimulus projects that will keep 100,000 Canadians on the job and supporting their families.*

— Hans Cunningham, President of the Federation of Canadian Municipalities, December 2010

Table 1.1  
**Canada's Economic Action Plan**

	2009–10	2010–11	Total
	Dollars Spent <sup>1</sup>	Stimulus Value <sup>2</sup>	
	(millions of dollars—cash basis)		
Reducing the Tax Burden for Canadians	3,020	3,180	6,200
Helping the Unemployed	3,348	4,924	8,271
Building Infrastructure to Create Jobs	6,031	8,792	14,822
Advancing Canada's Knowledge Economy and Creating Better Jobs	1,550	2,271	3,821
Supporting Industries and Communities	10,979	2,261	13,241
<b>Total federal stimulus measures</b>	<b>24,928</b>	<b>21,427</b>	<b>46,355</b>
Assumed provincial and territorial actions	7,062	6,968	14,030
<b>Total Economic Action Plan Stimulus</b>	<b>31,989</b>	<b>28,395</b>	<b>60,384</b>

Note: Totals may not add due to rounding.

<sup>1</sup> Includes estimated values for tax reduction measures. Revisions to 2009–10 values reflect improved labour market conditions, leading to a downward revision to projected EI costs for the year as a whole. The cost estimate for the Home Renovation Tax Credit based on 2009 tax return information is approximately 25 per cent lower than the cost originally projected when the measure was implemented in Budget 2009.

<sup>2</sup> As a result of the extension of four infrastructure programs, some funds originally planned for 2010–11 will be expended in 2011–12.

Through the Economic Action Plan, more than 26,000 projects have been completed or are underway across Canada. These include:

- Roughly 7,800 provincial, territorial and municipal infrastructure projects, including over 4,000 Infrastructure Stimulus Fund projects and over 1,900 Recreational Infrastructure Canada projects.
- Over 12,000 social housing and First Nations housing projects.
- Over 500 projects to improve infrastructure at colleges and universities across the country.



- 272 projects to improve small craft harbours.
- Over 1,850 projects to assist communities hardest hit by the recession through the Community Adjustment Fund.
- 140 cultural infrastructure projects.
- Over 220 projects to upgrade facilities at National Parks and National Historic Sites.
- Over 200 projects to modernize federal laboratories.
- Close to 2,000 projects to renovate and repair federal buildings.
- Over 300 projects to enhance the accessibility of Crown-owned buildings for persons with disabilities.
- 95 First Nations infrastructure projects.

## Canada's Economic Action Plan: Working for Canadians

### **Sprucing Up Downtown Kénogami (Quebec)**

Kénogami's local economy was in need of a boost, with an increasing number of vacant buildings and low commercial diversity. With almost \$3.6 million in federal funding, the city added new sidewalks, streetlights, benches and greenery along its main streets. Dilapidated buildings have also been torn down to welcome new commercial development.

### **Supporting Agriculture (Ontario)**

The Government has committed \$1.5 million in the form of repayable federal contributions for Holly Park Meat Packers Inc. This funding helped the firm to redesign its facility and purchase and install new equipment and technology, providing the opportunity to develop new products and access niche markets.

### **Improving Water Service (Manitoba)**

With almost \$725,000 from the Infrastructure Stimulus Fund, the neighbouring communities of Grandview and Gilbert Plains expanded their water reservoirs, upgraded their treatment facilities, replaced leaking water mains and installed emergency power generators. The area now has safer drinking water and local firefighters have more reliable water service.

### **Upgrading Social Housing (Northwest Territories)**

Through Canada's Economic Action Plan, the federal government is enhancing the quality of housing in the Northwest Territories. The Northwest Territories Housing Corporation received almost \$200,000 in federal funding to make general improvements to 103 social housing units in the Hamlet of Fort McPherson. Repairs include energy-efficiency upgrades or conversions, and modifications to support people with disabilities.



## Canada's Economic Action Plan: Working for Canadians

*The Northwest Territories Housing Corporation looks forward to continuing its partnership with the Government of Canada to improve the quality of housing throughout the Northwest Territories.*

— Robert C. McLeod, Minister Responsible  
for the Northwest Territories Housing Corporation

### **Advancing Canada's Knowledge Economy (Nova Scotia)**

The Government has provided over \$11 million to St. Francis Xavier University to complete the renovation of scientific laboratories and the addition of new information technology labs and business research spaces. The project has doubled the university's capacity to undertake research and development in the areas of business and information technology.

### **Investing in the Green Economy (British Columbia)**

The Aldergrove Water Treatment Plant in Langley has a new geothermal heat recovery system that extracts energy from well water. The plant is reducing its natural gas consumption by 95 per cent, reducing greenhouse gases and saving money. Partners for Climate Protection recognized the project as the Greenhouse Gas Reduction Initiative of the Month in September 2010.

## The Government's Prudent Management

In order for the Plan to be effective, it must provide important economic stimulus and job-creating measures when Canada needs it the most. The Government is working with provincial, territorial and municipal partners to ensure that stimulus funds are spent effectively and in a timely manner so that communities benefit from the economic recovery.

The Government is committed to ensuring that stimulus measures end as the economy recovers. As a result of these efforts, the majority of infrastructure projects were on track to be completed by March 31, 2011; however, consultations with provinces, territories and municipalities revealed that a small number of infrastructure projects were at risk of not being completed by the March 31st deadline. In response to these concerns, the Government has extended the project completion deadline to October 31, 2011 under four cost-shared infrastructure programs,



providing additional flexibility to its partners and extending stimulus benefits by an additional construction season. This extension will have some impact on the timing of expenditures between fiscal years 2010–11 and 2011–12 (see box below).

### Economic Action Plan Extension for Infrastructure Projects

The majority of infrastructure projects were on track to be completed on schedule by March 31, 2011. However, the Government learned that a small number of projects were at risk of being delayed for a variety of reasons. The Government therefore demonstrated flexibility on December 2, 2010 by announcing its intention to allow its partners an additional construction season to complete their infrastructure projects under four stimulus funds. These include the Infrastructure Stimulus Fund, the Building Canada Fund Communities Component Top-Up, the Recreational Infrastructure Canada program and the Knowledge Infrastructure Program.

This extension should allow sufficient time for the completion of remaining infrastructure projects, and will also extend construction activity and the associated economic benefits until October 31, 2011.

While this extension will stimulate activity in the short term, it will not impose additional costs on the Government, as it entails a change in the profile of budgeted funds and not new allocations of funding. At this stage, it is too early to estimate precisely how much spending will be transferred from 2010–11 to 2011–12, but the stimulus value indicated for 2010–11 in Table 1.1 includes some funds that will ultimately be expended in 2011–12. It is anticipated, for example, that some project sponsors that would have been in a position to complete their projects by the original March 31st deadline may take advantage of the extension to finish their work during the summer construction season. Details on the number and value of projects that will continue into 2011–12 will be known in the coming weeks following the receipt of reports from provinces, territories, municipalities and other partners.

The Government has also taken additional steps to secure the recovery by limiting EI premium rate increases to 5 cents per \$100 of insurance earnings for 2011 and 10 cents for subsequent years. This will help businesses, particularly small and medium-sized enterprises, to continue to create jobs in the recovery. The Government has also maintained its focus on the economy of the future and extended enhanced EI support programs, which support the development of a skilled, flexible and knowledgeable workforce and lay the foundation for long-term sustainable jobs.



*We applaud the federal government for standing by its stimulus partners. Municipalities have worked flat out to keep 90 per cent of projects on schedule. Now they'll have one more construction season to turn every last stimulus dollar into a job.*

— Hans Cunningham, President of the Federation of Canadian Municipalities, December 2010

## Canada's Economic Action Plan Continues to Support Economic Growth and Job Creation

The first phase of Canada's Economic Action Plan was adopted to safeguard jobs and protect incomes from the worst global financial crisis since the 1930s. Its effectiveness can be judged by the extent to which it shielded Canadians from the global economic crisis.

### The Government's Policies Are Supporting a Strong Job Market

The Government's strong policies and prudent management have contributed to significant job growth in Canada. Since January 2006, employment in Canada has increased by over 940,000, the strongest performance of any G-7 country over this period.

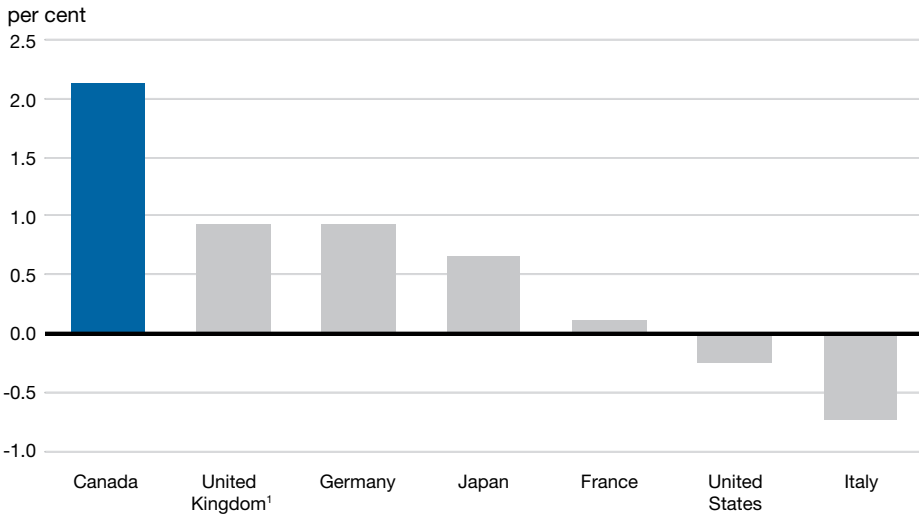
- Close to 400,000 jobs have been created since July 2009, virtually offsetting all of the jobs lost during the recession.
- Close to 85 per cent of the jobs created since July 2009 have been full-time jobs and close to 90 per cent have been high quality jobs in high wage industries.
- Canada's labour market has performed better than its G-7 peers, with Canada posting the strongest employment growth among G-7 countries since June 2009 (Chart 1.1).





## The labour market has been significantly stronger in Canada than in other G-7 countries

Chart 1.1  
**Change in Total Employment, June 2009 to September 2010**



<sup>1</sup> Data for the U.K. are on a quarterly average basis.

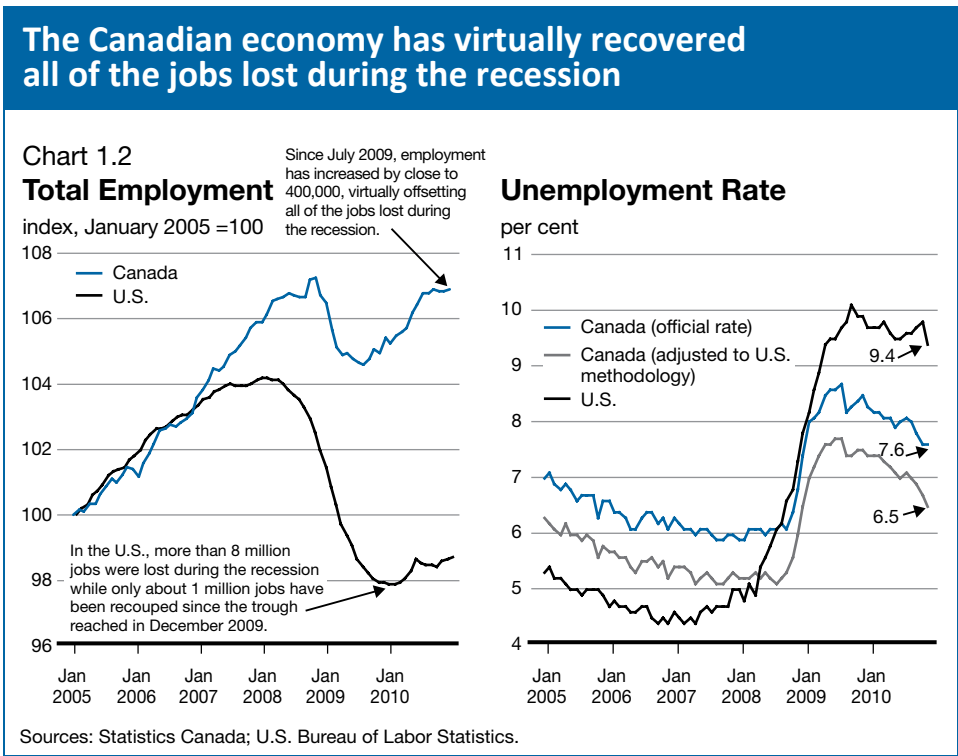
Sources: Statistics Canada; U.S. Bureau of Labor Statistics; Japanese Ministry of Health, Labour and Welfare; U.K. Office for National Statistics; Deutsche Bundesbank; National Institute of Statistics and Economic Studies of France; National Institute of Statistics of Italy.

The economic recovery in Canada is continuing. Canada has weathered the global recession better than most other industrialized countries and is experiencing a solid recovery. Canada's performance both during the recession and over the recovery reflects continued financial, economic and fiscal strengths together with substantial support provided by monetary policy and Canada's Economic Action Plan. As a result, close to 400,000 more Canadians are working today than in July 2009—virtually offsetting all of the jobs lost in Canada during the global economic downturn (Chart 1.2). This labour market recovery contrasts sharply with labour market developments in the United States, where employment remains well below its pre-recession level.



The unemployment rate in Canada fell from a peak of 8.7 per cent in August 2009 to 7.6 per cent in December 2010, its lowest level since January 2009. This is significantly better than what private sector economists were expecting early in the recession. In early 2009, some private sector economists were forecasting the unemployment rate to peak at as high as 10 per cent.

The Canadian unemployment rate is currently close to 2 percentage points below that of the United States—a phenomenon not seen in more than three decades. Furthermore, if measured on the same basis, the unemployment rate gap between the two countries increases to close to 3 percentage points.

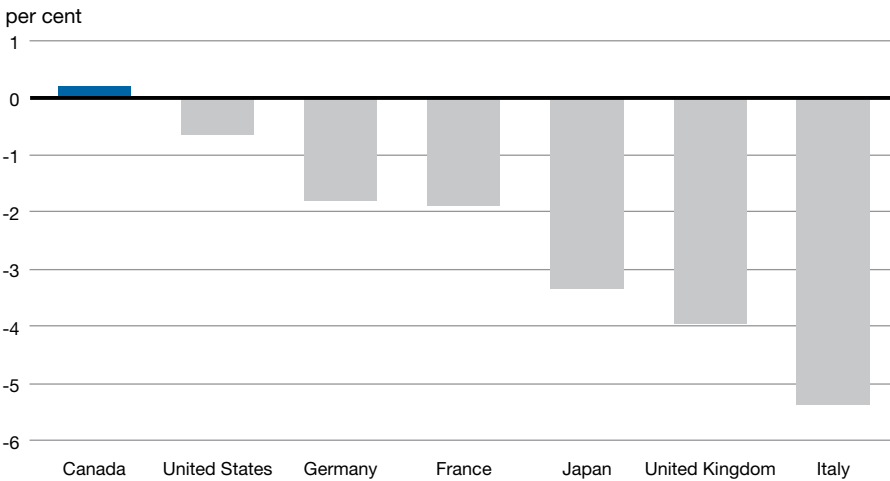




Furthermore, Canada has now more than fully recovered all of the loss in output experienced during the recession—the best performance in the G-7 (Chart 1.3).

**Economic activity in Canada is above pre-recession levels—the best performance in the G-7**

**Chart 1.3  
Evolution of Real GDP Since Pre-Recession Peak**



Note: For comparative purposes, data for all countries are up to and including 2010 Q3.  
Sources: Statistics Canada; U.S. Bureau of Economic Analysis; Japan Cabinet Office; U.K. Office for National Statistics; Deutsche Bundesbank; National Institute of Statistics and Economic Studies of France; National Institute of Statistics of Italy.

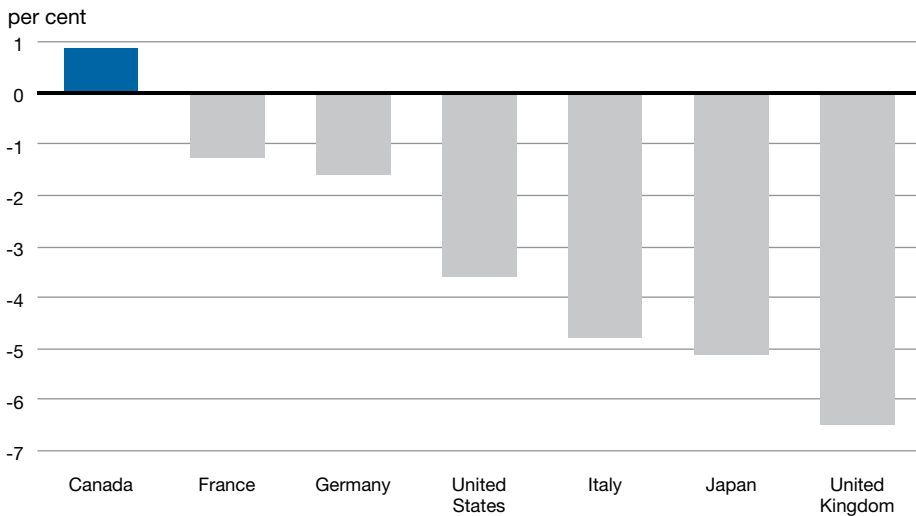
Reflecting the positive impact of the first phase of the Economic Action Plan on consumers and businesses, the recovery in economic activity is being underpinned by a rebound in private domestic demand—the sum of private consumption and business investment. Canada is the only G-7 country to have fully recouped private domestic demand lost during the recession (Chart 1.4)



## Private domestic demand in Canada is back to pre-recession levels—the best performance in the G-7

Chart 1.4

### Evolution of Real Private Final Domestic Demand Since the Start of the Recession



Note: For comparative purposes, data for all countries are up to and including 2010 Q3. Private domestic demand equals private consumption expenditures plus private fixed investment. Italy includes government fixed investment.

Sources: Statistics Canada; U.S. Bureau of Economic Analysis; Japan Cabinet Office; U.K. Office for National Statistics; Deutsche Bundesbank; National Institute of Statistics and Economic Studies of France; National Institute of Statistics of Italy; Department of Finance calculations.

## The Economic Action Plan Sets the Foundation for Long-Term Economic Growth

The first phase of Canada’s Economic Action Plan has succeeded in creating jobs and supporting economic growth at a time when economic stimulus was needed most. But the Action Plan will also benefit Canadians in the future by helping the Canadian economy to deal with long-term challenges, such as population aging and increased global competition. By supporting productive investments in infrastructure, a more highly skilled labour force and a competitive business environment, the Economic Action Plan is laying the foundation for long-term economic growth and prosperity.



*Twenty-two years ago we wrote an editorial—"North, to Argentina"—warning Canada that economic prosperity isn't a birthright but requires sound policies like free trade. Nowadays, that's a lecture Canada could credibly deliver to Washington on business taxes.*

— *The Wall Street Journal*, January 4, 2011

The Economic Action Plan will benefit Canadians by:

- **Enhancing Canada's Low-Tax Advantage:** Permanent personal income tax relief under the Economic Action Plan allows hard-working Canadians to keep more of their earnings, thereby encouraging investment in education and training and the development of a highly skilled work force. This tax relief complements actions taken since 2006 to establish a business tax advantage. As a result of federal and provincial business tax reductions, Canada now has an overall tax rate on new business investment that is substantially lower than that in any other G-7 country. A competitive tax system encourages firms in all sectors of the Canadian economy to invest more, contributing to a solid foundation for economic growth, job creation and higher standards of living.
- **Helping the Unemployed and Enhancing Their Training Opportunities:** By strengthening EI benefits, the Government is giving workers more time to find the right job and get the training they need. The increased availability of training is helping Canadian workers develop the skills and expertise needed to take advantage of new opportunities once the economy recovers. Companies using work-sharing arrangements are also being given more time to restructure and better position themselves to emerge from the economic downturn in a position of strength.
- **Building Infrastructure for Strong and Sustainable Growth:** Significant investments in infrastructure are ensuring that Canada emerges from the economic downturn with more modern public infrastructure. State-of-the-art infrastructure helps move people, goods and services to markets and improves business competitiveness, allowing the economy to grow and prosper.



- **Investing in Research and Development and Innovation:** With improved infrastructure at educational institutions, federal laboratories and research facilities, and with additional support for research and technology leadership, Canada’s Economic Action Plan is greatly improving the environment needed for innovation.
- **Supporting Industries and Communities:** Through its support for the most affected sectors, regions and communities as they make difficult adjustments in a changing global economy, the Economic Action Plan is positioning Canada for long-term recovery by promoting investment and competition, investing in more sustainable development, supporting small businesses and promoting economic opportunities in all regions.
- **Maintaining Canada’s Financial Sector Advantage:** By ensuring the continued stability of the Canadian financial system and its capacity to support access to financing for Canadian households and businesses, Canada’s Economic Action Plan is helping Canadians invest, innovate and grow.

Looking ahead, the Government will continue to build strong foundations for job creation and sustainable economic growth as it implements the next phase of Canada’s Economic Action Plan. The objective is to create a more productive and competitive economy that generates high quality, well-paid jobs and continued prosperity for Canadians.

## Canada Is on Track to Return to a Balanced Budget Over the Medium Term

The Government’s responsible fiscal management in the years leading up to the global economic crisis provided Canada with the flexibility to respond to the global recession with what the IMF<sup>1</sup> described as a “rightly-sized and well-targeted”<sup>1</sup> package of stimulus measures, without jeopardizing the country’s long-term fiscal situation.

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<sup>1</sup> IMF, *Canada: 2010 Article IV Consultation*, December 2010.

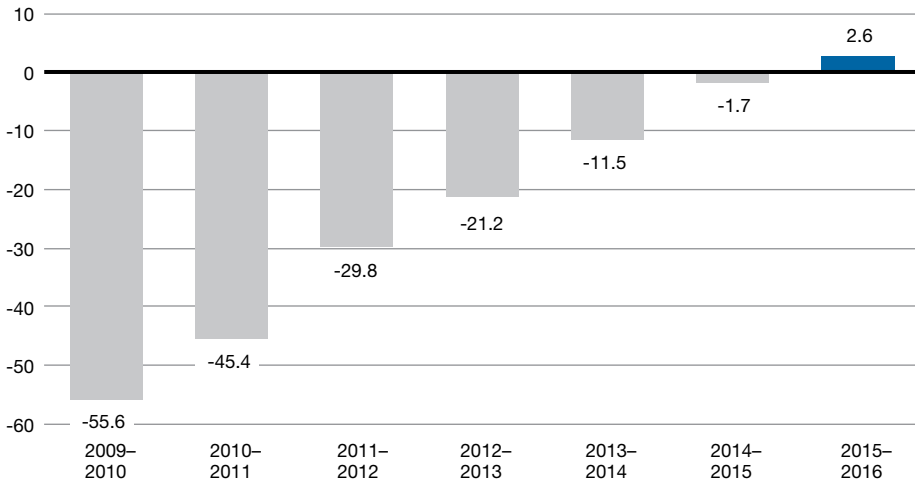


Canada's fiscal position is strong and is expected to remain so going forward. Chart 1.5 presents the projected budgetary balance as of the October 2010 *Update of Economic and Fiscal Projections*, which shows that the Government's plan to return to balance over the medium term is on track.<sup>2</sup>

### The Government's plan to return to a balanced budget is on track

Chart 1.5  
**Projected Federal Budgetary Balance**

billions of dollars



Source: Department of Finance.

The IMF believes that Canada's total government sector, which includes the federal, provincial/territorial and local governments, is broadly on track to return to balanced budgets over the medium term, before other G-7 countries. Moreover, it expects Canada to maintain by far the lowest net debt burden among G-7 countries (Chart 1.6).

<sup>2</sup> This projected balance does not take account of developments since the October 2010 *Update of Economic and Fiscal Projections*. The Government will release revised projections in the 2011 budget.



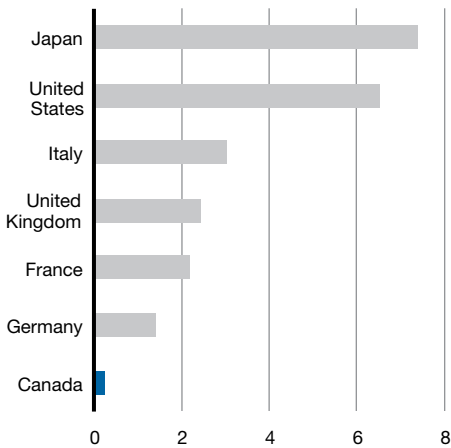
Even when comparing Canada to the G-20 countries, the IMF recently acknowledged its strength by noting that “from an international point of view, Canada’s overall fiscal outlook in the aftermath of the crisis stands out as among the best in the G-20.”<sup>3</sup>

### Canada retains a significant fiscal advantage over other G-7 countries

Chart 1.6

#### Projected Total Government Budgetary Deficit,<sup>1</sup> 2015

per cent of GDP

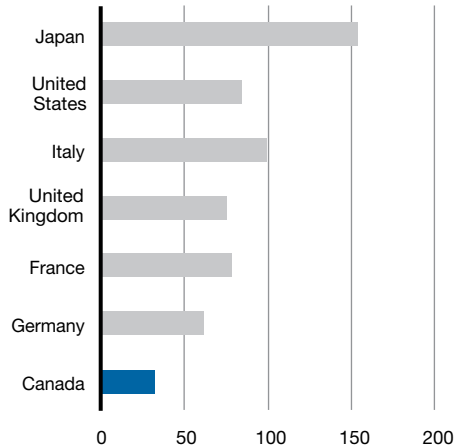


<sup>1</sup> Total government comprises the central, state and local levels of government, as well as the social security funds. For Canada, total government includes the federal, provincial/territorial and local government sectors, as well as the Canada Pension Plan and Québec Pension Plan.

Source: IMF, *Fiscal Monitor*, November 2010.

#### Projected Total Government Net Debt,<sup>1</sup> 2015

per cent of GDP



<sup>1</sup> Total government net debt is total liabilities net of financial assets of the central, state and local levels of government, as well as those in social security funds. In Canada, total government includes the federal, provincial/territorial and local government sectors, as well as the Canada Pension Plan and Québec Pension Plan. For international comparability, adjustments are made to unfunded public pension liabilities.

Source: IMF, *Fiscal Monitor*, November 2010.

<sup>3</sup> IMF, *Canada: 2010 Article IV Consultation*, December 2010.





*The medium-term consolidation plans are appropriately ambitious, and include growth-friendly measures.*

— International Monetary Fund,  
*Canada: 2010 Article IV Consultation*,  
December 2010

As the recovery becomes more secure, the Government will continue to take the necessary steps to ensure that its fiscal position is sustainable and that the budget is returned to balance over the medium term. This approach underscores the Government's fundamental belief that the role of government is to provide programs and services for a prosperous economy and society at levels of taxation that are competitive and sustainable for the long term, and that the ingenuity, innovation and hard work of individual Canadians are the sources of growth and wealth creation.

The following chapter provides a detailed review of progress achieved in each of the six areas of the Economic Action Plan. Canadians are invited to monitor the progress of the Economic Action Plan on the Government's website, [www.actionplan.gc.ca](http://www.actionplan.gc.ca).





# Chapter 2

Progress Achieved to Date







## Introduction

This chapter reports in detail on progress achieved since the Sixth Report to Canadians in implementing individual measures contained in Canada's Economic Action Plan. It is divided into six sections that reflect actions taken in the Plan:

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

Canadians can follow progress on the implementation of the Economic Action Plan on the Government's website, [www.actionplan.gc.ca](http://www.actionplan.gc.ca).





# Chapter 2.1

## Reducing the Tax Burden for Canadians









## Reducing the Tax Burden for Canadians

The tax reductions in the first phase of Canada's Economic Action Plan are an essential part of the Government's effort to boost economic growth and establish a competitive business environment, which helps create jobs and increase living standards for Canadians. The Economic Action Plan's tax measures are allowing individuals and families to keep more of their hard-earned money, and improve incentives to work, save and invest. The tax reductions in the Plan build on previous actions taken since 2006 and reinforce the Government's ambitious agenda of tax relief aimed at creating a tax system that fuels investment and job creation in Canada. Reducing taxes is a key part of the Government's long-term economic agenda to build a strong Canadian economy.

Actions taken by the Government since 2006, including those in the first phase of the Economic Action Plan, will reduce taxes on individuals, families and businesses by about \$220 billion over 2008–09 and the following five fiscal years. In total, the Government has introduced close to 120 tax relief measures since 2006. As a percentage of gross domestic product, the federal tax burden is now at its lowest level since 1961. Tax relief for Canadian families and individuals (not including housing-related tax relief) provided under the Economic Action Plan from 2008–09 to 2010–11 totals \$6.9 billion (Table 2.1.1).

The Government took early significant action in the October 2007 *Economic Statement*, anticipating the possibility of a weaker global economy. The broad-based permanent tax reductions that were put in place at that time laid the foundation for sustainable, long-term economic growth. These tax reductions have helped the Canadian economy weather the global recession and put Canada in an enviable position to deliver the stability needed for the economic well-being of Canadian families and businesses.



Table 2.1.1

**Reducing the Tax Burden for Canadians**

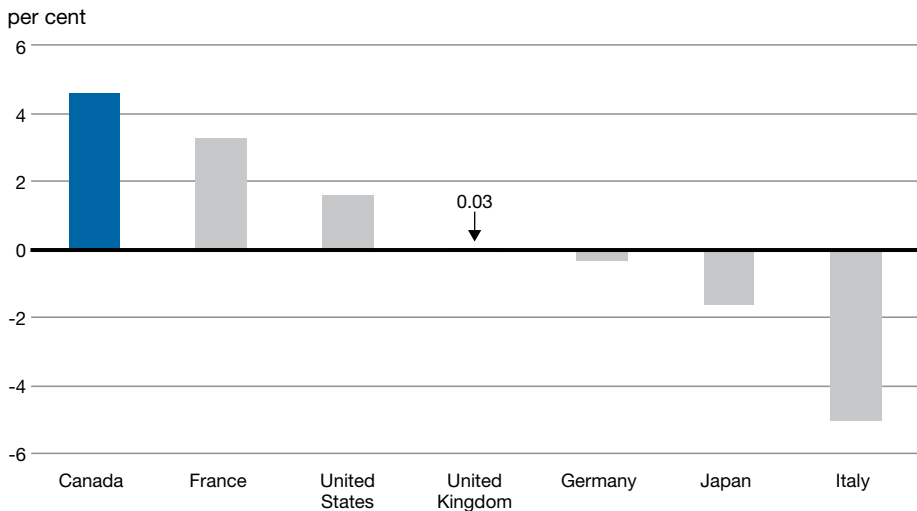
	2008–09	2009–10	2010–11	Total
	(millions of dollars)			
Personal income tax relief for all taxpayers	470	1,885	1,950	4,305
Increases to the National Child Benefit supplement and the Canada Child Tax Benefit		230	310	540
Enhancing the Working Income Tax Benefit	145	580	580	1,305
Targeted relief for seniors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

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.

## Supported by tax reductions, Canadian incomes have grown faster than in any other G-7 country

Chart 2.1.1

### Growth in Real Per Capita Personal Disposable Income From 2006 to 2009



Note: This chart shows gross personal disposable income.

Sources: Statistics Canada; National Institute of Statistics and Economic Studies of France; Japan Cabinet Office; Japan Ministry of Internal Affairs and Communications; Deutsche Bundesbank; Federal Statistical Office of Germany; U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; U.S. Census Bureau; U.K. Office for National Statistics; Eurostat; National Institute of Statistics of Italy; Department of Finance calculations.



## Tax Relief for Individuals and Families

The Economic Action Plan introduced significant new personal income tax reductions that are providing relief, particularly for low- and middle-income Canadians, as well as measures to help Canadians purchase or improve their homes. These tax reductions allow individuals and families to keep more of their hard-earned money and improve incentives to work, save and invest, while also contributing to the Government's long-term economic agenda. For example:

- The amount of income that Canadians can earn before paying 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.
- The Working Income Tax Benefit, first introduced in Budget 2007, was effectively doubled. This enhancement lowered the “welfare wall” by further strengthening work incentives for low-income Canadians already in the workforce and encouraging other low-income Canadians to enter the workforce. Canadians have been able to receive enhanced benefits since filing their 2009 tax returns.
- The level at which the National Child Benefit supplement for low-income families is fully phased out and the level at which the Canada Child Tax Benefit begins to be phased out were raised, which provided an additional benefit of up to \$438 per year (in the 2010–11 benefit year) for a family with two children. Additional monthly benefits under these programs began to be paid to families with children in July 2009.
- The Age Credit amount was increased by \$1,000 in 2009 to provide tax relief to low- and middle-income seniors. With indexation, this means additional tax savings of up to \$153 for low-income seniors in 2011.
- To assist first-time home buyers, Canada's Economic Action Plan provided a new tax credit of up to \$750, as well as additional access to their Registered Retirement Savings Plan savings to purchase or build a home.



## Supporting Families With Children

Since 2006, the Government has significantly increased support for families to better assist them with the costs of raising children:

- The Universal Child Care Benefit, available since July 2006, gives families with young children more choice in child care by providing \$100 per month for each child under age 6.
- The Child Tax Credit, available since 2007, recognizes the expenses associated with raising children by providing personal income tax relief of up to \$320 in 2011 for each child under age 18.
- The Children's Fitness Tax Credit, available since 2007, promotes physical fitness among children through a 15-per-cent credit on up to \$500 in eligible fees for the enrolment of a child under age 16 in an eligible program of physical activity.
- The amount that families can earn before the National Child Benefit supplement is fully phased out—or before the base benefit under the Canada Child Tax Benefit begins to be phased out—was increased starting in July 2009. As a result, a low-income family with two children receives an additional benefit of up to \$438 in the 2010–11 benefit year.
- The spousal and other related amounts were increased to equal the basic personal amount so that single-earner families, including single parents, receive the same tax treatment as two-earner families, effective 2007.
- To help families of children with disabilities, the Government introduced the Registered Disability Savings Plan starting in 2008, and increased the Child Disability Benefit component of the Canada Child Tax Benefit as of July 2006.
- To help families with education costs, the Government took several actions to strengthen Registered Education Savings Plans and launched the new consolidated Canada Student Grants Program. The Government also exempted scholarship and bursary income from tax and introduced the Textbook Tax Credit.

Families are major beneficiaries of the substantial tax relief the Government is providing to all Canadians, such as the 2-percentage-point reduction in the Goods and Services Tax, broad-based personal income tax reductions, and the new Tax-Free Savings Account, which helps Canadians meet lifetime savings needs.

In addition, many families are benefiting from other more targeted tax measures introduced since 2006, such as the Working Income Tax Benefit, the Canada Employment Credit, the Public Transit Tax Credit, and the First-Time Home Buyers' Tax Credit. Altogether, actions taken since 2006 will provide about \$160 billion of tax relief for individuals and families over 2008–09 and the following five fiscal years.



The tax relief measures introduced in the Economic Action Plan added to the substantial tax relief provided by the Government since 2006 in support of its agenda to promote long-term economic growth—in addition to providing important short-term stimulus. Tax relief being provided to individuals and families totals about \$160 billion over 2008–09 and the following five fiscal years and includes the following key actions:

- 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 GST Credit benefits annually for low- and modest-income Canadians, making purchases more affordable for these Canadians.
- All taxpayers are benefiting from the reduction in the lowest personal income tax rate to 15 per cent from 16 per cent.
- The Tax-Free Savings Account, introduced in Budget 2008, is improving incentives to save through a flexible, registered general-purpose account that allows Canadians to earn tax-free investment income.
- The Government also introduced relief measures targeted to help families, students, seniors and pensioners, workers, persons with disabilities, and communities.

### Tax Relief for Families Since 2006: Example

Steve and Mary are a couple with two children. Steve earns \$40,000 and Mary earns \$60,000. As a result of actions taken by the Government since 2006, they are expected to pay \$1,963 less in personal income tax and \$960 less in GST, for a total of \$2,923 in tax relief in 2011. Steve and Mary also receive an additional \$76 in child benefits, making them about \$3,000 better off.



## Supporting Canada's Seniors

The Government is committed to ensuring that seniors continue to have a good quality of life as they age. To realize this commitment, the Government provides support to seniors in a number of ways.

### Tax Relief

As a result of actions taken by the Government, seniors and pensioners will receive about \$2.3 billion in targeted tax relief for the 2010–11 fiscal year. In particular, since 2006, the Government has:

- Increased the Age Credit by \$1,000 in 2006, and by another \$1,000 in 2009.
- Doubled the maximum amount of income eligible for the Pension Income Credit to \$2,000.
- Introduced pension income splitting.
- Increased the age limit for maturing pensions and Registered Retirement Savings Plans to 71 from 69 years of age.

As a result of actions taken by the Government, in 2011, a single senior can earn at least \$19,064 and a senior couple at least \$38,128 before paying tax.

### Retirement Income Support

The Government's record also includes important improvements to several specific retirement income supports:

- Budget 2008 increased the amount that can be earned before the Guaranteed Income Supplement (GIS) is reduced to \$3,500, so that GIS recipients will be able to keep more of their hard-earned money without any reduction in GIS benefits.
- Budget 2008 increased flexibility for seniors and older workers with federally regulated pension assets that are held in Life Income Funds.
- In May 2009, along with provincial and territorial governments, the Government completed the triennial review of the Canada Pension Plan. The reforms, which began to take effect in January 2011, will increase flexibility and fairness in the Plan and allow it to better reflect the way Canadians live, work and retire.
- In October 2009, based on the results of extensive cross-country and online public consultations, the Government released an important reform plan to further improve the federal private pension legislative and regulatory framework. To implement this reform, all the necessary legislative amendments received Royal Assent and a number of regulatory amendments have already been brought into force. Remaining regulatory amendments will be brought forward at the earliest opportunity.



## Supporting Canada's Seniors

### Retirement Income Support (*cont'd*)

- At the December 2010 Finance Ministers Meeting, Ministers agreed on a framework for defined contribution Pooled Registered Pension Plans (PRPPs). These plans will assist Canadians, including the self-employed, meet their retirement objectives by providing access to a new, low-cost pension option. Federal, provincial and territorial officials will work together over the coming months to implement PRPPs.

### Seniors Programs

Finally, the Government has also recently invested in a number of programs to help seniors:

- Budget 2010 provided \$10 million over two years to increase funding for the New Horizons for Seniors Program.
- Canada's Economic Action Plan provided \$400 million over two years for the construction of new housing units for low-income seniors.
- Canada's Economic Action Plan provided an additional \$60 million over three years for the Targeted Initiative for Older Workers to help more older workers remain active and productive participants in the labour market. This additional support brings the total funding for this program to \$50 million per year.

## Tax Relief for Seniors Since 2006: Example

Leonard and Eunice are a senior couple receiving \$50,000 and \$25,000 respectively in pension income. As a result of actions taken by the Government since 2006, they are expected to pay \$2,260 less in personal income tax and \$740 less in GST, for a total of \$3,000 in tax relief in 2011.



## Supporting Low-Income Working Canadians

Measures introduced since 2006, including the Working Income Tax Benefit (WITB), have lowered the welfare wall, so that low-income individuals may keep more of their earnings. In 2011, if the WITB had not been introduced, a typical low-income single parent would have only kept about 25 cents of each additional dollar earned between \$3,000 and \$10,000, due to reduced benefits from federal and provincial income-tested programs and taxes. As a result of the enhanced WITB, the same family will keep about 41 cents of each additional dollar earned.

Other tax relief provided by the Government has also improved work incentives for low-income Canadians. For example, the amount that a single parent with one child can earn in 2011 before paying taxes has increased by \$5,178 to \$25,815 as a result of the introduction of the Canada Employment Credit, the Child Tax Credit and legislated increases to the basic personal amount and the Eligible Dependant Credit.

## Tax Relief for Canadian Job Creators

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 previous corporate income tax reductions to help position businesses to weather the effects of global economic challenges, invest in Canada, and spur innovation and growth—thereby creating more jobs for Canadian workers. Economic Action Plan measures include:

- Help for businesses to adopt newer technology at a faster pace: a temporary 100-per-cent capital cost allowance (CCA) rate was introduced for computers acquired after January 27, 2009 and before February 1, 2011.
- Help for businesses in manufacturing and processing industries to restructure and retool to position themselves for long-term success: the temporary 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 were already benefiting from this measure, which was first introduced in Budget 2007 and extended in Budget 2008.





- Support for small businesses: 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.
- Support for mineral exploration activity across Canada: the temporary Mineral Exploration Tax Credit was extended to March 31, 2010.

These Economic Action Plan measures are providing immediate economic stimulus, while also encouraging the type of productivity-enhancing investments that result in sustained growth.

Including measures in the Economic Action Plan, the Government has introduced business tax relief totalling about \$60 billion over 2008–09 and the following five fiscal years. Early actions taken by the Government are delivering permanent broad-based tax relief, including:

- Substantial, broad-based tax reductions for job creators that are lowering the federal general corporate income tax rate from 22.12 per cent (including the corporate surtax) in 2007 to 16.5 per cent in 2011 and 15 per cent in 2012. These tax reductions include the elimination of the corporate surtax in 2008 for all corporations.
- 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 different capital assets, 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.



These early actions, as well as measures included in the Economic Action Plan, have given Canada a competitive advantage in attracting business investment, thereby contributing to long-term economic growth. More than 110,000 job-creating businesses in Canada are benefiting from cuts to the federal general corporate income tax rate. By encouraging these 110,000 job creators to grow and generate more and better-paying jobs for Canadians, business tax cuts are raising the living standards of Canadians.

An innovative and growth-oriented small business sector can also play an important role in strengthening Canada's competitiveness in the global marketplace. Recognizing this, the federal government supports small businesses through a range of measures.

*The economic cost of giving up the three-point reduction in the federal corporate income tax rate planned by 2013 would be a long-run loss of \$47 billion in capital investment and 233,000 jobs.*

— Duanjie Chen and Jack Mintz report  
"Canada's Tax Competitiveness After a Decade  
of Reforms: Still an Unfinished Plan,"  
May 2010



## Supporting Small Businesses

The tax system provides considerable support to small businesses through a lower corporate income tax rate, incentives for investors, enriched financial support for research and development (R&D), and simplified compliance.

Since 2006, the Government has introduced a large number of tax measures to support investment, innovation and growth by small businesses, including:

- To help small businesses retain more of their earnings for investment, expansion and job creation, the lower small business tax rate was reduced to 11 per cent from 12 per cent in 2008. The amount of income eligible for this lower rate was increased from \$300,000 to \$400,000 in 2007, and then to \$500,000 in 2009.
- To spur investment in small businesses, Budget 2007 increased the Lifetime Capital Gains Exemption on qualified small business shares to \$750,000 from \$500,000, the first increase in the exemption since 1988.
- Support for R&D through the Scientific Research and Experimental Development Tax Incentive Program was enhanced in Budget 2008. The amount of expenditures eligible for the higher, refundable tax credit was increased to \$3 million and eligibility was extended to medium-sized companies by increasing the taxable capital and income limits.
- To allow small business owners to devote more time to growing their firms, the Government fulfilled its Budget 2007 commitment to reduce the paperwork burden on Canadian businesses by 20 per cent.

Budget 2010 included several measures to help Canadian small and medium-sized companies grow their businesses, including:

- Elimination of tax reporting under section 116 of the *Income Tax Act* for many investments, such as those by non-resident venture capital funds in a typical Canadian high-technology firm.
- Building on the Government's success in fulfilling its Budget 2007 commitment to reduce the paperwork burden on Canadian businesses by 20 per cent, a new Red Tape Reduction Commission will review federal regulations and reduce the cost of compliance for small businesses.
- A new private sector Advisory Committee on Small Business and Entrepreneurship to provide advice on how to further improve business access to federal programs and information.
- A new Small and Medium-sized Enterprise Innovation Commercialization Program, which will provide \$40 million to help federal departments demonstrate new products developed by small and medium-sized companies.

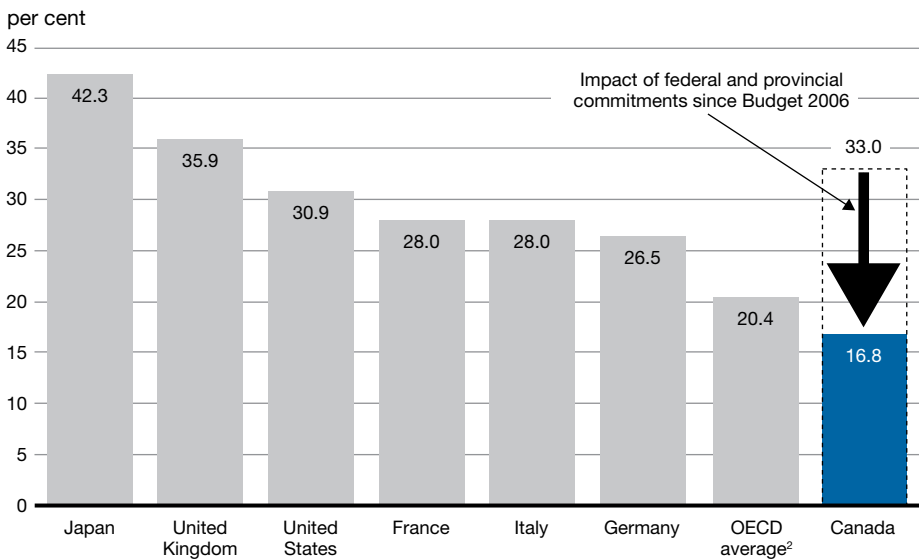


As a result of federal and provincial business tax changes, Canada now has an overall tax rate on new business investment<sup>1</sup> that is substantially lower than that in any other G-7 country and below the average of the Organisation for Economic Co-operation and Development (OECD) (Chart 2.1.2).

### Canada's Economic Action Plan: Canada leads the G-7 with the lowest overall tax rate on new business investment

Chart 2.1.2

#### Marginal Effective Tax Rate<sup>1</sup> on New Business Investment, 2012



<sup>1</sup> The marginal effective tax rate includes measures announced as of January 1, 2011. It excludes resource and financial sectors and tax provisions related to research and development.  
<sup>2</sup> Excludes Canada.

Source: Department of Finance.

<sup>1</sup> The marginal effective tax rate (METR) on new business investment takes into account federal, provincial and territorial 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).



*Lower corporate tax rates encourage businesses to invest more in new facilities, machinery, and equipment.*

— Jayson Myers, President & CEO  
Canadian Manufacturers & Exporters  
“The Economic Impact of Corporate Tax Rate Reductions”  
January 2011

The substantial reduction in the overall tax rate since 2006 has increased the expected rate of return on investment, providing businesses with the incentive to invest more in Canada. For example, a recent Department of Finance study examined the impact of federal corporate income tax rate reductions and found a strong relationship between taxation and investment.<sup>2</sup> This finding is consistent with a number of other studies that have examined the impact of taxes on investment.

Based on the study, the reduction in the cost of capital from federal and provincial business tax changes between 2006 and 2012 is expected to increase the capital stock in the long run by almost 4 per cent. This additional capital boosts business competitiveness, encouraging firms to grow and create more and better-paying jobs for Canadians, thereby raising living standards.

Improving the competitiveness of the Canadian tax system requires collaboration among all governments to help Canadian businesses compete globally. Provinces and territories have also taken action to enhance Canada's business tax advantage (Chart 2.1.3). These actions are helping Canada build a strong foundation for future economic growth, job creation and higher living standards for Canadians.

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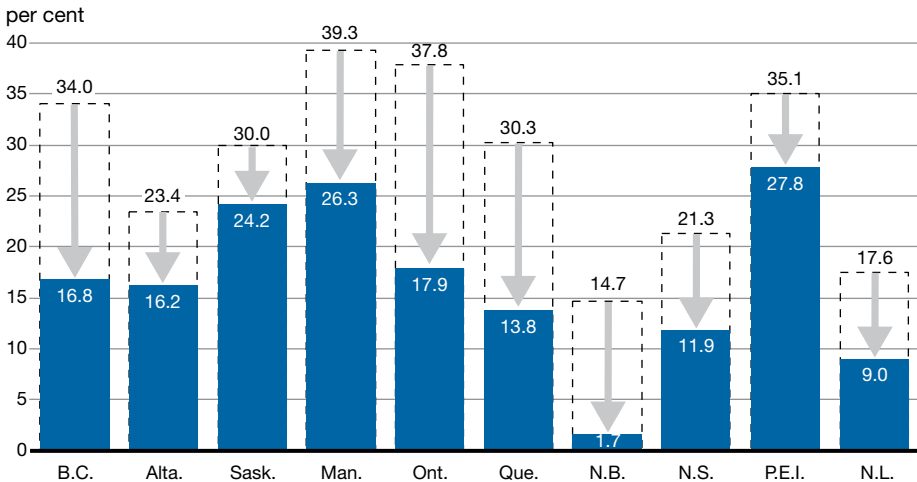
<sup>2</sup> Department of Finance, “Corporate Income Taxes and Investment: Evidence From the 2001–2004 Rate Reductions,” *Tax Expenditures and Evaluations* (2007), pp. 40-56.



## Provinces are collaborating to improve Canada's tax competitiveness

Chart 2.1.3

### Reduction in Marginal Effective Tax Rates<sup>1</sup> on New Business Investment, by Province, due to Action Taken Since 2006 by Federal and Provincial Governments, 2012



<sup>1</sup> The marginal effective tax rate includes measures announced as of January 1, 2011. It excludes resource and financial sectors and tax provisions related to research and development.

Source: Department of Finance.

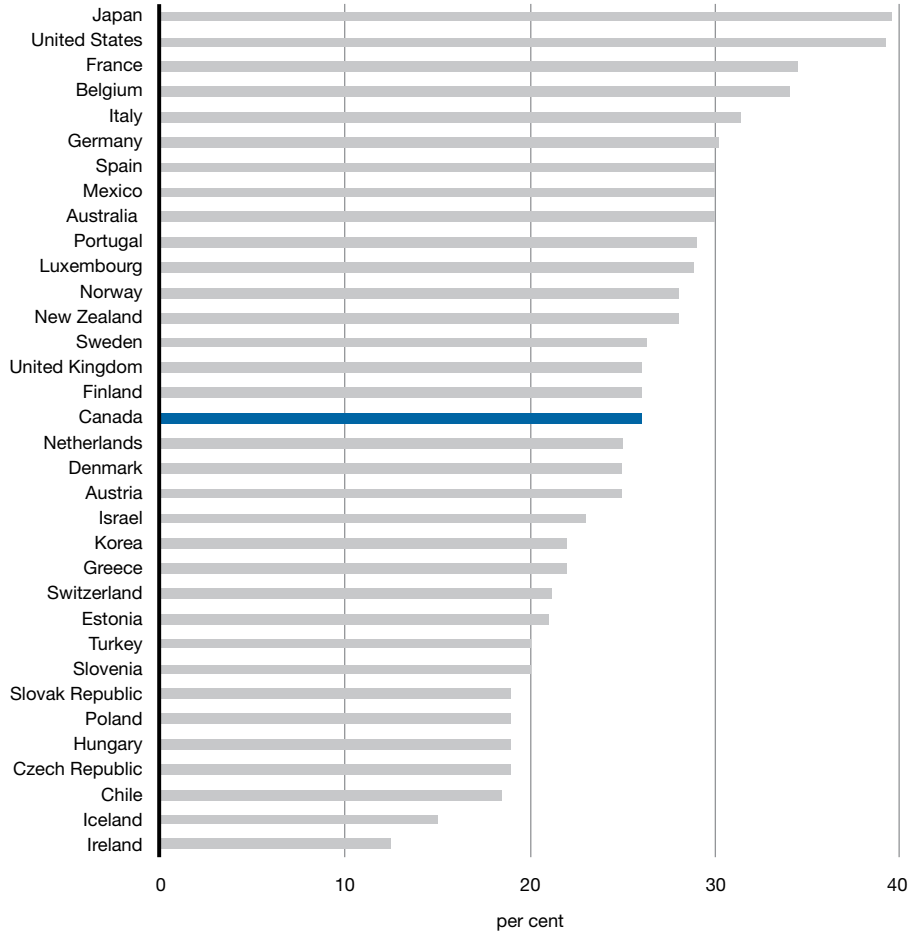
Canada has made substantial progress in improving the efficiency and overall competitiveness of the business tax system. Significant progress towards the objective of a 25-per-cent combined federal-provincial-territorial corporate income tax rate is helping to ensure that Canada's statutory tax rate remains internationally competitive. Nonetheless, it is important to remain vigilant in maintaining Canada's competitiveness on the world stage (Chart 2.1.4).



## Canada cannot be complacent about competitiveness

Chart 2.1.4

### General Corporate Income Tax Rates for OECD Countries, 2012



Source: Department of Finance.



Table 2.1.2

**Reducing the Tax Burden for Canadians**

	2009–10	2010–11	
	Dollars Spent <sup>1</sup>	Stimulus Value	Stimulus Committed
	(millions of dollars)		
Personal income tax relief for all taxpayers	1,885	1,950	1,950
Increases to the National Child Benefit supplement and Canada Child Tax Benefit	230	310	310
Enhancing the Working Income Tax Benefit	580	580	580
Targeted relief for seniors	325	340	340
<b>Total—Reducing the Tax Burden for Canadians</b>	<b>3,020</b>	<b>3,180</b>	<b>3,180</b>

Reference:

**Tax Measures to Support Housing and Business**

Home Renovation Tax Credit (HRTC) <sup>2</sup>	2,265	–	–
Increasing withdrawal limits under the Home Buyers' Plan	15	15	15
First-Time Home Buyers' Tax Credit	140	145	145
Mineral Exploration Tax Credit for flow-through share investors	70	-15	-15
Increasing the income limit for the small business tax rate	45	80	80
Temporary 100-per-cent capital cost allowance rate for computers	340	355	355
Temporary accelerated capital cost allowance rate for manufacturing or processing machinery and equipment	–	–	–

<sup>1</sup> For tax measures, value of tax stimulus provided is estimated.<sup>2</sup> The cost estimate for the HRTC based on 2009 tax return information is approximately 25 per cent lower than the cost originally projected when the measure was implemented in Budget 2009.





# Chapter 2.2

## Helping the Unemployed







## Helping the Unemployed

The first phase of Canada's Economic Action Plan includes \$8.3 billion over two years to support workers most affected by the global recession. Because of quick and decisive measures taken by the Government, Canada's economy has recovered virtually all of the jobs lost during the downturn. As temporary stimulus measures begin to wind down, the Government has taken additional steps to secure the recovery by limiting Employment Insurance (EI) premium rate increases to 5 cents per \$100 of insurable earnings for 2011 and 10 cents for subsequent years. This will help businesses, particularly small and medium-sized enterprises, to continue to create jobs in the recovery.

### Limiting EI Premium Rate Increases in 2011

In September 2010, the Government took action to limit the annual increase in EI premium rates to 5 cents per \$100 of insurable earnings in 2011 and 10 cents in subsequent years. Without this change, the Canada Employment Insurance Financing Board would have had to increase EI premiums by 15 cents in 2011.

"There is no doubt that the worry and frustration expressed by tens of thousands of Canadian Federation of Independent Business (CFIB) business owners and their employees over a maximum increase in EI payroll taxes has been heard by government," said Catherine Swift, CFIB's president & CEO. "While not a complete freeze, we are pleased to see the government take a major step on this critically important issue to help lessen the impact on small businesses and thereby the economy overall."

Table 2.2.1

### Helping the Unemployed

	2009–10	2010–11	Total
	(millions of dollars—cash basis)		
Strengthening benefits for Canadian workers	1,258	1,550	2,808
Enhancing the availability of training	896	996	1,892
Keeping EI rates frozen for 2010	1,193	2,378	3,571
<b>Total—Helping the Unemployed</b>	<b>3,348</b>	<b>4,924</b>	<b>8,271</b>

Note: Totals may not add due to rounding.



Investing in training is one way that the first phase of the Economic Action Plan helps to prepare Canadians to compete for better jobs in a knowledge-based economy. Enhanced EI training provides opportunities for workers to gain additional skills and return to work. For those who do not qualify for EI, the Government set up the Strategic Training and Transition Fund for skills enhancement and training. For youth, who have been particularly affected by the downturn, the Action Plan provides additional funding for programs such as the Canada Summer Jobs Program. This new investment will create as many as 3,500 more jobs every summer for students across Canada—jobs that enable students to enhance their skills and experience to succeed.

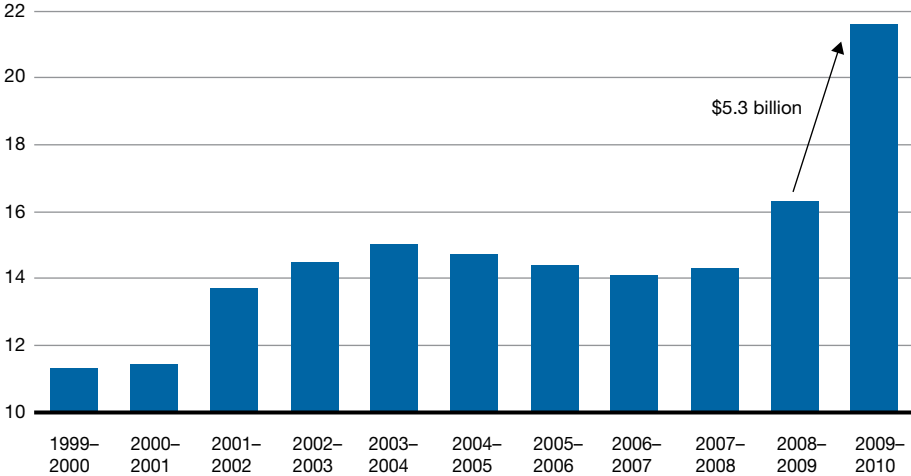
In addition to much-needed temporary assistance, the Economic Action Plan is investing in training for Canadian workers so they can take advantage of the new opportunities that will emerge as the economy recovers. The Plan provides significant resources for short- and long-term skills upgrading for a variety of workers through: the Targeted Initiative for Older Workers; the Apprenticeship Completion Grant for workers in the skilled trades; the Foreign Credential Recognition program for new Canadians; and the Aboriginal Skills and Employment Partnership program as well as the Aboriginal Skills and Training Strategic Investment Fund for Aboriginal Canadians. The goal of these programs is to ensure that Canada can compete globally in the economy of tomorrow and that Canadians have the skills they need to thrive in the labour market of today and tomorrow.



## EI benefits are up sharply

Chart 2.2.1  
**Employment Insurance Benefits**

billions of dollars



Sources: *Public Accounts of Canada*; Department of Finance.

## Supporting Workers

The Government of Canada provides significant support to Canadian workers, including programs and services for those looking to first enter the labour market, those looking to upgrade their skills and training, and those in need of support during periods of unemployment.

Since 2006, the Government has introduced important measures aimed at ensuring a more skilled and inclusive workforce. Investments have included:

- Putting in place the Targeted Initiative for Older Workers in 2006 to support a range of employment activities for unemployed older workers in vulnerable communities. Beginning with an initial investment of \$70 million over two years in 2006, Budget 2008 provided a further \$90 million over three years to extend the program to March 2012.
- Introducing a new labour market training architecture in Budget 2007, making available \$3 billion over six years to provinces and territories for the design and delivery of labour market programs with a focus on assisting groups under-represented in the labour force, including persons with disabilities, Aboriginal Canadians, recent immigrants and older workers.



## Supporting Workers (*cont'd*)

- Providing \$8.3 billion over two years, under the Economic Action Plan, for direct support to workers most affected by the recession. The Canada Skills and Transition Strategy included investments to: strengthen EI benefits, work-sharing and wage protection benefits; significantly expand the availability of training opportunities, including for older workers, youth and Aboriginal Canadians; encourage completion of apprenticeships and Aboriginal employment partnerships; facilitate the recognition of foreign credentials; and freeze EI premium rates for two years.

Budget 2010 announced additional, targeted actions to protect Canadian workers and their jobs from the effects of the global economic recession by:

- Temporarily extending the maximum length of work-sharing agreements to protect jobs, allowing more workers to keep their jobs while employers retained skilled employees with years of experience.
- Providing \$108 million over three years to assist young people looking to gain skills and experience. This included a one-year \$30-million increase in funding for the Career Focus and Skills Link components of the Youth Employment Strategy as well as \$20 million in support of Pathways to Education Canada's work to support disadvantaged youth.

The Government has also introduced a number of tax measures to support Canadian workers, including:

- The Canada Employment Credit, introduced in Budget 2006, provides tax recognition for work-related expenditures such as home computers, uniforms and supplies.
- The Tradesperson's Tool Deduction, introduced in Budget 2006, allows tradespersons to deduct from their income part of the cost of tools they must acquire as a condition of employment.
- The Apprenticeship Job Creation Tax Credit, introduced in Budget 2006, encourages employers to hire new apprentices in eligible trades.
- The Working Income Tax Benefit, introduced in Budget 2007, strengthens work incentives for low-income Canadians already in the workforce and encourages other low-income Canadians to enter the workforce. The Economic Action Plan effectively doubled the tax relief provided by the Working Income Tax Benefit for 2009 and future years.



The first phase of Canada's Economic Action Plan took immediate and decisive action to protect jobs and help Canadians directly affected by the global recession. At the same time, the Government has maintained a focus on the economy of the future by contributing to the development of a skilled, flexible and knowledgeable workforce in order to lay the foundation for long-term sustainable jobs. Through these initiatives, the Government continues to support jobs and training in 2010–11.

- An extra five weeks of EI benefits have already been provided to more than 1 million EI claimants. This extension of benefits was available to workers making EI claims up to September 11, 2010. Claimants in regions of high unemployment will receive extra weeks of benefits into the summer of 2011.
- More than 14,000 long-tenured unemployed workers have received additional assistance through the Career Transition Assistance program in order to participate in long-term training.
- To date, almost 164,000 long-tenured workers have received 5 to 20 weeks of additional EI benefits. This extension was available to long-tenured workers establishing claims up to September 11, 2010. In high unemployment regions, recent long-tenured claimants can receive these extra weeks of benefits into the fall of 2011.
- In December 2010, over 35,000 Canadians were participating in close to 2,000 work-sharing agreements (Chart 2.2.2). The number of participants in work-sharing continues to decrease as the recovery takes hold.
- Since April 1, 2009, payments have been made to more than 28,000 claimants under the Wage Earner Protection Program.
- The Government has responded to the needs of Canada's self-employed workers by providing EI special benefits, on a voluntary basis, including maternity, parental, sickness and compassionate care benefits. The self-employed have been able to opt in to EI special benefits since January 31, 2010 and are able to apply for benefits as of January 2011. Close to 6,000 self-employed persons have opted in to the EI program under this provision.
- The Government provided \$750 million per year to the provinces and territories in 2009–10 and 2010–11 in support of training and skills development programs, which has benefited more than 200,000 Canadians annually.



- It is expected that current projects under the enhanced Targeted Initiative for Older Workers will provide support to over 9,900 older workers.
- Approximately 7,000 summer jobs were created as a result of additional support provided to the Canada Summer Jobs Program in 2009–10 and 2010–11.
- Training and skills development support will be provided to close to 13,000 Aboriginal Canadians through the Aboriginal Skills and Employment Partnership and the Aboriginal Skills and Training Strategic Investment Fund.
- Apprenticeship Completion Grants have already been provided to more than 38,000 apprentices who completed their apprenticeship training and obtained their certification in any of the designated Red Seal trades.
- Support is being provided to implement the Pan-Canadian Framework for the Assessment and Recognition of Foreign Qualifications. As of December 2010, 66 new agreements are in place to support implementation of the Framework in 21 professions.
- Funding has supported 988 youth internships in not-for-profit and community service organizations through the YMCA and YWCA, 91 per cent of which have an environmental focus.



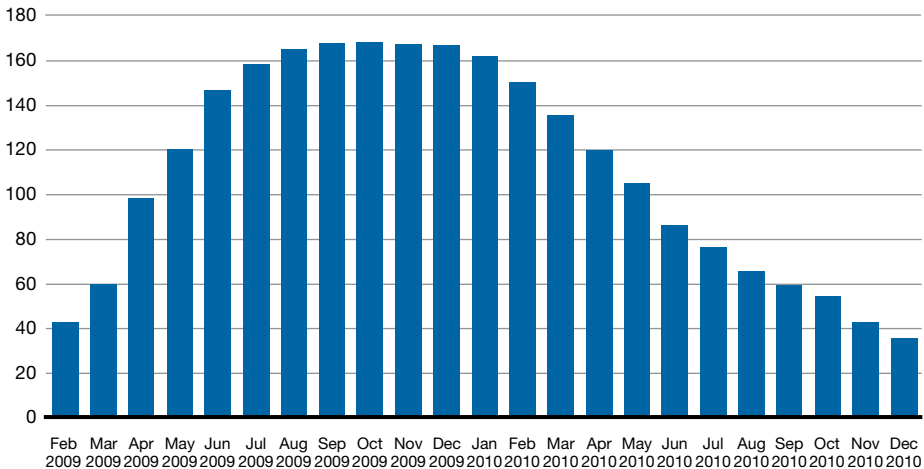


## The number of Canadian workers benefiting from work-sharing has fallen as the recovery takes hold

Chart 2.2.2

### Canadian Workers Participating in Active Work-Sharing Agreements

thousands of workers



Source: Human Resources and Skills Development Canada.

## Canada's Economic Action Plan: Working for Canadians

### Enhanced Work-Sharing

**Toronto, Ont.**—The recent economic downturn had an impact on Canada's technology industry and i<sup>3</sup>DVR International was no exception. Grace Baba, General Manager, explained that "our business suffered a 50-per-cent decrease in overall sales volume as a result of the recession."

i<sup>3</sup>DVR International is one of North America's leading providers of digital video security products. After learning about the work-sharing program, i<sup>3</sup>DVR entered into two consecutive agreements which ran from October 2008 until April 2010, covering 29 employees. "By being able to retain key staff, the ability to service our customers and provide a quality product remained unchanged," said Grace Baba.



## Canada's Economic Action Plan: Working for Canadians

### Aboriginal Skills and Employment Partnership

**Saskatoon, Sask.**—Dave Bona, a framer in the construction industry, learned about the Bridges and Foundations Career Development Corporation training program when he was looking to upgrade his skills. By completing the training, he was able to improve his overall skills and can now better understand concepts that he uses every day on the job. He also feels confident that he can start his own company in the future, thanks to the support and encouragement of his instructors and colleagues in the program. As part of Canada's Economic Action Plan, the Government of Canada invested \$2.9 million in the Bridges and Foundations Career Development Corporation through Human Resources and Skills Development Canada's Aboriginal Skills and Employment Partnership (ASEP) program.

**Richmond, B.C.**—Joey Farrar came to Vancouver in 1995 from the Moose Cree First Nation in northern Ontario and was having difficulty finding meaningful work until she learned about the ASEP trades training programs. As a graduate of the VanAsep CORE program (Construction, Orientation, Retention and Employment), Joey has become a level two apprentice and now has a career in the construction trades. After registering with the British Columbia Industry Training Authority, Joey was accepted recently to the level three carpentry program at Kwantlen Polytechnic University, where she will continue her training to obtain her Red Seal in construction. Now employed with Viceroy Homes in Richmond, B.C., Joey creates pre-fabricated homes for home buyers across B.C.

### Apprenticeship Grants

**Fort Smith, N.W.T.**—Jordan is a carpenter who received \$3,000 in apprenticeship grants, which he used to buy tools needed for his trade. Jordan likes his job at CAB Construction, a housing company in Fort Smith. "I have always had an interest in the trades and I enjoy working with my hands and learning how things work," he says. He believes trades are an excellent career option because people can earn while they learn and can establish themselves financially while getting the training they need to become certified.



Table 2.2.2  
**Helping the Unemployed**

	2009–10	2010–11	
	Dollars Spent	Stimulus Value	Stimulus Committed
	(millions of dollars—cash basis)		
<b>Strengthening Benefits</b>			
An extra 5 weeks of EI benefits	796	575	575
EI—long-tenured workers (Career Transition Assistance program)	15	250	250
EI—long tenured workers (extension of regular benefits)	215	600	600
EI—work-sharing	211	100	100
Wage Earner Protection Program	22	25	25
Subtotal—Strengthening Benefits	1,258	1,550	1,550
<b>Enhancing the Availability of Training</b>			
EI training programs	500	500	500
Strategic Training and Transition Fund	250	250	250
Canada Summer Jobs Program	10	10	10
Federal public service student employment program	10	10	10
YMCA/YWCA	15	–	–
Targeted Initiative for Older Workers	5	34	34
Apprenticeship Completion Grant	39	40	40
Foreign Credential Recognition program	12	30	30
Aboriginal Skills and Employment Partnership program	7	72	72
Aboriginal Skills and Training Strategic Investment Fund	24	50	50
Aboriginal Human Resource Development Strategy	23	–	–
Subtotal—Enhancing the Availability of Training	896	996	996
<b>Keeping EI rates frozen for 2010</b>	<b>1,193</b>	<b>2,378</b>	<b>2,378</b>
<b>Total—Helping the Unemployed</b>	<b>3,348</b>	<b>4,924</b>	<b>4,924</b>

Note: Totals may not add due to rounding.





# Chapter 2.3

## Building Infrastructure to Create Jobs







## Building Infrastructure to Create Jobs

Canada needs a modern and green infrastructure to be a world leader today and in the future. State-of-the-art transportation infrastructure helps move people and goods to markets, and improves business competitiveness, allowing the economy to grow and prosper. Other public infrastructure, such as cultural and recreational facilities and clean drinking water systems, improves public health and enhances the quality of life of Canadian families.

Table 2.3.1  
**Building Infrastructure to Create Jobs**

	2009–10	2010–11	Total
	(millions of dollars—cash basis)		
<b>Building Infrastructure</b>			
Investments in provincial, territorial and municipal infrastructure <sup>1</sup>	852	4,676	5,528
Investments in First Nations infrastructure	229	285	515
Investments in federal infrastructure projects	943	803	1,746
Subtotal—Building Infrastructure	2,025	5,764	7,789
<b>Stimulating Housing Construction</b>			
Support for home ownership and the housing sector	2,606	352	2,958
Investments in social housing for Canadians	1,399	2,676	4,075
Subtotal—Stimulating Housing Construction	4,005	3,028	7,033
<b>Total—Building Infrastructure to Create Jobs</b>	<b>6,031</b>	<b>8,792</b>	<b>14,822</b>
<b>Total—With provincial contributions</b>	<b>7,524</b>	<b>14,596</b>	<b>22,120</b>

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).

<sup>1</sup> As a result of the extension of three cost-shared infrastructure programs, the stimulus value indicated for 2010–11 includes some funds that will be expended in 2011–12. More details will be known following receipt of estimates from provinces, territories, municipalities or other partners closer to the end of 2010–11.



In the shorter term, infrastructure and housing investments are widely recognized as an effective means to boost economic activity and put people to work. That is why the first phase of Canada's Economic Action Plan is providing close to \$15 billion 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, including those in new infrastructure and the rehabilitation of existing assets, have helped to create and maintain jobs across Canada during the economic downturn, and will continue to benefit all Canadians for many years.

Across Canada, more than 26,000 Economic Action Plan projects have been completed or are underway. These investments have created significant new direct employment opportunities in local construction and manufacturing industries, while benefiting Canadians as a whole.

While the majority of Economic Action Plan projects will be completed by March 31, 2011, there are a number of provincial, territorial, municipal and not-for-profit projects that have faced scheduling challenges and would benefit from an additional construction season for projects to be completed. That is why, on December 2, 2010, Prime Minister Harper announced a one-time seven-month extension to the deadline for completing infrastructure projects, to October 31, 2011, under the Infrastructure Stimulus Fund, the Building Canada Fund Communities Component Top-Up, the Recreational Infrastructure Canada program and the Knowledge Infrastructure Program. This flexibility recognizes the tremendous effort of the Government's partners over the past two years to deliver on projects. The extension does not apply to other infrastructure programs, including investments in federal and First Nations infrastructure, as well as investments in social housing, which are largely on track.

The seven-month extension is expected to provide sufficient time for virtually all remaining projects to be completed, and will create significant employment opportunities during the summer of 2011. In addition, since the extension applies to projects that have already been approved, there will be no additional costs for taxpayers.





*Today's announcement is welcome news. Ontario municipalities have been working hard to complete stimulus projects on time and indications are the vast majority of projects will meet their deadlines.*

— Association of Municipalities of Ontario  
December 2, 2010

## Canada's Economic Action Plan: Working for Canadians

### Conditions for Project Extensions

On December 2, 2010, the Prime Minister announced the deadline to complete projects by March 31, 2011 will be extended to October 31, 2011 under the Infrastructure Stimulus Fund, the Building Canada Fund Communities Component Top-Up, the Knowledge Infrastructure Program and the Recreational Infrastructure Canada program. In order to qualify for this extension, recipients will be required to meet certain conditions under the four programs as follows:

- Projects must have begun work and incurred eligible costs by March 31, 2011.
  - For these projects, the agreement signatories must submit a claim for eligible invoiced costs incurred up to March 31, 2011 by April 30, 2011. Projects for which no claims are received will not be eligible for an extension.
- Agreement signatories will be required to submit the following documentation by January 31, 2011 for projects requiring an extension:
  - A list of projects that require an extension beyond March 31, 2011.
  - A forecast of project expenses that will be spent and federal funding that will be claimed by March 31, 2011, and a forecast of how much will be incurred between April 1, 2011 and October 31, 2011.
  - A detailed construction schedule for each project signed by a professional engineer or architect.
  - A letter from the responsible minister for provincial/territorial projects, a Council resolution for municipal projects or a resolution from the Board of Directors for non-profit organizations committing to finish the projects, and accepting responsibility for any costs incurred beyond October 31, 2011.
- Project progress reports will be required at two-month intervals during the extension period. For the Communities Component Top-Up, the regular monthly reporting process will continue throughout the extension period.



## Canada's Economic Action Plan: Working for Canadians

### Conditions for Project Extensions *(cont'd)*

- All final claims for extended projects must be received by January 31, 2012.
- For projects that are not completed by October 31, 2011, agreement signatories will be responsible for project completion as well as all costs incurred after this date.
- Amended Contribution Agreements with the federal government, as well as (where applicable) Contribution Agreements between provincial/territorial governments and their recipients, must be signed no later than February 28, 2011.

Details on the value and number of projects that will be extended into 2011–12 will be known closer to the end of 2010–11 following receipt of estimates from provinces, territories, municipalities or other partners.

## Building Infrastructure

### Investments in Provincial, Territorial and Municipal Infrastructure

As part of the first phase of Canada's Economic Action Plan, the Government launched a number of new initiatives to stimulate additional investment in provincial, territorial and municipal infrastructure. These new stimulus initiatives consisted of the Infrastructure Stimulus Fund, the Building Canada Fund Communities Component Top-Up, the Green Infrastructure Fund, the Recreational Infrastructure Canada program, and funding for recreational trails.

By working closely with each province and territory to approve projects quickly, the Government has allocated close to \$5.7 billion in stimulus funding towards over 7,000 projects across the country. Provinces, territories, municipalities and other partners are also contributing to these projects, thereby generating a total investment in public infrastructure of some \$15 billion at a critical time.

In addition to launching new stimulus initiatives, the Government has taken steps to accelerate funding under Building Canada initiatives that were announced in Budget 2007. These steps were designed to further increase investment when support for the economy was needed most.



Taking into account both the new stimulus initiatives and accelerated Building Canada initiatives, the Government is providing over \$11 billion towards more than 8,000 provincial, territorial and municipal infrastructure projects since the launch of the first phase of Canada's Economic Action Plan. Combined with contributions from other partners, these projects represent a total investment of over \$32 billion in infrastructure. Some of these projects, particularly the larger-scale projects being funded under the Major Infrastructure Component of the Building Canada Fund, will extend beyond 2010–11, and therefore will continue supporting long-term economic growth.

Every region of the country is benefiting from investments in various types of provincial, territorial and municipal infrastructure thanks to Canada's Economic Action Plan.

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

Specific actions taken since January 27, 2009 to expedite existing funding under Building Canada initiatives include:

- Streamlining the process required for securing federal approval of infrastructure projects.
- Announcing more than \$3.6 billion in federal funding towards 111 large strategic infrastructure projects that are worth over \$12 billion under the Major Infrastructure Component of the Building Canada Fund, including projects that improve transit, and make water cleaner and highways safer.
- Fully committing the initial funding that was made available under the Communities Component of the Building Canada Fund. This represents approximately \$1 billion in federal funding to support over 800 infrastructure projects in smaller communities (i.e., those with populations of less than 100,000 people). When combined with funding from provinces and municipalities, these projects represent a total investment in excess of \$3 billion.
- Transferring more than \$1.1 billion to provinces and territories through the Provincial/Territorial Base Funding Initiative. Most provinces and territories agreed to take advantage of the federal offer to accelerate funding under the initiative during the two years of the Economic Action Plan. This funding was originally scheduled to flow over seven years (from 2007 to 2014).



Through these actions, thousands of smaller-scale and major infrastructure projects have been expedited. Work will continue on these projects in the coming years, thereby helping sustain construction activity over the longer term.

## **New Provincial, Territorial and Municipal Infrastructure Initiatives**

**Infrastructure Stimulus Fund:** Through the Infrastructure Stimulus Fund, the Government made \$4 billion in funding available for infrastructure projects that could get underway quickly and thus provide much-needed economic stimulus to the Canadian economy. Working with provinces, territories, municipalities and the private sector, funding was allocated towards more than 4,000 projects. Taken together, these projects represent an investment of about \$10 billion in Canada's public infrastructure.

Virtually all projects are completed or underway, and most will be completed as planned by March 31, 2011. However, there are a small number of projects that have faced scheduling challenges and require additional time to be completed.

### **Canada's Economic Action Plan: Working for Canadians**

#### **Examples of Completed Infrastructure Stimulus Fund Projects**

##### **Improving the Tourist Experience (Newfoundland and Labrador)**

As the main trunk highway from the Trans-Canada to the tip of the Bonavista Peninsula, Route 230 gets heavy tourist traffic. The Infrastructure Stimulus Fund has provided \$1.5 million for improved drainage, new culverts and guardrails, upgraded shoulders and fresh paving on the route. These upgrades have reduced the need for spot repairs that used to tie up traffic on a regular basis, and have reduced maintenance costs.

##### **Keeping the Rain Out (Prince Edward Island)**

In Souris, \$14,600 from the Infrastructure Stimulus Fund has provided a new roof on the Town hall, originally built in 1905. The town had only been able to afford patchwork repairs on the aging roof over the years, so leaks had become an increasing problem, especially in the Council Chambers and over the main entrance. In addition to the new roof, the town has installed new gutters, and repaired the eaves and dormers in keeping with the heritage architecture.



## Canada's Economic Action Plan: Working for Canadians

### Examples of Completed Infrastructure Stimulus Fund Projects *(cont'd)*

#### Key Arterial Route Improved (Nova Scotia)

Lake Centre in Lunenburg County has tackled long-standing safety issues on New Cumberland Road. Severe cracking and rutting had made driving dangerous, and plows had trouble clearing the route during winter. \$675,000 from the Infrastructure Stimulus Fund was provided to repave the road, replace culverts and install new shoulders. The road is now much safer for drivers and easier on vehicles, and will be good for another 15 years.

#### Bridging a Community Divide (New Brunswick)

Thanks to \$180,000 from the Infrastructure Stimulus Fund, the replacement of the historic Upper Stone Ridge Covered Bridge in Zealand is complete. Destroyed by fire in October 2008, the old covered bridge was sorely missed by residents. Not only had it connected two small communities on either side of the Keswick River for nearly a century, its loss had forced people to drive nine kilometres out of their way to cross the river. The new, pre-fabricated truss bridge means shorter travel for drivers and provides a direct route for emergency vehicles to homes on both sides of the river.

#### Preserving Canadian Heritage at Maison Saint-Gabriel (Quebec)

Montréal's Maison Saint-Gabriel Museum is dedicated to preserving the heritage of 17th century New France settlers. The museum has expanded to accommodate more visitors and new programming, upgraded a neighbouring building, added a tunnel between the two buildings, and added specialized equipment to track energy use. The Government of Canada contributed \$2.1 million through the Infrastructure Stimulus Fund.

#### One Building—Many Benefits (Ontario)

August 2010 marked the grand opening of a new community centre in the Town of Maynooth, which received \$1.5 million through the Infrastructure Stimulus Fund. The facility houses a public library, municipal offices and a full-size gymnasium, and offers space for community gatherings. The library and municipal offices had been crowded into two small buildings that were more than 120 years old, and the local school had no gym. The new building is fully accessible and supports the growing needs of the community.



## Canada's Economic Action Plan: Working for Canadians

### Examples of Completed Infrastructure Stimulus Fund Projects *(cont'd)*

#### **From Condemned Building to Vibrant Community Hall (Ontario)**

With its ice rink, curling rink and upper-level hall space, the Hamlet of Williamsford's community centre was a local hub, starting in 1957. As the years passed, the building's age began to show and, in 2007, the skating rink was condemned and closed. With \$250,000 in federal funding, the centre has been restored and reopened. The building is now more accessible and energy-efficient, with a much larger meeting hall.

#### **Clean, Safe Water (Manitoba)**

Thanks to almost \$725,000 from the Infrastructure Stimulus Fund, the neighbouring communities of Grandview and Gilbert Plains expanded their water reservoirs, upgraded their treatment facilities, replaced leaking water mains and installed emergency power generators. The area now has safer drinking water and local firefighters have more reliable water service.

#### **More Efficient Provincial Roads (Saskatchewan)**

The Long Creek Bridge, 2 kilometres from the U.S. border and 15 kilometres south of Estevan, is part of an extensive rural road network. The previous wooden structure needed to be replaced. Now, thanks to \$283,305 in federal funding, a wider concrete bridge is in place. Steel guard rails have been added and the bridge can handle larger industrial vehicles.

#### **Devon Sees 25 Roads Repaired (Alberta)**

In Devon, about \$1.3 million from the Infrastructure Stimulus Fund went much further than expected. The town applied to upgrade 10 roads, and sidewalks in the area. However, careful planning and lower-than-anticipated construction costs allowed the community to finish another 15 road projects. Fixing these roads will result in significant future savings. Over the next 10 years, the town expects to redirect almost \$5 million from road maintenance to other capital projects.



## Canada's Economic Action Plan: Working for Canadians

### Examples of Completed Infrastructure Stimulus Fund Projects *(cont'd)*

#### Supporting More Active Modes of Transportation (British Columbia)

Increasing cycling and walking is a key part of the Central Okanagan Smart Transit Plan. However, a highway cutting through the middle of Kelowna made this difficult. With the help of more than \$3.8 million from the Infrastructure Stimulus Fund, the City of Kelowna built a new pedestrian overpass at Dayton Street. New trail networks linked to this overpass provide access to parks, recreational facilities, businesses and shops, as well as public transit.

#### Northern Strategy in Motion (Yukon)

Freegold Road is a primary supply route to and from many northern mining projects. It connects the Klondike Highway through to Carmacks, north of Whitehorse. However, a single-lane bailey bridge across the Nordenskiöld River was a traffic bottleneck. Originally constructed with wooden decking, it was also too narrow for pedestrians to cross safely. Thanks to \$1.2 million from the Infrastructure Stimulus Fund, a new steel bridge has been built with two lanes of traffic, and a separated sidewalk.

**Bonus for Community Projects:** Canada's Economic Action Plan included \$500 million to top up the more than \$1 billion in initial funding that was made available under the Communities Component of the Building Canada Fund. More than 530 projects are benefiting from this top-up, representing a total investment of over \$1.5 billion in community infrastructure.

Most projects are scheduled to be completed by March 31, 2011; others will benefit from an additional construction period, thanks to the extension of the deadline to October 31, 2011 to complete projects.



## Canada's Economic Action Plan: Working for Canadians

### Examples of Community Projects

#### **Improved Water and Sewer Services (Newfoundland and Labrador)**

Deborah Lynn Heights in the Town of Paradise is now connected to water and sewer systems. These services provide residents who previously relied on private well and septic systems with access to safe and reliable drinking water, proper sewage disposal and improved fire hydrant service. The Government of Canada contributed over \$717,000 through the Building Canada Fund Communities Component Top-Up.

#### **New Regional Recreation Complex Encouraging Active Living (Ontario)**

With the help of \$3.5 million in federal assistance, the Town of Hanover replaced its old arena with a new 6,224-square-metre sports complex. The facility is attached to the town's aquatic centre and features a regulation-size rink, dry land training area and multi-purpose room. Engineers used the latest technology to ensure a reduced environmental footprint.

#### **Big Return From Small Investment in Green Energy (British Columbia)**

The Aldergrove Water Treatment Plant in Langley has a new geothermal heat recovery system that extracts energy from well water. The plant is reducing its natural gas consumption by 95 per cent, reducing greenhouse gases and saving money. Made possible by about \$33,000 in federal funding, this project shows how a little financial assistance can make a big difference. Partners for Climate Protection recognized the project as the Greenhouse Gas Reduction Initiative of the Month in September 2010.





## Canada's Economic Action Plan: Working for Canadians

### Infrastructure: Project Commitments Across Canada



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Across Canada, a total of over 8,000 project commitments have been made under the Infrastructure Stimulus Fund, the Communities Component of the Building Canada Fund and the Top Up to the Communities Component, the Green Infrastructure Fund, the Recreational Infrastructure Canada Program and the Knowledge Infrastructure Program. The total federal contribution to these programs is close to \$8 billion.



**Green Infrastructure Fund:** The Green Infrastructure Fund supports sustainable energy generation and transmission, modernized wastewater infrastructure and better management of solid waste.

To date, the Government has announced funding totalling \$627 million for Green Infrastructure Fund projects, including:

- \$130 million to build a transmission line that will tap into the renewable energy potential of northern British Columbia (e.g., hydro, geothermal, wind and biomass).
- \$11 million for wastewater improvements in the City of Winnipeg that will improve water quality in the Red River and Lake Winnipeg.
- \$234 million for eight wastewater projects in Ontario that will improve water quality, particularly in the Great Lakes Basin.
- \$171 million for six projects in Quebec that will reduce the amount of solid waste going to landfills and generate green energy.
- Close to \$10 million for the City of Saint John's Green Thermal Utility (a non-emitting and sustainable heating and cooling system).
- \$71 million for a hydro generation and transmission project in the Yukon that will boost the availability of green power in the territory.

Provinces, territories, municipalities and the private sector are also contributing funding towards these projects, thereby bringing the total investment to more than \$1.9 billion.



## Canada's Economic Action Plan: Working for Canadians

### Green Infrastructure Fund

#### Helping to Clean Up the Great Lakes (Ontario)

With the Great Lakes providing drinking water for about 40 million people, protecting water quality is paramount. As one of a series of projects to improve both water quality and public health, the community of Red Rock near Thunder Bay is getting an improved wastewater treatment plant. The Red Rock wastewater facility discharges into Nipigon Bay, which has been identified by Canada and the United States as an area of concern in the Great Lakes Basin. Improvements to Red Rock's wastewater treatment system will help clean Nipigon Bay, and help Canada meet its commitments under international agreements governing the Great Lakes. The total cost of the project is expected to be \$9 million, with the Government of Canada contributing up to \$4.5 million.

**National Recreational Trails:** Canada's Economic Action Plan made available \$25 million in funding in 2009–10 to the National Trails Coalition to help build and renew recreational trails for walking, running, cross-country skiing and biking, as well as snowmobile and all-terrain vehicle trails. The funding supported a total of 474 projects that were completed by March 31, 2010. Thanks to additional contributions from the coalition and its partners, these projects represent a total investment of close to \$57 million.

**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.

The Economic Action Plan provides \$500 million for the Recreational Infrastructure Canada program, supporting the construction of new facilities and upgrades to existing ones across the country.

To date, over 1,900 projects have been completed or are underway, creating significant new economic activity in all parts of Canada.



## Canada's Economic Action Plan: Working for Canadians

### Examples of Recreational Infrastructure Canada Projects

#### Upgrade of Skating and Curling Rinks (Frontier, Saskatchewan)

With funding of more than \$234,000 from the federal government, the Village of Frontier has upgraded aging skating and curling rinks by replacing the original dirt floors with a concrete base. The new foundation has transformed the single-use skating rink into a multi-purpose rink that can be used year-round (in-line skating, rollerblading, soccer, walking and running). The new concrete floor has significantly improved the environmental operation of the facility by increasing the energy efficiency of the ice-making plant and reducing water usage by 75 per cent. A number of other upgrades have also been undertaken.

#### Improvements to Multi-Purpose Fields (Quispamsis, New Brunswick)

The Kennebecasis Valley Fields Committee Inc. and School District 6 are making improvements to two multi-purpose fields, thanks to \$500,000 in federal funding. The project involves the addition of new lighting and the replacement of existing turf with a new, more user-friendly artificial surface for the fields, making them more durable and allowing for a longer playing season for sports such as soccer and football. Improvements to an adjacent grass field as well as the installation of bleachers and benches were also completed.

#### Sports Centre Renovation and Refrigeration Upgrade (Louiseville, Quebec)

The Louiseville sport centre has been renovated and brought up to current environmental standards with a new refrigeration system, renovated dressing rooms, and various other complementary work to ensure the building's long-term viability thanks to \$1 million in federal funding. This \$3.3-million project will meet the needs of the community in a more sustainable way.

#### Rehabilitation and Expansion of York Curling Club (Newmarket, Ontario)

The York Curling Club is rebuilding the club's ice plant, renovating the existing exterior of the building and expanding the structure by 50 per cent to accommodate two more sheets of ice thanks to \$374,000 in federal funding.



**Public-Private Partnerships (P3s):** The Government of Canada is committed to becoming a leader in P3s. In 2008, the Government created PPP Canada Inc., a Crown corporation, to spearhead federal P3 efforts and to administer a \$1.2-billion P3 Canada Fund to further develop Canada's P3 market. A well-developed P3 market will help to fully exploit public-private synergies, thereby spurring faster project completions in Canada. The P3 Canada Fund, which was launched in September 2009, is the first infrastructure initiative in Canada to focus exclusively on P3 projects. PPP Canada is contributing \$50 million to emergency communications infrastructure across the Maritime provinces and \$25 million to local road infrastructure in Winnipeg, Manitoba. PPP Canada anticipates announcing funding of over \$200 million from its first two rounds of calls for proposals in the coming months. A third round of project proposals for the P3 Canada Fund is expected to open in mid-2011.

## First Nations Infrastructure

The Government of Canada provides financial support to First Nations to develop and maintain community infrastructure on reserve. This infrastructure is critical for the delivery of basic services to First Nations communities.

The Economic Action Plan provided \$515 million over two years to support infrastructure projects in three priority areas: schools; water and wastewater projects; and health and police facilities in First Nations communities. In total, these funds are supporting 95 major projects, of which all have been completed or are underway.

Investments spurred significant job creation and economic development in First Nations communities, many of which are rural:

- \$174-million investment in 12 school projects.
- \$191-million investment in 23 water and wastewater projects.
- \$135-million investment in health service infrastructure, including 40 major projects and numerous minor projects underway or completed.
- \$15-million investment in 20 First Nations policing infrastructure projects.



## Canada's Economic Action Plan: Working for Canadians

### **Investing in First Nations Schools and Water Infrastructure**

#### **Natashquan First Nation, Quebec (School)**

In December 2010, the Innu community of Natashquan completed the renovation and expansion of its Uauitshitun School. The project was made possible with an investment of \$9 million under Canada's Economic Action Plan. The Uauitshitun School serves students from kindergarten through secondary. The investment addresses the educational needs of the community by providing permanent classrooms for an expanding student population that had been using portable classrooms for over a decade. "This work is excellent news for the community. In the long run modernizing the school, especially by building new classrooms, will certainly contribute to the success of our youth," stated François Bellefleur, Chief of the Innu community. Construction began in February 2010 and was managed by the First Nation.

The Innu community of Natashquan is located in northern Quebec, about 1,000 kilometres northeast of the city of Québec.

#### **Black Lake and Fond du Lac Denesuline First Nations, Saskatchewan (Water and Wastewater)**

Construction of two new sewage treatment systems was completed in November 2010 for the Denesuline First Nation communities of Black Lake and Fond du Lac. The projects were made possible through an investment of \$18 million under the Economic Action Plan for design and construction. The new facilities will accommodate increasing capacity to better serve the residents of these growing First Nation communities today and in the future. "The land and the people of northern Saskatchewan are very much connected," said Chief Albert Mercredi of the Fond du Lac First Nation. "Modern infrastructure helps protect the health and safety of our members, as well as the environment in which we live."

Black Lake and Fond du Lac are remote communities situated nearly 800 kilometres north of Saskatoon. They have a combined population of approximately 2,400.



## Canada's Economic Action Plan: Working for Canadians

### Investing in Critical First Nations Health Infrastructure

#### **Tobique First Nation, New Brunswick**

A new health facility was constructed on the Tobique First Nation with a \$3.5-million investment supported by Canada's Economic Action Plan. This new facility replaces an existing health centre that the community has outgrown. Tobique First Nation is a Maliseet community situated in northwestern New Brunswick, approximately two hours north of Fredericton, and has an on-reserve population of approximately 1,400 members.

#### **Lax Kw'alaams First Nation, British Columbia**

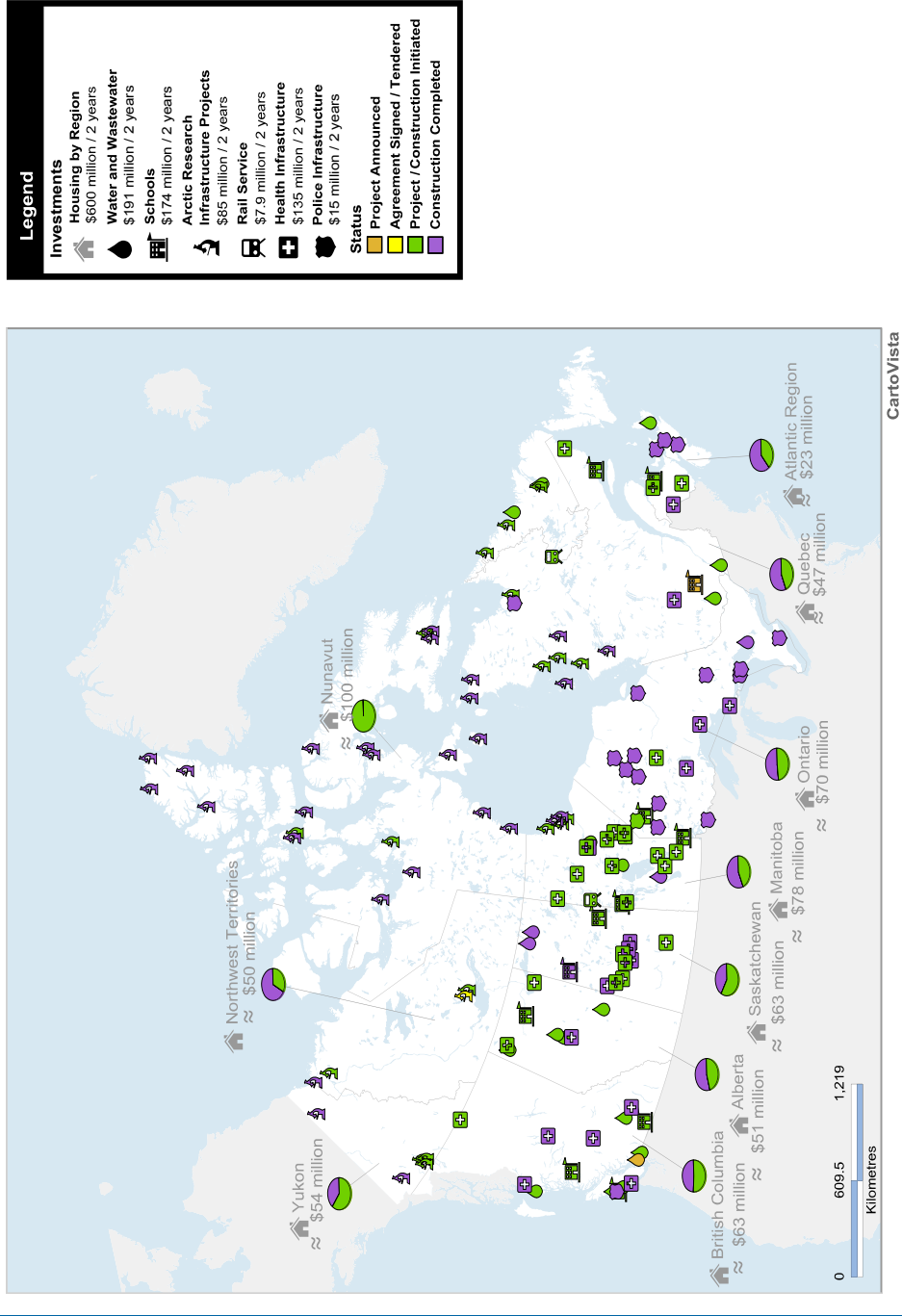
A \$2-million expansion of an existing nursing station was completed in the Lax Kw'alaams First Nation with support from Canada's Economic Action Plan. The expansion includes a dental clinic, an expanded treatment area and additional space to accommodate health programs. The community of Lax Kw'alaams is situated approximately 30 kilometres northwest of Prince Rupert.

#### **Gull Bay First Nation, Ontario**

The construction of a new health station to replace the current health facility was completed in the Gull Bay First Nation with a \$2.6-million investment supported by Canada's Economic Action Plan. Gull Bay is an Anishinaabe (Ojibway) community located approximately 175 kilometres north of Thunder Bay.



# Aboriginal and Northern Investments







## Funding to Upgrade and Modernize Federal Infrastructure

Federal infrastructure projects, including investments in faster and more reliable passenger rail services, safer bridges and highways, refurbished harbours for small crafts and more efficient border crossings, are now well underway, creating jobs across the country.

**VIA Rail:** Canada's Economic Action Plan provides funding for a wide range of projects designed to modernize rail passenger services through improvements to infrastructure, locomotives, passenger cars, stations, and related facilities. VIA Rail was able to accelerate its capital projects as a result of \$407 million provided in the Economic Action Plan over a three-year period. Of this amount, \$125 million was spent in 2009–10.

Since the last Report to Canadians, VIA has awarded contracts for a new station and platform at Belleville (Ontario) and announced final designs for major station projects at Brockville and Cobourg (Ontario). Spending on these three stations will total \$27.5 million, with \$6.5 million funded from the Economic Action Plan. Additionally, in the fall of 2010, VIA awarded two information technology contracts totalling \$6.6 million using Economic Action Plan funding. These projects will upgrade the Wi-Fi systems used by passengers and upgrade environmental and safety management systems.

### Canada's Economic Action Plan: Working for Canadians

#### VIA Rail

In October 2009, Canadian National Railway (CN) of Montréal was awarded a contract of close to \$312 million to construct approximately 66 kilometres of third mainline track, upgrade signals, install rail bridges and improve crossing protection between Brockville and Oshawa, Ontario. All of VIA's Montréal-Toronto and Ottawa-Toronto trains operate on this portion of CN's busy Montréal-Toronto main line.

Passengers will benefit from expanded capacity on this line, including the addition of eight daily trains between Ottawa and Toronto, better reliability (on-time performance) and reductions to trip times. The Economic Action Plan is providing \$234.7 million towards this project. This three-year project is scheduled for completion in early 2012.



**Remote Passenger Rail Services:** Canada's Economic Action Plan supports two remote passenger rail services: Keewatin Railway, which operates between The Pas and Pukatawagan (northern Manitoba), and Tshiuetin Rail Transportation, which operates between Sept-Îles and Schefferville (northern Quebec) as well as in Labrador. These two First Nations–owned companies serve remote Aboriginal communities. Funding from the Economic Action Plan has helped complete construction of a new passenger waiting station, purchase a locomotive, and complete important track maintenance work involving replacement of ties, rails and culverts.

In Budget 2010, the Government announced funding of \$32 million over two years for the Regional and Remote Passenger Rail Services Contribution Program, which supports these two railways and other remote and regional rail services across Canada.

Keewatin and Tshiuetin have completed 7 of the total of 11 projects. In addition, Keewatin Railway has initiated the purchase of land and started tooling for the construction of a locomotive repair facility near The Pas. This work will inject critically needed funds in this remote part of Canada.

**Federal Bridges:** Canada's Economic Action Plan includes projects at the following bridges:

- **Montréal-Area Bridges:** The 48-year-old Champlain Bridge in Montréal is the busiest bridge in Canada. Canada's Economic Action Plan is helping to keep it safe. The \$212-million comprehensive 10-year rehabilitation and repair program is targeting important structural bridge components like beams and girders. All of the \$13 million worth of repairs slated for 2009–10 were completed on time. Since the last report, all contracts for this construction season have been awarded and it is anticipated that this work will be completed on time.

Budget 2010 provided \$51 million over two years to the Jacques Cartier and Champlain Bridges Incorporated for operations, maintenance and urgent safety repairs including engineering, contracting, administration and environmental expertise. This will ensure that bridges and other transportation infrastructure in the Greater Montréal Area continue to be safe and serve the needs of commuters.



- **The Blue Water Bridge in Sarnia:** Investments under Canada's Economic Action Plan will increase the safety and efficiency of the Blue Water Bridge, Canada's second busiest commercial crossing with the United States. The scope of the project includes additional signage, and improved lighting and electrical systems. Once completed, these improvements will reduce waiting and processing times for over 5 million vehicles that use this facility annually. This project is expected to be finished on time by March 31, 2011.
- **The Peace Bridge in Fort Erie:** The Peace Bridge border crossing is Canada's third busiest commercial crossing with the United States, with over 1 million vehicles passing through each year. Investments under the Economic Action Plan have allowed for the addition of a new lane for commercial traffic exiting the bridge, which will help maximize trade with our largest trading partner, the United States. Construction on this project was completed in December 2010.
- **National Capital Region Interprovincial Bridges:** The cities of Ottawa and Gatineau are linked by five interprovincial crossings, including the Alexandra Bridge and the Chaudière Crossing. A major rehabilitation of the Alexandra Bridge started in April 2009. Seismic reinforcement of the piers and masonry work is complete. The wood-plank pedestrian/cycling lane has been replaced. Rehabilitation of landscaping at the north end of the bridge will resume in the spring of 2011 when weather permits.

Contracts for rehabilitation work on the Chaudière Crossing were awarded in October 2009 and mobilization for the rehabilitation of the arches started January 4, 2010. The pre-cast concrete liners for the two arches have been installed and grouting and spandrel wall work is complete. The project was completed ahead of schedule.

- **Kingston and Burlington Bridges:** The LaSalle Causeway in Kingston and the Burlington Lift Bridge provide passage for essential commercial traffic both on land and water. Rehabilitation work on the LaSalle Causeway began in November 2009 and was completed on June 30, 2010. The construction contract was \$1.7 million under the expected amount.



A major rehabilitation project on the Burlington Lift Bridge started in January 2010. The work includes blasting, cleaning and repainting the underside of the bridge's lift span and splash zone, and conducting related repairs. The project has been undertaken to prevent rusting and the deterioration of the structural steel on the bridge, and to replace the old toxic lead-based paint with a new long-lasting coating paint. This work will result in greening an important federal infrastructure asset while ensuring both the continued safe passage of pedestrians, cyclists and commuters across the canal and marine access to Hamilton Harbour. The work is being conducted during the months when the bridge is regularly closed to St. Lawrence Seaway marine traffic (January 1st – March 17th) and is on schedule to be completed by March 31, 2011.

**Federal Buildings:** The Economic Action Plan committed significant funds to repair and renovate the federal government's building portfolio. Almost 2,000 repair and renovation projects have been completed or are underway.

In addition, funding was provided to enhance the accessibility of Crown-owned buildings for persons with disabilities. To date, over 300 projects have been completed or are underway. During project selection, priority was given to facilities where services are provided directly to Canadians. Projects included:

- Improvements for the visually impaired such as signage in braille.
- Power door openers, voice identification in elevators, and interior and exterior ramps and improvements to primary access doors to improve access for persons with physical disabilities.

Most of these projects are contracted through Public Works and Government Services Canada's private sector property management service provider. To date, the service provider has contracted nearly 600 vendors for the Economic Action Plan investments alone, who in turn contract a large number of sub-contractors, including small and medium-sized enterprises, from coast to coast to coast to deliver this program.



## Canada's Economic Action Plan: Working for Canadians

### **Federal Buildings—Examples of Repair and Renovation Projects**

#### **Mechanical Corrections at 94 Dalhousie (City of Québec)**

Major mechanical corrections have been done to the 94 Dalhousie Street Building in the city of Québec. As a result of these corrections, the building's energy efficiency has been improved and its integrity upgraded. To achieve this improvement, the roof and exterior envelope were repaired and the interior walls better insulated. Water ingress sites were eliminated, and with them the risk of contamination which could have impacted the health and safety of occupants.

#### **Renovations at Library Square (Vancouver, British Columbia)**

The purpose of this project was to refurbish and replace existing finishes and furniture that have reached the end of their useful life and to update audio/visual capacities, making the large meeting spaces more flexible in their use and more amenable to host world-class events. To reduce the environmental impacts, primary emphasis was put on the use of products composed of renewable resources, and recycled and recyclable content. To stimulate the local economy, local products and materials were used wherever possible.

#### **Renovations to Amherst Government of Canada Building (Amherst, Nova Scotia)**

Constructed in 1976, various components of the building's electrical and telecommunications systems were outdated and in need of replacement. Through this project, the Government will also address base building components (i.e., mechanical, architectural and structural building upgrades) to satisfy current building code requirements. Installing high-efficiency lights and occupancy sensors will result in long-term energy savings and help reduce operating costs. Existing voice-data cabling will also be replaced with new cabling to meet current telecommunications standards, thus improving computer performance. The project is on time and on budget, with an anticipated completion date of March 31, 2011.



**Manège Militaire:** The Economic Action Plan also provided \$2 million over two years for the development of a comprehensive plan to secure the future of the historic Manège Militaire in the city of Québec. In June 2010, Public Works and Government Services Canada announced the future plans for the Manège, guided by public consultations and a feasibility and cost-effectiveness analysis. Rehabilitation work and technical analyses were carried out to determine the type of space and usage. A request for proposals for architectural concepts and drawings for the reconstruction was also issued.

**Alaska Highway:** On sections of the Alaska Highway from Summit Lake, British Columbia, to the Yukon border, deck repairs to eight bridges were completed, 28 kilometres of asphalt road surface was repaved, and an intersection was rebuilt to make it safer. These investments totalled \$12 million and were all completed on budget during the short northern summer construction period. Additional work to stabilize erosion and install new culverts will be completed by March 2011.

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

The project involves two separate design/build tenders, one for the Icefields Interchange and a second for the twinning of six kilometres of the Trans-Canada Highway between the Interchange and the Alberta-British Columbia border. The Icefields Interchange design/build contract is complete and in service. For the twinning of the highway to the border with British Columbia, the design/build contract has been awarded and detailed design has commenced. Construction is anticipated to commence in 2011 with completion scheduled in the fall of 2012.

**Small Craft Harbours:** As part of Canada's Economic Action Plan, Fisheries and Oceans Canada's Small Craft Harbours program has been delivering exceptional results for communities through 272 projects across the country. To date, all repair, maintenance and dredging projects have been completed or are underway. Funding provided through the Economic Action Plan totalled \$113 million in 2009–10 and a further \$87 million will be spent by the end of 2010–11.

The construction of the new small craft harbour in Pangnirtung, Nunavut—the first of its kind in the territory—is also progressing well. A total of \$4.2 million was spent in 2009–10 and a further \$7.0 million will be spent by the end of 2010–11. The remaining \$5.8 million in funding under the Economic Action Plan will be spent in 2011–12.



## Canada's Economic Action Plan: Working for Canadians

### Examples of Small Craft Harbour Projects

#### Plate Cove West, Newfoundland and Labrador

New armourstone breakwater protection at the fishing harbour of Plate Cove West has resulted in a much safer working environment for all harbour users including the 33 commercial fishing vessels that operate from this harbour. A \$931,500 contract was awarded to RJG Construction on June 15, 2010 and the project was completed on August 13, 2010. This new structure was effective in protecting the harbour during Hurricane Igor, which passed through the area on September 21, 2010. The new breakwater not only protected the boats, but also protected the 180 seasonal jobs in the harvesting and processing sector at Plate Cove West.

#### Heriot Bay, British Columbia

In July 2010, construction of a new steel catamaran floating wharf was completed as a result of a \$528,901 contract awarded to Vancouver Pile Driving Ltd. Heriot Bay is located on the east coast of Quadra Island and is exposed to severe wave and wind action during inclement weather. The 17 x 26.2 metre structure will improve the wave protection of the Heriot Bay small craft harbour and provide loading and unloading space for safe delivery and pick-up of fishery products. The harbour is home port to over 20 fishing vessels and is used by a growing number of transient commercial fishing fleets, aquaculture vessels and recreational vessels. The installation of the structure will be completed by February 2011.

**Federal Contaminated Sites:** Through Canada's Economic Action Plan, the Government has accelerated work to assess and remediate federal contaminated sites. This work is helping to create jobs and economic activity in communities across Canada, while contributing new green spaces and cleaner bodies of water and soils, and enabling long-term development. Departments selected over 210 projects for accelerated remediation and conducted over 2,000 site assessments in 2009–10 and 2010–11.

For example, the National Research Council received \$4.2 million to remediate and risk-manage the Biotechnology Research Institute site in Montréal. Soils at this site were contaminated with metals and buried waste materials. The project has led to the removal of soils having the greatest potential for adverse ecological and human health effects and will facilitate future development of the site. The two-year remediation project was successfully completed in the fall of 2010.



**Aviation Security:** Canada's Economic Action Plan provides a much-needed boost to aviation security.

- **Canadian Air Transport Security Authority:** In early 2010, the Government announced investments totalling \$1.5 billion over five years for measures to support security programs and the Canadian Air Transport Security Authority (CATSA). This funding will be used to better align Canada's aviation security requirements with international requirements. Over the past year, full body scanners and X-ray equipment were purchased and installed in airports across Canada. These modern devices are helping increase the efficiency of our airports and enhance security, while increasing Canada's level of international technological compatibility. The projects related to the installation and operation of screening equipment continue to create jobs. To ensure that CATSA is fulfilling its mandate effectively, a full review of the spending, efficiency and structure of this Crown corporation was launched in June 2010.
- **Air Cargo:** The Government is making a \$95.7-million investment to develop Canada's first Air Cargo Security Program, to be phased in over five years. This program will further protect Canadian air travellers while helping exporters move cargo in a secure, timely and efficient way, and will help solidify Canada's reputation as a strong partner in combatting global terrorism.
- **Other Aviation Security Initiatives:** The Government is working to prevent global terrorism and protect the safety of air travellers through actions and measures including the Passenger Protect Program to keep people who may pose an immediate security threat from boarding commercial flights. The Government is also establishing an information-sharing agreement with the Royal Canadian Mounted Police to conduct more extensive criminal background checks of workers with access to secure areas at Canada's airports.





## Stimulating Housing Construction

To stimulate Canada's construction industry and to protect and create jobs, the Government provided significant support for home ownership and renovations. It is also making considerable 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 their most important investment.

Canadians who undertook eligible renovations to their homes after January 27, 2009 and before February 1, 2010 were entitled to receive up to \$1,350 in tax relief from the temporary Home Renovation Tax Credit (HRTC) introduced in Canada's Economic Action Plan. The HRTC expired as planned on January 31, 2010.

This report incorporates revised estimates to the HRTC that were first presented in the 2010 *Tax Expenditures and Evaluations*. The HRTC has helped more than 3 million Canadians—about one out of every three owner-occupied households—improve their homes while boosting Canada's economic growth. The HRTC has been acclaimed for the timely and important support for employment in the construction, retail and forestry industries. With support from the HRTC, real spending on residential renovations exhibited strong growth, increasing by an average of 18.1 per cent over the four quarters from the second quarter of 2009 through the first quarter of 2010.

Canada's Economic Action Plan has provided additional tax support to first-time home buyers, who 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.

Homeowners have also benefited from the enhanced ecoENERGY Retrofit – Homes program to make energy-efficiency improvements to their homes. The program has experienced unprecedented demand since the Economic Action Plan was announced and has met its targets.



## Investments in Social Housing

The first phase of Canada's Economic Action Plan includes historic investments in social housing that are contributing to supporting Canada's housing construction and renovation industries. Federal support of more than \$2 billion is helping Canadian families find suitable and affordable housing, while putting Canadians back to work.

Provincial and territorial governments, which are responsible for program design and delivery, are matching over \$1.3 billion of this two-year investment. As a result of this joint investment in social housing, 7,700 construction and renovation projects have been completed or are underway across the country. This includes almost 350 construction projects for low-income seniors and persons with disabilities, and over 7,350 existing social housing renovation projects nationwide. These projects support some of the most vulnerable in our communities, single-parent families, recent immigrants, and Aboriginal people living off reserve.

The Government of Canada is also investing \$150 million in 2009–10 and 2010–11 to renovate and retrofit federally administered social housing. In total, over 1,300 projects have been completed or are underway.

### Canada's Economic Action Plan: Working for Canadians

#### Investments in Housing for Low-Income Seniors and Persons With Disabilities

##### More New Affordable Housing for Seniors in Calgary, Alberta

Bethany Care Society will develop more affordable housing in Calgary with funding through Canada's Economic Action Plan. Bethany Care Society received \$2.9 million in federal funding to add 46 new affordable rental units for seniors to its Riverview Village Community. Located on a 12.5-acre site in southeast Calgary, Riverview Village comprises two apartment buildings with 218 suites of affordable rental accommodation for seniors. The new addition will offer studio, one-bedroom and two-bedroom suites.

*The province is proud to partner with the federal government, non-profit and for profit groups to develop more affordable housing in Alberta. These partnerships allow us to build more housing units at less cost to the taxpayer, which is particularly important during tough economic times.*

— Jonathan Denis, Alberta Minister  
of Housing and Urban Affairs



## Canada's Economic Action Plan: Working for Canadians

### Investments in Housing for Low-Income Seniors and Persons With Disabilities *(cont'd)*

#### Accessible Housing Made Affordable in Regina, Saskatchewan

The non-profit charitable organization Ehrlo Community Services Inc. is building affordable housing for persons with disabilities with funding through Canada's Economic Action Plan. The project received \$1.8 million in federal funding for 40 affordable rental units. The units are designed and designated for people with serious mental health conditions and cognitive disabilities who require supports to live independently.

*A key to meeting the needs of vulnerable populations is bringing together stakeholders to leverage their strengths to solve problems.*

— Malcolm Neill, Vice-President,  
Ehrlo Community Services

#### Supporting Seniors With New Affordable Housing in Summerside, Prince Edward Island

Funding of approximately \$4 million has been made available for the construction of a new 25-unit development for seniors. The new seniors complex will be located in central Summerside with easy access to services. It will feature modern, energy-efficient one- and two-bedroom apartments, including accessible and barrier-free units.

*We are pleased to partner with our federal counterparts on such a significant housing project for our Island's seniors.*

— Janice Sherry, Prince Edward Island Minister  
of Community Services, Seniors and Labour

#### Building New Accessible Affordable Housing in Chatham-Kent, Ontario

As a result of a nearly \$1.5-million federal investment through Canada's Economic Action Plan, the City of Chatham-Kent is creating 24 new affordable housing units for low-income seniors and persons with disabilities. The apartment building will feature 12 subsidized rental units for seniors as well as 12 accessible units.

*This is a model of partnering by all three levels of government. It has allowed us to achieve our goal of providing seniors and people with disabilities with access to safe and affordable housing in our community that truly meets their needs.*

— Randy Hope, Mayor, City of Chatham-Kent



The Economic Action Plan is investing \$400 million over two years to build and renovate housing in First Nations communities. Close to 500 communities have benefited from more than 3,000 projects. A further \$200 million is being invested in the North to address the territories' housing needs, with over 200 projects underway or completed.

## Canada's Economic Action Plan: Working for Canadians

### Investments in First Nations and Northern Housing

#### Creating Jobs and Improving Housing in First Nations

Canada's Economic Action Plan is investing in First Nations housing in British Columbia. More than \$2.8 million has been allocated to retrofit 285 housing units on-reserve in the Lower Mainland-Fraser Canyon region—including 14 units for Leq'á:mel First Nation, which received \$148,000 in federal funding to undertake the retrofits. The overall investment will also provide economic stimulus for many First Nations and surrounding areas by creating jobs.

*The retrofit of these homes is a step toward addressing our longstanding housing needs while helping us build our community's equity. These projects represent major life changes for families here on-reserve, and this opportunity would not have been possible without the support of the Government of Canada, and we would like to thank them.*

— Alice Thomson, Chief of Leq'á:mel First Nation

#### Upgrading Social Housing in Fort McPherson, Northwest Territories

Through Canada's Economic Action Plan, the federal government is enhancing the quality of housing in the Northwest Territories. The Northwest Territories Housing Corporation received almost \$200,000 in federal funding to make general improvements to 103 social housing units in the Hamlet of Fort McPherson. Repairs include energy-efficiency upgrades or conversions, and modifications to support people with disabilities.

*The Northwest Territories Housing Corporation looks forward to continuing its partnership with the Government of Canada to improve the quality of housing throughout the Northwest Territories.*

— Robert C. McLeod, Minister Responsible for the Northwest Territories Housing Corporation



In addition to direct funding for social housing, 234 low-cost loans for over \$1.5 billion have been approved to date, allowing municipalities to undertake housing-related infrastructure projects.

## Canada's Economic Action Plan: Working for Canadians

### Municipal Infrastructure

#### Improving Water Treatment Systems in Bathurst, New Brunswick

The City of Bathurst has been approved for more than \$1.7 million in low-cost loans from the Municipal Infrastructure Lending Program to replace two sewage lift stations and to expand its existing drinking water treatment plant. The replacement of the lift stations will improve the collection and treatment of sewage while the upgrade to the water treatment plant will increase and improve the city's drinking water plant capacity, providing a reliable supply of potable water to residents of Bathurst.

*The savings we will achieve by going to CMHC [Canada Mortgage and Housing Corporation] are very important to actually carrying out the work needed....We really appreciate the savings from CMHC.*

— Stephen Brunet, Mayor, City of Bathurst

#### Modernizing the Firehall in Cranbrook, British Columbia

The City of Cranbrook has been approved for almost \$2.9 million in a low-cost loan from the Municipal Infrastructure Lending Program to renovate, modernize and expand the City's main firehall, including the addition of two new bays for fire trucks, the renovation of the office space to provide a dispatch area and offices, and dormitories for the firefighters. This will accommodate future growth in the residential area of Cranbrook.

*The City of Cranbrook greatly appreciates the funds made available through CMHC's Municipal Infrastructure Lending Program.*

— Scott Manjak, Mayor, City of Cranbrook



Table 2.3.2

**Building Infrastructure to Create Jobs**

	2009–10	2010–11	
	Dollars Spent <sup>1</sup>	Stimulus Value	Stimulus Committed
(millions of dollars—cash basis)			
<b>Investments in Provincial, Territorial and Municipal Infrastructure</b>			
Accelerating payments: Provincial/Territorial Base Funding initiative	179	198	198
Infrastructure Stimulus Fund <sup>3</sup>	525 <sup>2</sup>	3,475 <sup>2</sup>	3,475 <sup>2</sup>
Bonus for Community Projects <sup>3</sup>	30	470	470
Green Infrastructure Fund <sup>4</sup>	5	122	122
National recreation trails	25	–	–
Recreational Infrastructure Canada <sup>3</sup>	87	411	403
<b>Investments in First Nations Infrastructure</b>			
School construction	82	93	93
Water and wastewater projects	69	122	122
Critical community services (health facilities)	67	68	68
Critical community services (police facilities)	12	3	3
<b>Federal Infrastructure</b>			
An improved rail system	138	218	207
TransCanada Highway	16	54	54
Federal bridges	39	58	51
Alaska Highway	13	–	–
Small craft harbours	117	94	94
Repair and restoration of federal buildings	171	158	150
Enhancing accessibility of federal buildings	16	20	20
Manège Militaire in the city of Québec	1	1	1
Accelerating action on federal contaminated sites	88	150	150
Border facilities	2	42	33
Aviation security	343	8	8
<b>Subtotal—Building Infrastructure</b>	<b>2,025</b>	<b>5,764</b>	<b>5,721</b>



Table 2.3.2 (cont'd)

**Building Infrastructure to Create Jobs**

	2009–10	2010–11	
	Dollars Spent <sup>1</sup>	Stimulus Value	Stimulus Committed
	(millions of dollars—cash basis)		
<b>Support for Home Ownership and the Housing Industry</b>			
Home Renovation Tax Credit (HRTC) <sup>5</sup>	2,265	–	–
Home Buyers' Plan withdrawal limit	15	15	15
First-Time Home Buyers' Tax Credit	140	145	145
EcoENERGY Retrofit – Homes program	186	192	192
<b>Investments in Social Housing for Canadians</b>			
Renovation and retrofit of social housing (provincial/territorial)	433	417	417
Renovation and retrofit of social housing (federal)	67	83	83
First Nations housing—CMHC	123	127	127
First Nations housing—Indian and Northern Affairs Canada	75	75	75
Northern housing	100	100	100
Housing for low-income seniors	200	200	200
Housing for persons with disabilities	25	50	50
Loans to municipalities: housing-related infrastructure	376 <sup>6</sup>	1,624	1,624
Subtotal—Stimulating Housing Construction	4,005	3,028	3,028
<b>Total—Building Infrastructure to Create Jobs</b>	<b>6,031</b>	<b>8,792</b>	<b>8,749</b>

<sup>1</sup> For tax measures, value of tax stimulus provided is estimated.

<sup>2</sup> Includes transfers to other federal departments to support stimulus projects such as \$66.8 million to Parks Canada to build and upgrade additional National Historic Sites and visitor facilities.

<sup>3</sup> As a result of the extension of these programs, the stimulus value indicated for 2010–11 includes some funds that will be expended in 2011–12. More details will be known following receipt of estimates from provinces, territories, municipalities or other partners closer to the end of 2010–11.

<sup>4</sup> Includes \$27 million transferred to other federal departments for projects in 2010–11.

<sup>5</sup> The cost estimate for the HRTC based on 2009 tax return information is approximately 25 per cent lower than the cost originally projected when the measure was implemented in Budget 2009.

<sup>6</sup> Represents approved loan amounts.







# Chapter 2.4

Advancing Canada's Knowledge Economy  
and Creating Better Jobs







## Advancing Canada's Knowledge Economy and Creating Better Jobs

While providing stimulus across the country, the first phase of Canada's Economic Action Plan is also contributing to long-term growth and prosperity by helping to build Canada's capacity for innovation.

Canada's Economic Action Plan includes almost \$4 billion over two years for post-secondary education and research, technology and innovation, and environmental protection. These measures are consistent with the Government's long-term plan to enhance Canada's research capacity and to prepare Canadians to compete for better jobs in a knowledge-based economy. The Economic Action Plan is also helping to create jobs and promote economic growth in Canada by supporting small and medium-sized companies. Other investments will improve Canadians' access to broadband Internet, modernize federal laboratories, and strengthen Canada's position as a global leader in clean energy.

Table 2.4.1

### Advancing Canada's Knowledge Economy and Creating Better Jobs

	2009–10	2010–11	Total
	(millions of dollars—cash basis)		
<b>Action to Invest in Post-Secondary Education and Research</b>			
Improving infrastructure at colleges and universities <sup>1</sup>	991	996	1,987
Other	86	155	241
Subtotal—Action to Invest in Post-Secondary Education and Research	1,077	1,151	2,228
<b>Investing in Science and Technology</b>			
Renewing federal laboratories	85	157	242
Clean energy and the environment	358	282	640
Other	30	681	711
Subtotal—Investing in Science and Technology	473	1,120	1,592
<b>Total—Advancing Canada's Knowledge Economy and Creating Better Jobs</b>	<b>1,550</b>	<b>2,271</b>	<b>3,821</b>
<b>Total—With provincial contributions</b>	<b>2,541</b>	<b>3,434</b>	<b>5,975</b>

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).

<sup>1</sup> As a result of the extension of this program, the stimulus value indicated for 2010–11 includes some funds that will be expended in 2011–12. More details will be known following receipt of estimates from provinces, territories, municipalities or other partners closer to the end of 2010–11.



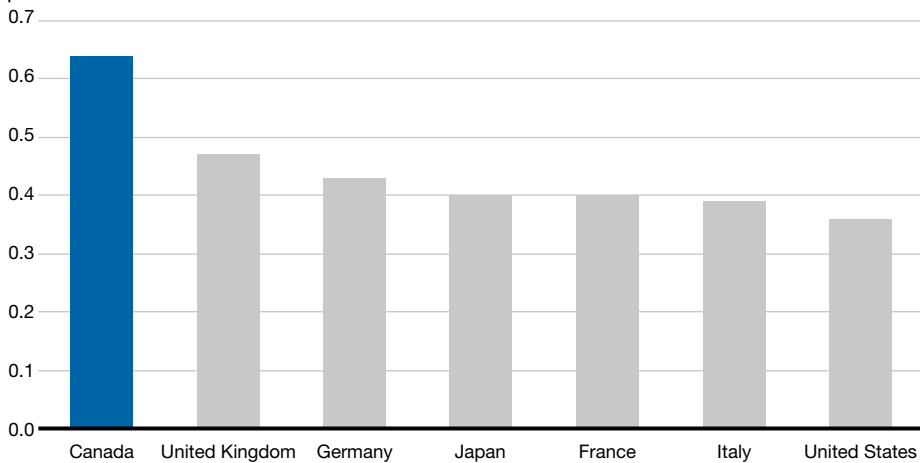
The Government is helping to build a strong innovative economy through science, technology and research excellence, while training new generations of highly skilled individuals for better jobs. This support underlines the Government’s commitment to making innovation a long-term strategic priority. Canada needs this new wave of highly qualified workers to prosper in a global economy that depends more and more on knowledge and innovation as a key driver of long-term competitiveness, growth and employment.

### Canada invests more in higher education research and development (R&D) than any other G-7 country

Chart 2.4.1

#### R&D Investment in the Higher Education Sector

per cent of GDP



Note: Data are for 2008, which is the latest year in which they are available for all G-7 countries.

Source: Organisation for Economic Co-operation and Development, Main Science and Technology indicators, 2010/1.



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. The Government believes that science powers commerce. To remain at the forefront of the global economy, we must invest in the people and ideas that will produce tomorrow's breakthroughs.

Canada's Economic Action Plan invests approximately \$5 billion in multi-year science and technology initiatives, an unprecedented investment which underlines the Government's commitment to its science and technology strategy.

## Post-Secondary Education and Research

The Knowledge Infrastructure Program is providing \$2 billion for university and college infrastructure projects, including repair, maintenance and construction. Federal funding covers up to half of eligible project costs incurred, with other partners providing the balance.

More than 520 projects at colleges and universities across Canada have been completed or are underway. These projects account for virtually all the funding available under the Knowledge Infrastructure Program.

To allow sufficient time for completion of all projects, the deadline for completion of projects under the Knowledge Infrastructure Program has been extended to October 31, 2011.

*The Knowledge Infrastructure Program is transforming campuses across the country, and improving the quality of the research and learning experience for Canadian students.*

— Paul Davidson, President of the Association  
of Universities and Colleges of Canada



## Canada's Economic Action Plan: Working for Canadians

### Infrastructure Investments at Universities and Colleges

#### Completed Projects

- The Government of Canada has provided over \$11 million to St. Francis Xavier University in Nova Scotia to complete the renovation of scientific laboratories and the addition of new information technology labs and business research spaces, helping to address deferred maintenance needs and create more energy-efficient, modern buildings. The project has doubled the university's capacity to undertake research and development in the areas of business and information technology. At the peak of construction activity, it is estimated that the project employed 117 people in construction and professional services.
- The expansion to the existing Woodland Campus Technical Centre at the Saskatchewan Institute of Applied Science and Technology provides increased training space for electrician apprentices. The project directly supported an estimated 17 jobs during construction. The Government of Canada has provided close to \$1.2 million toward this project.
- The Government of Canada has provided close to \$1.9 million to Camosun College in British Columbia. Library and learning commons facilities at two campuses of the college have been renovated and outdated computer labs have been modernized and expanded. The project has provided students with individual and collaborative learning spaces and access to leading-edge technologies in a more energy-efficient environment. An estimated 36 jobs have been created during construction.
- The Université de Moncton in Edmundston, New Brunswick, has received \$1.7 million from the Government of Canada to convert one floor of the Rhéa-Larose Library into an interdisciplinary research enhancement support centre, bringing together academic and student researchers, as well as research professionals connected with the Edmundston campus of the university. The project directly supported an estimated 19 jobs during construction.
- The Collège André-Grasset in Montréal has received close to \$800,000 from the Government of Canada to modernize, renovate and bring up to standard its Science, Arts and Letters sector and library. The project created an estimated 15 jobs and has contributed to increased enrollment.



## Canada's Economic Action Plan: Working for Canadians

### Completed Projects (*cont'd*)

- The Government of Canada provided over \$1 million to the Concordia University College of Alberta. The campus-wide renovation project has resulted in increased energy efficiencies, created state-of-the-art research facilities for life sciences, chemistry and the environmental sciences, and enhanced campus security and fire safety.
- The advanced knowledge and skills expansion at Dauphin Parkland Campus of the Assiniboine Community College in Manitoba has received over \$1.7 million from the Government of Canada. The addition and renovation of existing space have created a new electrical trades shop, as well as an expanded Early Childhood Education program with an Early Learning Centre, classrooms and new labs, including a nursing arts lab. This satellite campus provides First Nations and Métis communities with access to college programming, providing the capacity to train an additional 30 apprentices annually.
- The Operating Engineers Training Institute of Ontario has received \$1.4 million from the Government of Canada. The learning facility in Oakville was enhanced to support the training of crane operators and advanced training for mechanics, while improvements to the Morrisburg campus have made the facilities more conducive for the training of heavy equipment operators, including First Nations and Inuit students. The project will increase training output by 100 students per year. The project supported an estimated 12 jobs during construction.
- The Government of Canada has provided over \$2.6 million to the Université de Montréal in Quebec for phase one of renovations and upgrades to the classrooms and amphitheatre at the Pavillon 3200 Jean-Brillant. An estimated 52 jobs were created by this project.

Through Budget 2009, the Government committed to provide the Canada Foundation for Innovation (CFI) with additional funding of \$750 million to accelerate investment in state-of-the-art research facilities and equipment. This funding represents an investment in a stronger knowledge-based economy, as the research infrastructure supported by the CFI will underpin the creation of new knowledge and provide invaluable learning experiences for our best and brightest students.



The CFI has already committed \$150 million of this funding to 28 exceptional projects through its 2009 competition, while \$600 million will support the CFI's future activities. Of this amount, the CFI has announced that over \$200 million will be used to support current and new infrastructure that promotes leading-edge research, \$185 million will be used to support the operations of Major Science Initiatives across Canada, over \$180 million will be directed to attracting and retaining the world's best researchers, and over \$30 million will be earmarked for a new fund dedicated to supporting research equipment and facilities at colleges and polytechnics. These investments will promote research excellence while strengthening Canada's long-term economic competitiveness.

**Arctic Research Infrastructure:** Canada's Economic Action Plan is providing \$87 million to improve existing research facilities that support Arctic science and technology and to begin work in support of a new, world-class Canadian High Arctic Research Station. All 21 projects are underway and set to be completed by March 31, 2011.

**Canada Graduate Scholarships:** Canada's Economic Action Plan is providing an additional \$87.5 million over three years to temporarily expand the Canada Graduate Scholarships Program, which assists Canada's top graduate students. The funding supported 500 new doctoral scholarships, valued at \$35,000 each per year for three years beginning in 2009–10, and an additional 1,000 master's scholarships, valued at \$17,500 each for one year, in both 2009–10 and 2010–11. These scholarships, awarded through national competitions by the three federal granting councils, help to ensure a reliable supply of highly qualified personnel to meet the needs of Canada's knowledge economy.

Following the significant investments made in the Economic Action Plan, Budget 2010 contained additional measures in support of advancing Canada's research leadership. For example, Budget 2010 included \$45 million over five years to establish the new and prestigious Banting Postdoctoral Fellowships Program, which will help Canada to attract and develop the world's best postdoctoral researchers. The budget also provided an additional \$15 million per year starting in 2010–11 to double the budget of the College and Community Innovation Program, which enables applied research collaborations between colleges and local small and medium-sized businesses.





In addition, to ensure that public investments in research and development are yielding the greatest possible benefit for Canadians, the Government launched an Expert Panel in October 2010 to conduct a review of federal support in this area and provide recommendations for maximizing the federal contribution to innovation and to economic opportunities for businesses. The Expert Panel has published a consultation paper, and submissions from the public will be accepted until February 18, 2011. The Expert Panel is expected to release its report by October 2011, which will inform future federal investments.

## Investing in Science and Technology

As part of its effort to ensure Canada's long-term economic prosperity and sustainability, the Government has increased its direct support for science and technology through investments to modernize federal laboratories, improve broadband access, and spur research in clean energy and space technology.

**Renewing Federal Laboratories:** The Government has allocated almost \$250 million to upgrade and modernize federal laboratories doing research in a wide array of fields, including health, safety, security, transportation, environmental protection, and heritage. Construction has begun or has been completed on nearly 100 per cent of identified projects at 14 federal departments and agencies. These projects are providing near-term stimulus in regions across Canada, and are helping federal departments to better deliver their core regulatory responsibilities, improve science and technology capacity, and enhance the health and safety of Canadians.



## Canada's Economic Action Plan: Working for Canadians

### Examples of Modernizing Federal Laboratory Projects

- The Canadian Food Inspection Agency has completed 12 modernization projects at 7 laboratories in Burnaby, British Columbia; Lethbridge, Alberta; Calgary, Alberta; Saskatoon, Saskatchewan; Ottawa, Ontario; Saint-Hyacinthe, Quebec; and Dartmouth, Nova Scotia. Work on the remaining 18 projects is progressing. More than \$24 million has been invested over two years, addressing deferred maintenance and allowing the agency's scientists and researchers to continue to work in modern facilities.
- Industry Canada has invested \$5.4 million to upgrade the Communications Research Centre Canada's (CRC) research campus in Ottawa, which hosts six government laboratories. This investment will support an increase in the output of research and development at the laboratories and improve the ability of the CRC to generate Canadian jobs in the technology sector.
- Fisheries and Oceans Canada is modernizing its laboratories across Canada, investing \$37.3 million over two years for projects in places like Fraser River, British Columbia; Moncton, New Brunswick; and St. John's, Newfoundland and Labrador. Of the department's 77 project sites, 40 projects have been completed to date, with the remaining forecast to be completed by March 31, 2011. In addition to creating jobs and stimulating the local economies where the laboratories are located, this work is improving the department's science and research capacity and supporting the sustainable use and development of Canada's waterways and aquatic resources.

**Clean Energy and the Environment:** Canada's Economic Action Plan established the \$1-billion Clean Energy Fund, including up to \$150 million for clean energy research and development and \$850 million for clean energy demonstration projects. The projects to be supported by the fund are expected to assist in increasing the deployment of renewable and clean technologies.



## Canada's Economic Action Plan: Working for Canadians

### Examples of Projects Funded Through the Clean Energy Fund

#### Shell Quest Project (Fort Saskatchewan, Alberta)

The Clean Energy Fund has provided \$120 million towards the Shell Quest Project, a large-scale carbon capture and storage demonstration project being implemented in an oil sands upgrading application. This fully integrated project will use existing technology to capture carbon dioxide from three hydrogen manufacturing units at the Scotford Upgraders located in Fort Saskatchewan, transport it approximately 100 kilometres north and then inject and store it permanently more than 2 kilometres deep.

#### NB Power, PowerShift Atlantic (New Brunswick, Nova Scotia and Prince Edward Island)

NB Power has received \$15.9 million for a smart grid project that will help combine the latest technology for managing the delivery of renewable electricity across communities in Nova Scotia, Prince Edward Island and New Brunswick. The project will allow utility companies to better understand customer reaction to smart grid technologies, and enable the best use of renewable energy resources in the region. In addition, up to 2,000 customers will have new data on consumption that will help them change their consumption behaviour and save money.

#### University of British Columbia Syngas Project (Vancouver, British Columbia)

The University of British Columbia (UBC) has received \$8 million to demonstrate heat and power generation through biomass gasification (i.e., woody biomass is gasified and converted into synthetic gas that is directly fired into a gas engine) to provide clean, renewable heat and electricity for the campus. The combined heat and power system will be the first of its kind in North America and generate 2 megawatts of clean cost-effective electricity that will offset UBC's existing power consumption, and serve as a platform for addressing barriers to the technology's adoption.

To date, federal funding totalling over \$610 million has been announced for specific projects under the Clean Energy Fund. In addition, in response to unprecedented demand under the ecoENERGY Retrofit – Homes program, \$205 million under the Clean Energy Fund has been allocated to finance up to 120,000 additional retrofits for Canadian homeowners.



**Broadband:** As part of Canada's Economic Action Plan, \$225 million was provided to Industry Canada over three years to develop and implement a strategy to extend broadband coverage to as many unserved and underserved households as possible. The biggest component of this strategy is the *Broadband Canada: Connecting Rural Canadians* program. By March 31, 2012, over 200,000 additional households are expected to have access to broadband. Also, through the Community Access Program, the Government is providing support to extend affordable access to the Internet to thousands of Canadians.

**Canadian Space Agency:** The Economic Action Plan is providing \$110 million over three years to the Canadian Space Agency to support Canada's continued leadership in the design and construction of space robotics. Of this amount, approximately \$45 million will be spent in 2010–11 on the development of the Next Generation Canadarm and Exploration Surface Mobility projects. This funding supports new opportunities for innovative Canadian companies and provides jobs for highly skilled employees. This support will also help prepare Canadian astronauts to participate in future international space missions, such as astronaut Chris Hadfield taking command of the International Space Station in 2012.

**Canada Health Infoway:** The Economic Action Plan is providing \$500 million to Canada Health Infoway to support the goal of having 50 per cent of Canadians with an electronic health record and to speed up the implementation of electronic medical record systems for physicians. Canada Health Infoway works with the provinces and territories to determine when and how best to invest funding. This \$500-million investment will both enhance the safety, quality and efficiency of the health care system, and create thousands of sustainable, knowledge-based jobs throughout Canada. Infoway has indicated that \$380 million is being directed to speed up the implementation of electronic medical record systems in order to continue to make progress towards achieving the overall goal. Currently, about 37 per cent of community-based physicians have adopted electronic medical record systems across Canada. This funding will significantly increase their use in clinics, clinician offices and ambulatory care clinics. In addition, funding from the \$500 million is being used to support consumer health, diagnostic imaging and telehealth solutions.



Table 2.4.2

## Advancing Canada's Knowledge Economy and Creating Better Jobs

	2009–10	2010–11	
	Dollars Spent	Stimulus Value	Stimulus Committed
	(millions of dollars—cash basis)		
<b>Action to Invest in Post-Secondary Education and Research</b>			
Improving infrastructure at universities and colleges <sup>1</sup>	991	996	996
Canada Foundation for Innovation	–	50	50
Institute for Quantum Computing	17	17	17
Arctic research Infrastructure	32	52	52
Canadian Graduate Scholarships Program	35	35	35
Industrial Research and Development Internship program	3	1	1
Subtotal—Action to Invest in Post-Secondary Education and Research	1,077	1,151	1,151
<b>Investing in Science and Technology</b>			
Modernizing federal laboratories	85	157	157
Clean Energy Fund	65	282	282
Canadian Environmental Sustainability Indicators	8	–	–
Strengthening Canada's nuclear advantage	285	–	–
Canada's space industry	10	45	43
Canada Health Infoway	–	500	500
Extending access to broadband in rural communities	20	136	136
Subtotal—Investing in Science and Technology	473	1,120	1,118
<b>Total—Advancing Canada's Knowledge Economy and Creating Better Jobs</b>	<b>1,550</b>	<b>2,271</b>	<b>2,269</b>

<sup>1</sup> As a result of the extension of this program, the stimulus value indicated for 2010–11 includes some funds that will be expended in 2011–12. More details will be known following receipt of estimates from provinces, territories, municipalities or other partners closer to the end of 2010–11.





# Chapter 2.5

## Supporting Industries and Communities









## Supporting Industries and Communities

The first phase of Canada's Economic Action Plan provides over \$13 billion to create and protect jobs in the regions, communities and industries of the Canadian economy that have been most affected by the global recession. This support is addressing the economic challenges faced by traditional industries such as forestry, agriculture and manufacturing, which continue to play important roles in the economies of many regions and communities across the country.

In addition to providing targeted relief, Canada's Economic Action Plan is helping industries bolster their competitiveness and position themselves for long-term success, both within Canada and in the global economy. Ensuring the long-term prosperity of Canadian businesses will strengthen Canada's position on the world stage and help to create new opportunities and high-quality jobs for Canadians in all regions of the country.



Table 2.5.1

**Supporting Industries and Communities**

	2009–10	2010–11	Total
	(millions of dollars—cash basis)		
<b>Support for Industries</b>			
Forestry	59	108	167
Agriculture	14	95	109
Mineral exploration	70	-15	55
Small businesses	166	195	361
Tourism	136	151	287
Shipbuilding	82	93	175
Culture	150	183	333
Tax and tariff relief			
Accelerated capital cost allowance for computers	340	355	695
Tariff relief on machinery and equipment	76	81	157
Subtotal—Support for Industries	1,093	1,246	2,339
<b>Support for Communities</b>			
Helping all regions prosper	596	830	1,426
Strengthening partnerships with Aboriginal Canadians	135	186	321
Subtotal—Support for Communities	731	1,015	1,747
<b>Total—Supporting Industries and Communities</b>	<b>1,824</b>	<b>2,261</b>	<b>4,086</b>
Federal support to auto sector	9,155		9,155
<b>Total—Supporting Industries and Communities</b>	<b>10,979</b>	<b>2,261</b>	<b>13,241</b>
Ontario component of auto sector support	4,578		4,578
<b>Total—With provincial contributions</b>	<b>15,557</b>	<b>2,261</b>	<b>17,818</b>

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).

**Support for Communities:** The Government is continuing to deliver support to vulnerable communities through initiatives such as the \$1-billion Community Adjustment Fund. Over 1,850 projects are now either completed or underway across Canada under the Fund.



## Canada's Economic Action Plan: Working for Canadians

### Support for Communities

The Government has taken significant actions to enable the development of strong Canadian communities. These include:

- Establishing the \$1-billion Community Development Trust in January 2008 to support provincial and territorial initiatives aimed at assisting vulnerable communities.
- Providing \$1 billion over two years for the Community Adjustment Fund, as part of the Economic Action Plan, to support economic diversification in communities affected by challenges facing local industries.
- Providing \$500 million over two years through the Economic Action Plan for the Recreational Infrastructure Canada program to support the construction of new recreational facilities and upgrades to existing ones in communities across Canada.
- Establishing the Federal Economic Development Agency for Southern Ontario with over \$1 billion over five years, as part of the Economic Action Plan, to support economic development in southern Ontario communities.
- Providing \$50 million over five years through the Economic Action Plan to establish the Canadian Northern Economic Development Agency, and allocating a further \$90 million over five years to renew the Strategic Investments in Northern Economic Development program, to strengthen economic activity in northern communities.
- Providing close to \$50 million per year in permanent resources through Budget 2010 to strengthen the activities of the regional economic development agencies in promoting growth in communities across Canada. Budget 2010 also provided \$11 million per year, on an ongoing basis, for the Community Futures Program to help create new economic opportunities and promote innovation in rural communities.
- Providing \$1.9 billion over five years starting in September 2008 for the Affordable Housing Initiative (\$125 million per year), the Residential Rehabilitation Assistance Program (\$128 million per year) and the Homelessness Partnering Strategy (\$135 million per year). In addition, the Economic Action Plan provided \$2.1 billion towards the construction and renovation of affordable housing units, and up to \$2 billion in low-cost loans have been made available to municipalities.
- Encouraging individuals to make a sustained commitment to public transit use through the introduction of the Public Transit Tax Credit.



## Canada's Economic Action Plan: Working for Canadians

### Examples of Community Adjustment Fund Projects

- Over \$850,000 was provided to support the construction of the Fundy Ocean Research Centre for Energy in Parrsboro, Nova Scotia. The \$1.9-million facility will house research labs for tidal and wind energy innovation, as well as interpretive exhibits and educational programming demonstrating leading-edge tidal technology. This project created 10 local jobs in the Parrsboro area and provides multi-use space to serve the needs of community residents.
- The Association des pêcheurs propriétaires des Îles de la Madeleine received \$134,000 for a pilot project to test a lobster traceability and identification system designed to allow consumers to recognize locally caught lobsters and facilitate the industry's eco-certification process. This project will help Quebec lobster fishers and the seafood processing industry remain competitive and maintain jobs.
- The Town of Caledon in southern Ontario received \$7 million to expand its community centre, fulfilling a significant local need for increased access to recreational facilities. Work to complete the expansion included the construction of a new 36,200-square-foot addition containing a new ice pad, changing rooms, improved spectator viewing and public amenities. The new facility also incorporates green technologies to increase the building's energy efficiency. The project created approximately 52 full-time-equivalent jobs.
- The Sudbury Airport Community Development Corporation received \$600,000 to build a large state-of-the-art hangar facility, attracting new businesses and providing additional amenities to existing clients. One new company has leased space and two existing clients will use the facility to improve their operations. The project created over three person-years of employment during the construction phase, and a new tenant has hired four aircraft maintenance engineers and one supervisor.
- Canoe Creek Hydro Company Ltd. received a \$2.5-million repayable contribution to help fund the construction of a run-of-the-river green hydroelectric facility in B.C. This project was completed on schedule and created over 14 person-years of employment for local construction contractors, forest industry workers and Tla-o-qui-aht First Nation community members. Two Tla-o-qui-aht First Nation members employed under this project are to be trained for long-term positions as operators at the facility.



The Federal Economic Development Agency for Southern Ontario (FedDev Ontario) is making strategic investments to support job creation and economic growth in the region. For example, \$44 million was provided to the National Research Council's Industrial Research Assistance Program over two years to support research and development-intensive small and medium-sized enterprises in the region. In addition, the Government is investing \$50 million through the Business Development Bank of Canada so businesses in southern Ontario will have greater access to venture capital. Further, through the Southern Ontario Development Program, FedDev Ontario has supported projects such as the Canadian Manufacturers & Exporters' SMART Program, the Applied Research and Commercialization Initiative and MITACS Inc., a national research network that connects Canadian businesses and organizations with the next generation of skilled workers.

## Canada's Economic Action Plan: Working for Canadians

### Economic Development Initiatives in Southern Ontario

- ViXS Systems, based in Toronto, received \$750,000 from the National Research Council's Industrial Research Assistance Program to continue developing innovative video-networking processors for Blu-ray multimedia players and recorders, which make it easier to decode, transcode and encode multiple formats of digital high-definition and standard-definition video content for reprocessing, distribution and playback.
- Skjodt-Barrett Foods Inc. (Mississauga, Ontario), a supplier of custom developed food products, received a contribution of up to \$395,000 for the purchase of new equipment to facilitate expansion of the company's product lines. This project has resulted in the creation of six full-time and six part-time jobs and was funded under the food and beverage intake of the Southern Ontario Development Program, delivered by FedDev Ontario.
- Mespere Lifesciences Inc. in Waterloo, Ontario, received more than \$122,000 to support research into a pain-free, portable way to allow physicians to monitor the pressure of blood near the heart in real time. This innovative research and development project will assist the company in commercializing state-of-the-art technology that makes diagnostic testing and health monitoring non-invasive and less costly.



Budget 2009 increased the Government's support for economic activity in the North by providing \$50 million over five years to establish the Canadian Northern Economic Development Agency (CanNor) and \$90 million over five years to renew the Strategic Investments in Northern Economic Development program. Since its launch, CanNor has invested in infrastructure, job creation and community development, enabling the residents of the North to take advantage of economic opportunities.

**Automotive Sector:** The automotive sector has faced significant challenges over the past two years. The governments of Canada and Ontario, working closely with the government of the United States, have taken significant steps to help the automotive sector overcome these challenges, including 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 by Canada and Ontario, \$2.9 billion has been drawn upon to date. Chrysler emerged from bankruptcy protection on June 10, 2009. As additional consideration for providing loans to Chrysler, Canada and Ontario received a 2-per-cent equity stake in the restructured firm.

All of the \$10.8 billion committed to General Motors by Canada and Ontario has been disbursed. General Motors emerged from bankruptcy protection on July 10, 2009. Canada and Ontario received a combined 11.7-per-cent ownership stake in the restructured General Motors, as well as US\$403 million in preferred shares. By April 20, 2010, General Motors had completed the repayment of its entire \$1.5-billion interim loan from Canada and Ontario ahead of schedule. General Motors also announced in October and November 2010 the addition of new shifts to its Oshawa facility that will secure over 1,300 jobs.

The Government of Canada has begun to reduce its ownership in General Motors. In the initial public offering by General Motors in November 2010, Canada sold over 35 million shares at US\$33 per share, which resulted in gross proceeds of US\$1.15 billion. This sale reduced Canada's ownership stake in General Motors to 9.34 per cent. On January 14, 2011, General Motors announced it would inject US\$2 billion worth of stock into its company pension plan, resulting in Canada's ownership stake in General Motors being reduced to 8.98 per cent.



The support provided by the governments of Canada and Ontario to the automotive sector has helped to save jobs in hard-hit communities.

## Canada's Economic Action Plan: Working for Canadians

### Support for the Aerospace Sector

The aerospace sector is a leading employer in the high technology sector. Since 2006, the Government has taken significant actions, including through the Economic Action Plan, to promote the competitiveness of the aerospace sector. These include:

- Establishing in 2007 the Strategic Aerospace and Defence Initiative to support advanced research and development projects by the aerospace and defence industries, with about \$900 million available over five years. In 2009, an additional \$200 million over four years was provided to the program.
- Providing the Canadian Space Agency with \$110 million over three years, as part of the Economic Action Plan, to support the development of advanced robotics and other space technologies.
- Participating in the Joint Strike Fighter program, which represents an unprecedented opportunity for Canadian firms to participate in the global supply chains that will define the aerospace and defence sectors for the next 40 years. Through Canada's purchase of the F-35 aircraft, Canadian companies will be guaranteed access to competitive opportunities in the Joint Strike Fighter partnership, including an estimated \$12 billion in potential industrial opportunities for work on the aircraft platform.
- Reinvesting in the Canadian Forces through the acquisition of C-17 *Globemaster* aircraft, C-130J *Hercules* tactical transport aircraft and CH-47F *Chinook* helicopters, bringing over \$5 billion in direct and indirect Industrial and Regional Benefit opportunities to Canada's economy, primarily to the aerospace sector.

These investments help to create or maintain highly skilled Canadian jobs, encourage public and private partnerships, and keep Canada at the forefront of the international aerospace industry.

**Forestry:** The global economic downturn and the collapse in the U.S. housing market have created challenges for the forestry sector. Under the Economic Action Plan, \$170 million over two years was available for Natural Resources Canada to support market diversification and innovation initiatives in 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.



Since the release of the Economic 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 is enabling pulp and paper mills in all regions to reduce greenhouse gas emissions while helping them become leaders in the production of renewable energy from biomass, improve their competitiveness and create and sustain jobs.

These actions are in addition to the substantial financial support provided to the forestry sector by Export Development Canada.

## Canada's Economic Action Plan: Working for Canadians

### Support for Forestry

The forestry sector is an important contributor to the Canadian economy, forming the economic base in many regions. Canada's forest product companies have encountered intense competitive pressures, including greater competition from low-cost producers, higher input and energy costs, a variable Canadian dollar and low productivity.

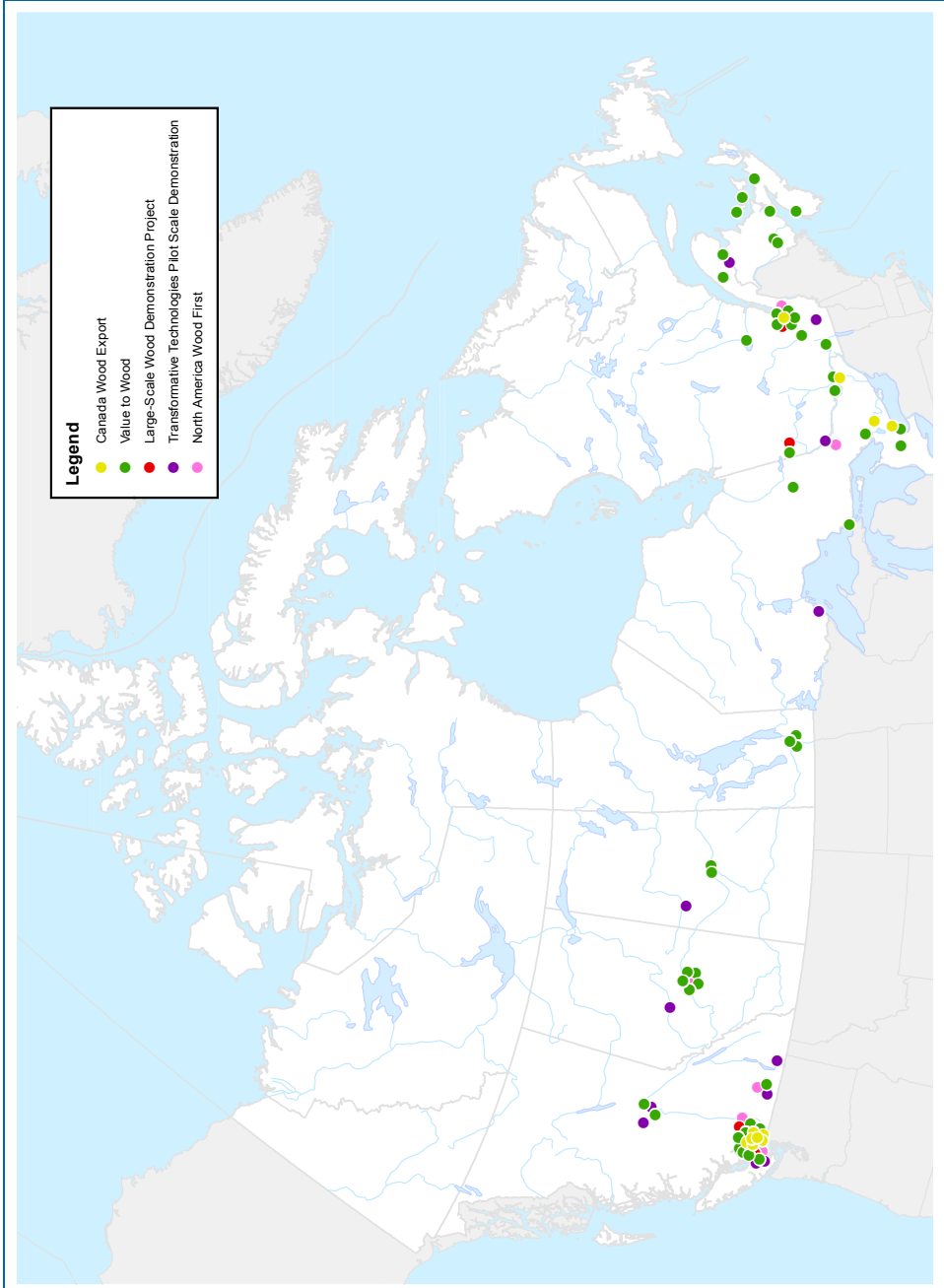
Since 2006, the Government has put in place significant support, including through the Economic Action Plan, to help the forestry sector address these challenges and become more competitive. These include:

- Providing nearly \$44 billion in financial services to Canada-based forestry companies through Export Development Canada since 2008. Over the same period, the Business Development Bank of Canada has provided over \$420 million in loans to Canadian forestry firms.
- Negotiating the Canada-United States Softwood Lumber Agreement in 2006, restoring access to the United States market and resulting in the return of over \$5 billion in duty deposits to Canadian producers.
- Providing \$200 million through Budget 2006 to combat the pine beetle infestation.
- Providing \$170 million over two years, as part of the Economic Action Plan, to support market diversification and innovation initiatives in the forestry sector. These activities built on the \$127.5-million Forest Industry Long-Term Competitiveness Initiative announced in Budget 2006 to help the forestry sector shift toward higher-value products and tap into new markets.
- Establishing the \$1-billion Pulp and Paper Green Transformation Program in June 2009 to support capital projects in the forestry sector that offer demonstrable environmental benefits.
- Providing \$100 million over four years through Budget 2010 for the Investments in Forest Industry Transformation Program to support the development, commercialization and implementation of advanced clean energy technologies in the forestry sector.





## Forestry: Support for Innovation and Market Diversification Across Canada





**Tourism:** In 2010–11, the Marquee Tourism Events Program will provide support to events across Canada, such as the Charlottetown Festival, Carnaval de Québec, Niagara Wine Festival, Red River Exhibition and Pacific National Exhibition in order to stimulate the economy and help promote Canada as a global destination of choice. In total, the Government has allocated about \$90 million to support more than 100 marquee tourism events that deliver world-class programs and experiences in support of tourism and the visitor economy.

The Government of Canada is also providing up to \$8 million through the Canadian Tourism Commission for additional promotional activities in priority international markets for the Canadian tourism industry.

Our vast National Parks and numerous National Historic Sites help attract a large number of visitors from abroad each year, generating significant economic activity and bringing our natural heritage closer to Canadians. Canada's Economic Action Plan provides Parks Canada with \$150 million over two years to build and upgrade facilities, including visitor centres and campgrounds, as well as roads at National Parks and National Historic Sites throughout the country. For example, improvements were made to the city of Québec's Cartier-Brébeuf National Historic Site of Canada, which was fully landscaped as part of the re-naturalization of the Lairet River that flows through it. The \$1.5-million project also provided an interpretive information booth for visitor reception and a bicycle path. Since its completion, the project has received a Canadian Society of Landscape Architects Award of Excellence.

In June 2010, the Government of Canada signed an Approved Destination Status agreement with China, giving the Canadian tourism industry the ability to market Canada directly to the Chinese tourism market.



**Agriculture:** Over the past two years, the Government has worked closely with farmers, the agri-food industry and the provinces and territories to deliver on the agricultural measures in the Economic Action Plan.

- To date, \$307 million has been allocated to multi-year initiatives under the Agricultural Flexibility Fund. New initiatives will be announced as the Government works with industry, provincial and territorial partners to help the sector adapt to pressures and improve its competitiveness.
- Investments in cattle processing plants to help improve their operations under the Slaughter Improvement Program will ramp up in 2011–12, the last year of the program. Budget 2010 provided an additional \$10 million in funding. It is anticipated that \$22 million will be spent in 2010–11. The remaining \$9 million in funding allocated for this fiscal year will be spent in 2011–12. To date, total funding of \$54 million has been approved for 18 projects.
- Since the new *Canadian Agricultural Loans Act* took effect in the summer of 2009, 3,567 loans, totalling \$192 million, have been granted. Of these loans, 288 have been registered to beginning farmers for a total of \$26 million and 65 loans have been issued for amounts greater than \$250,000.

In addition to these Economic Action Plan measures, the Government has provided targeted assistance to producers affected by the economic downturn and disasters through the Advance Payments Program. This program, which is aimed at providing short-term cash flow to producers, issued \$2.7 billion in advances to producers in 2008–09 (of which over \$2.0 billion was interest-free) and \$2.0 billion in 2009–10 (of which over \$1.6 billion was interest-free). Due to the economic downturn and severe weather conditions, several commodity groups have been granted stays of default, which allow the producers additional time to repay their advances.

The Government also continues to advance the long-term competitiveness of the sector through various programs that aim to support business risk management, expand market access for Canadian producers, promote environmentally sustainable agriculture, and enhance the safety and security of Canada's food system.



## Canada's Economic Action Plan: Working for Canadians

### Examples of Support for Agriculture

- Projects funded under the five-year Agricultural Flexibility Fund include up to \$5.4 million to develop and enhance information systems and improve the quality, safety and value of Canadian beef and genetics. In addition, \$94.8 million has been committed over five years to projects in partnership with the governments of British Columbia, Alberta, Saskatchewan, Quebec, New Brunswick, Nova Scotia, Ontario, Newfoundland and Labrador and Prince Edward Island. For example, up to \$10.0 million for the Initiative d'accompagnement des secteurs dans leur développement will support producers' associations or groups in Quebec in the strategic planning and implementation of measures at the sectoral level that promote innovation, adaptation and the value chain.
- Under the Slaughter Improvement Program, the Government has committed \$1.5 million for Holly Park Meat Packers Inc. in Ontario to allow the firm to redesign its facility and purchase and install new equipment and technology, providing the opportunity to develop new products and access niche markets. Holly Park has also used this investment to develop and implement training on new procedures required to become a federally inspected facility.

**Small Business:** Canada's small and medium-sized companies are an important engine of our economy, driving innovation, productivity, job creation and economic growth. Recognizing this, the Economic Action Plan allocated \$200 million over two years to the Industrial Research Assistance Program to enable it to temporarily expand its initiatives for small and medium-sized enterprises. The National Research Council moved quickly to fully commit the entire \$200 million allocated in 2009–10 and 2010–11 to help firms innovate and to hire new post-secondary graduates. Over 90 per cent of projects have been completed. In 2010–11 alone, support through the National Research Council has benefited more than 1,080 firms supporting over 4,700 jobs, in addition to creating employment opportunities for almost 1,000 new graduates in 745 firms across Canada.



## Canada's Economic Action Plan: Working for Canadians

### Examples of Support for Small Business

Through the Industrial Research Assistance Program (IRAP), the Government is helping small and medium-sized companies to invest in research and innovation and create high-value jobs. For example:

- Redlen Technologies Inc. in Saanichton, British Columbia, received a contribution of \$747,355 to support the company in refining a process that produces the sensitive semiconductor detectors used in medical diagnostic camera equipment. Since detectors are more sensitive and less expensive to produce, more hospitals have access to the equipment to assist in detecting diseases earlier and more accurately.
- IntelligentNano Inc. in Edmonton received a \$257,000 contribution from IRAP to help develop a medical device that uses low intensity pulsed ultrasound (low power high frequency pressure waves) to stimulate cell propagation. This technology will enable health care providers to better treat a myriad of diseases and conditions, such as Parkinson's disease, spinal cord injury, heart disease, diabetes and arthritis.
- Memory Experts International Inc., based in Saint-Laurent, Quebec, received a \$350,000 contribution from IRAP to help develop USB devices with a secure portable desktop solution that allows workers to work anywhere and at any time in a secure environment.

In addition, the tax system provides considerable support to small business through a lower corporate income tax rate, incentives for investors, enriched financial support for research and development, and simplified compliance.

Since 2006, the Government has introduced a large number of tax measures to support investment, innovation and growth by small businesses, including:

- To help small businesses retain more of their earnings for investment, expansion and job creation, the lower small business tax rate was reduced to 11 per cent from 12 per cent in 2008. The amount of income eligible for this lower rate was increased from \$300,000 to \$400,000 in 2007, and then to \$500,000 in 2009.
- To spur investment in small businesses, Budget 2007 increased the Lifetime Capital Gains Exemption on qualified small business shares to \$750,000 from \$500,000, the first increase in the exemption since 1988.
- Support for research and development through the Scientific Research and Experimental Development Tax Incentive Program was enhanced in Budget 2008. The amount of expenditures eligible for the higher, refundable tax credit was increased to \$3 million and eligibility was extended to medium-sized companies by increasing the taxable capital and income limits.



## Canada's Economic Action Plan: Working for Canadians

### Examples of Support for Small Business *(cont'd)*

Budget 2010 included several measures to help Canadian small and medium-sized companies grow their businesses, including:

- Elimination of tax reporting under section 116 of the *Income Tax Act* for many investments, such as those by non-resident venture capital funds in a typical Canadian high-technology firm.
- Building on the Government's success in fulfilling its Budget 2007 commitment to reduce the paperwork burden on Canadian businesses by 20 per cent, a new Red Tape Reduction Commission will review federal regulations and reduce the cost of compliance for small businesses.
- A new private sector Advisory Committee on Small Business and Entrepreneurship to provide advice on how to further improve business access to federal programs and information.
- A new Small and Medium-sized Enterprise Innovation Commercialization Program, which will provide \$40 million to help federal departments demonstrate new products developed by small and medium-sized companies.

**Shipbuilding:** The Economic Action Plan provided \$175 million to the Canadian Coast Guard to purchase 98 new boats and to repair and refit 40 existing large vessels. As of November 30, 2010, \$119 million has been spent on various projects, including the construction of 50 new small craft and over \$61 million in repair and refit projects for large Coast Guard vessels. A further \$56 million will be spent by the end of 2010–11.

## Canada's Economic Action Plan: Working for Canadians

### Support for Shipbuilding

- Contracts for all of the 60 new small craft, totalling \$13.3 million, are in place. To date, 50 boats have been delivered to the Canadian Coast Guard in Victoria, British Columbia, Halifax, Nova Scotia, and St. John's, Newfoundland and Labrador.
- Five of 30 environmental response barges have been delivered. The remaining barges will be delivered to the Canadian Coast Guard before March 31, 2011.
- Two of five 47-foot motorized life boats have been delivered. The remaining vessels will be delivered before March 31, 2011.



**Culture:** The Government has delivered unprecedented levels of investment in Canada's cultural industries, creating jobs and supporting the creative economy. In the last two years, the Government has charted a course that will allow our creative industries to navigate the changing technological and economic landscapes, with over \$335 million in support for culture and the arts.

- In 2009–10, the Canada Cultural Spaces Fund spent its \$30-million allocation in cultural infrastructure funding and in 2010–11 committed \$26 million, supporting 140 cultural infrastructure projects across Canada.
- In 2009–10, the Canada Arts Training Fund supported 27 organizations for a total of \$6 million and, in 2010–11, the Fund is investing in 34 organizations for a total of \$12 million, to support the highest-calibre institutions in Canada to train the most talented emerging artists for professional careers.
- \$13.9 million was transferred to Canada Post as of March 31, 2010, which helped more than 1,000 magazines and community newspaper companies mail 169 million copies of their publications to Canadian readers in all regions of the country. In 2010–11, the redesigned program, the Canada Periodical Fund, disbursed \$15 million to 928 Canadian magazine and community newspaper titles in June 2010 to help them distribute publications to Canadians.
- In 2009–10, a \$100-million investment in the Canadian Television Fund supported projects, in partnership with the broadcasting industry, to produce high-quality, distinctively Canadian television programs, including the Canadian drama series *Flashpoint*. In 2010–11, the Canadian Television Fund was merged with the Canada New Media Fund to create the Canada Media Fund. \$100 million in funding for the Canada Media Fund will continue to support investments in digital and television production projects.



## Canada's Economic Action Plan: Working for Canadians

### Support for Culture

- \$2.5 million to the Manitoba Children's Museum in Winnipeg, Manitoba for renovations. The renovated space will include an art and exhibition centre, a welcome centre and a dedicated collections storage room.
- \$1.8 million to the Royal BC Museum for a full upgrade to the electrical system of the exhibits building as well as a fire pump controller connected to the emergency system.
- \$1.5 million for the first phase of an expansion project to provide interior and exterior improvements to the Beaverbrook Art Gallery in Fredericton, New Brunswick.
- \$1.2 million to the Maison Saint-Gabriel in Montréal, Quebec, for expansion to house the visitor services area, as well as other exhibition and animation areas.

**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.





## Canada's Economic Action Plan: Working for Canadians

### Support for Rural Canadians

Since 2006, the Government has taken action to support the rural economy and made investments that improve the quality of life of rural Canadians. The Government has provided support to important sectors of the rural economy:

- **Supporting the Competitiveness and Long-Term Profitability of the Agricultural Sector**—Since 2006, federal spending on agriculture has increased significantly. Budget 2006 increased Agriculture and Agri-Food Canada's budget by \$500 million per year on an ongoing basis. A further \$2.1 billion has also been provided under other measures, including:

- \$1.0 billion for adjustments to income stabilization programming.
- \$600 million to set up AgriInvest accounts.
- \$190 million for the Agricultural Flexibility Fund.
- \$300 million to support an exit strategy for tobacco producers.

In addition, \$4 billion has been provided over the past three years to assist with business risk management challenges facing farm businesses.

- **Building a Competitive Fisheries Sector**—The federal government continues to promote the economic well-being of the commercial fishing industry and small coastal communities, including through:
- \$22 million for regulatory initiatives in support of the aquaculture sector.
  - \$200 million in support of small craft harbours to accelerate the repair and maintenance of core commercial fishing harbours.
  - \$25 million for the construction of the Pangnirtung harbour in Nunavut.
  - \$7 million for the establishment of a Catch Certification Office to expand market access for fisheries.



## Canada's Economic Action Plan: Working for Canadians

### Support for Rural Canadians (*cont'd*)

- **Supporting the Transformation of the Forestry Sector—**  
The Economic Action Plan provided \$170 million over two years for forest innovation and market development. In addition, the Government introduced the \$1-billion Pulp and Paper Green Transformation Program to support innovation and environmentally friendly investments in Canadian mills.
- **Promoting Competitiveness and Environmental Responsibility in Energy and Mining Operations—**The Major Projects Management Office was created to streamline and accelerate the federal regulatory review process for new projects in energy and mining, creating investment and new jobs in rural communities. Going forward, more than \$400 billion is forecast to be invested in major natural resource projects across Canada over the next 10 years.

The Government has also taken action to improve the quality of life of Canadians in rural areas.

- Physical remoteness means greater costs for transportation and infrastructure for rural communities. Under the Economic Action Plan, \$15.7 billion has been spent to modernize a broad range of infrastructure including roads, bridges, public transit, parks, water treatment facilities and harbours. The \$500-million Communities Component Top Up of the Building Canada Fund targets infrastructure spending for communities with populations of less than 100,000.
- As part of Canada's Economic Action Plan, \$225 million was provided to Industry Canada over three years to develop and implement a strategy to extend broadband coverage to as many unserved and underserved households as possible. The biggest component of this strategy is the *Broadband Canada: Connecting Rural Canadians* program. By March 31, 2012, over 200,000 additional households in rural and remote regions are expected to have broadband access.
- Through the Knowledge Infrastructure Program, the Government is supporting repair, maintenance and construction projects at rural colleges such as the Northern Lights College in Dawson Creek (British Columbia), Portage College in Lac La Biche (Alberta), the Strait Area Campus at the Nova Scotia Community College in Port Hawkesbury, and Aurora College in Tsiigehtchic (Northwest Territories). These projects will strengthen the ability of colleges in rural areas to deliver advanced knowledge and skills training. The projects have also supported numerous jobs during the construction period.
- In Budget 2010, the Government provided \$11 million per year, on an ongoing basis, for the Community Futures Program. This funding will help create new economic opportunities and promote innovation in rural communities across Canada.



**Tax Relief:** In addition to supporting key industries, the Economic Action Plan includes permanent and temporary measures that build on broad-based tax reductions passed by Parliament in 2007 that are lowering the federal general corporate income tax rate to 15 per cent in 2012. As a result of these reductions, in addition to other tax changes introduced since 2006, Canada has an overall tax rate on new business investment that is substantially lower than that in any other G-7 country.

**Tariff Relief:** The Economic Action Plan is helping Canadian firms create jobs, modernize their operations and better compete globally through the elimination of all remaining tariffs on imports for industrial manufacturing. A first phase of tariff relief, focusing on machinery and equipment, was implemented in Budget 2009, providing \$88 million per year in average duty savings. Budget 2010 implemented a second phase of tariff relief, eliminating all remaining tariffs on industrial inputs, which will provide \$300 million in additional annual savings to Canadian businesses.

With these measures, the Government is making Canada a tariff-free zone for industrial manufacturers, a first in the G-20. These initiatives will increase investment, create jobs, foster innovation and productivity, and increase overall prosperity.



Table 2.5.2

**Supporting Industries and Communities**

	2009–10	2010–11	
	Dollars Spent <sup>1</sup>	Stimulus Value	Stimulus Committed
	(millions of dollars—cash basis)		
<b>Support for the automotive sector<sup>2</sup></b>	9,155	–	–
<b>Support for Industries</b>			
<b><i>Forestry</i></b>			
Forestry (marketing and innovation)	59	108	88
<b><i>Agriculture</i></b>			
Agriculture flexibility program	6	73	64
Investments in cattle processing plants	8	22	22
<b><i>Mineral Exploration</i></b>			
Extending the Mineral Exploration Tax Credit	70	-15	-15
<b><i>Small Businesses</i></b>			
Reducing taxes for small businesses	45	80	80
Industrial Research Assistance Program	98	100	100
Canada Youth Business Foundation	10	–	–
Canada Business Networks	14	15	15
<b><i>Tourism</i></b>			
Canadian Tourism Commission	20	20	20
Marquee tourism events	48	50	50
Parks Canada <sup>3</sup>	67	81	81
<b><i>Shipbuilding</i></b>			
Shipbuilding	82	93	93
<b><i>Culture</i></b>			
Cultural infrastructure	30	30	26
Canada Prizes for the Arts and Creativity	–	25	–
Canada Arts Training Fund	6	13	12
Community newspapers and magazines	14	15	15
Canada Media Fund	100	100	100



Table 2.5.2 (cont'd)

**Supporting Industries and Communities**

	2009–10	2010–11	
	Dollars Spent <sup>1</sup>	Stimulus Value	Stimulus Committed
	(millions of dollars—cash basis)		
<b>Tax and Tariff Relief</b>			
Temporary 100-per-cent capital cost allowance rate for computers	340	355	355
Tariff relief on machinery and equipment	76	81	81
Subtotal—Support for Industries	1,093	1,246	1,187
<b>Support for Communities</b>			
<b>Helping All Regions Prosper</b>			
Community Adjustment Fund	417	578	567
Federal Economic Development Agency for Southern Ontario	128	208	118
Eastern Ontario Development Program	10	10	9
Strengthening economic development in the North	3	14	14
Strategic Investments in Northern Economic Development	10	20	12
Promoting energy development in Canada's North	28	–	–
<b>Strengthening Partnerships With Aboriginal Canadians</b>			
First Nations and Inuit health programs	131	170	170
First Nations child and family services	4	16	16
Subtotal—Support for Communities	731	1,015	906
<b>Total—Supporting Industries and Communities</b>	<b>10,979</b>	<b>2,261</b>	<b>2,093</b>

<sup>1</sup> For tax and tariff measures, value of tax and tariff stimulus provided is estimated.

<sup>2</sup> Includes \$250 million which was disbursed to Chrysler on March 30, 2009.

<sup>3</sup> \$66.8 million was also reallocated from the Infrastructure Stimulus Fund to Parks Canada for additional projects. These funds are also fully committed.





# Chapter 2.6

Improving Access to Financing and  
Strengthening Canada's Financial System









## Improving Access to Financing and Strengthening Canada's Financial System

Canada's financial system has shown exceptional stability throughout the global financial crisis, with its banking system being recognized as the soundest in the world. For the third year in a row, the World Economic Forum has ranked Canada 1st out of over 130 countries on its "soundness of banks" criteria.<sup>1</sup> However, Canada was not immune to the global crisis, and the Government took timely and effective measures to provide extraordinary liquidity to the financial system and mitigate the impact of the global credit crunch on the Canadian economy. It is clear that strong financial institutions, capital markets and financial sector regulations and supervision are essential to economic growth and prosperity and will continue to be vital for a sustained recovery in Canada and elsewhere in the world.

While the Canadian financial system withstood the global financial crisis better than most, the crisis made it difficult for Canadian banks and other lenders to obtain funds from international markets at reasonable costs. To soften the impact of the crisis, the first phase of Canada's Economic Action Plan included measures to provide up to \$200 billion to support lending to Canadian households and businesses through the Extraordinary Financing Framework.

The Extraordinary Financing Framework measures, most of which are ending as credit conditions improve, include: the Insured Mortgage Purchase Program; a new 10-year maturity in the ongoing Canada Mortgage Bond program; the Canadian Secured Credit Facility; support for the Bank of Canada's emergency liquidity measures; increased flexibilities and capacities for financial Crown corporations, including the introduction of the Business Credit Availability Program; and assurance facilities for banks and insurance companies. All of this support has been offered on a commercial basis to protect taxpayers.

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<sup>1</sup> World Economic Forum, *The Global Competitiveness Report*, 2010–11.



The Government's actions under the Extraordinary Financing Framework have contributed significantly to improved credit conditions. During 2010, aided by the Canadian Secured Credit Facility, \$12.5 billion of asset-backed securities backed by vehicle and equipment loans and leases, floorplan financing, and credit card receivables was issued, the most since 2006. Further evidence of normalization of capital markets hit hard by the financial crisis has been appearing. For example, the Business Development Bank of Canada recently announced the sale of \$250 million in asset-backed securities it had purchased under the Canadian Secured Credit Facility.

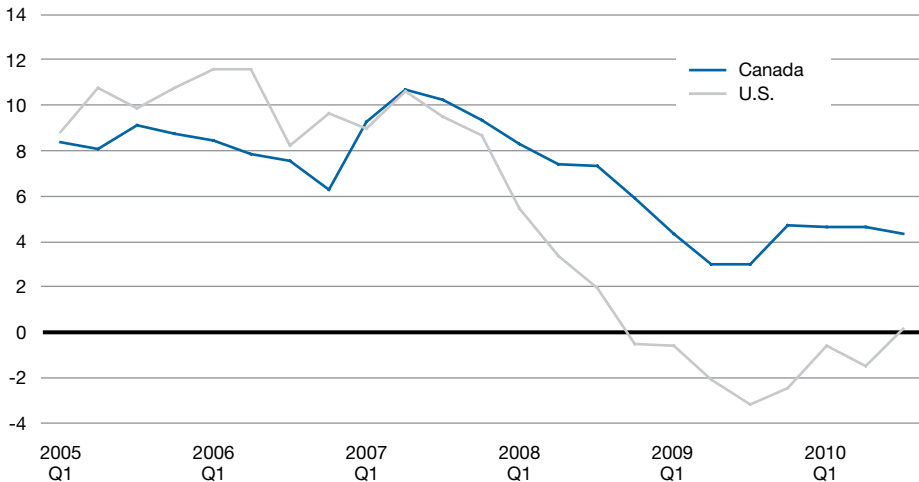
Overall, total credit growth in Canada was steady in the third quarter of 2010 and remained stronger than in the U.S. (Chart 2.6.1). Improved financial market conditions have also enabled Canadian businesses to continue to tap capital markets, through strong net corporate bond and net corporate equity issuances during 2010 (Chart 2.6.2). Meanwhile, the difference between corporate and government bond rates has narrowed considerably.

### Credit growth in Canada remains stronger than in the U.S.

Chart 2.6.1

#### Total Credit Growth

per cent, period to period at annual rates



Note: Incorporates data available up to and including January 27, 2011.

Sources: Bank of Canada; U.S. Federal Reserve Board.

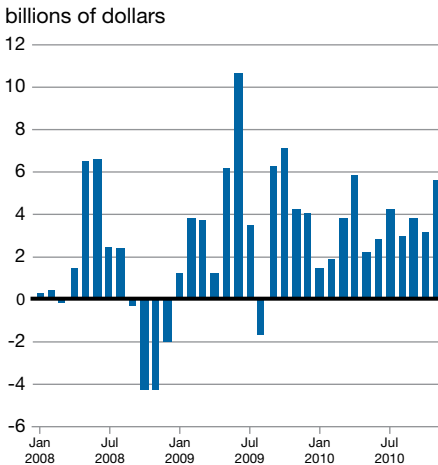


The Government's measures to support access to financing during the financial crisis helped to alleviate market uncertainty and supported a significant reduction in market interest rates. While the Bank of Canada has raised its policy rate 75 basis points since June 1, 2010, reflecting overall improvement in the Canadian economy and a return to more normal conditions in financial markets, average effective interest rates for households and businesses, as estimated by the Bank of Canada, are still down by close to 200 basis points and about 230 basis points, respectively, since the fall of 2008 (Chart 2.6.3).

### Improvement in business lending conditions and financial market activity

Chart 2.6.2

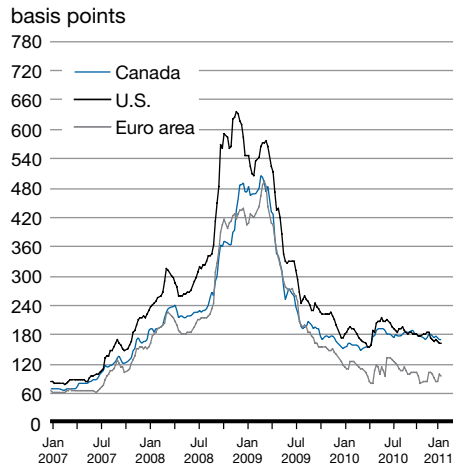
#### Net Funds Raised by Canadian Non-Financial Businesses Through Equities, Bonds and Short-Term Paper



Note: Incorporates data available up to and including January 27, 2011.

Source: Bank of Canada.

#### Long-Term Corporate Spreads



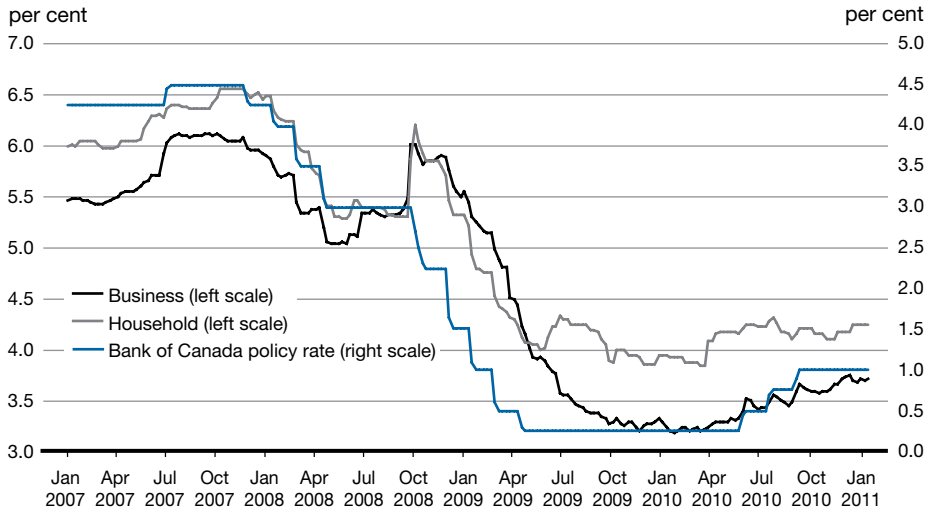
Notes: The spreads are the difference between corporate and government yield of bonds with a maturity between 7 and 10 years. Weekly data up to and including January 21, 2011.

Source: Merrill Lynch.



## Interest rates remain low

Chart 2.6.3  
**Effective Interest Rates and Policy Rate**



Note: Weekly data up to and including January 21, 2011.  
Source: Bank of Canada.

## Direct Support for Small and Medium-Sized Business

The Business Credit Availability Program has successfully increased the collaboration of the financial Crown corporations and private sector lenders, which has benefited small and medium-sized businesses across Canada. As of the end of November 2010, Export Development Canada and the Business Development Bank of Canada reported total activity under the Business Credit Availability Program of about \$9.5 billion, helping more than 10,000 businesses across the country and in all sectors of the economy, with a particular focus on small businesses. The amount of financing provided to Canadian businesses through the program easily surpassed the target of at least \$5 billion that was set out in Budget 2009.



In Budget 2010, the Government created the Vehicle and Equipment Financing Partnership as part of the Business Credit Availability Program. This program is funded and managed by the Business Development Bank of Canada, with an initial allocation of \$500 million in funding, in partnership with experienced lenders and investors in the private market for asset-based financing. The partnership expands financing options for small and medium-sized finance and leasing companies, increasing the availability of credit at market rates for dealers and users of vehicles and equipment.

The Business Development Bank of Canada announced the formation of two public-private partnerships with TAO Asset Management Inc. and Sun Life Financial to facilitate funding under the Vehicle and Equipment Financing Partnership. These partnerships provide a more economical and efficient way to access the securitization markets for small and medium-sized companies, which may not have the structuring and administration expertise or transaction volume to cost-effectively establish their own program.

A breakdown of activity by sector, region and size of borrower, as well as recent success stories, can be found at [www.fin.gc.ca/bcap](http://www.fin.gc.ca/bcap).

## **Declining Need for Extraordinary Measures**

Reflecting improved credit conditions in funding markets, the Canadian Lenders Assurance Facility and the Canadian Life Insurers Assurance Facility expired at the end of December 2009. The Insured Mortgage Purchase Program and the Canadian Secured Credit Facility ran to the end of March 2010. In addition, the Bank of Canada has taken steps to exit from its extraordinary liquidity facilities.<sup>2</sup> During the global financial crisis, the extraordinary liquidity provided by the Bank of Canada peaked at over \$40 billion in December 2008.

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<sup>2</sup> Further details on the changes to the extraordinary liquidity provided by the Bank of Canada can be found on its website at [www.bankofcanada.ca](http://www.bankofcanada.ca).





# Annex

## Job Impact of the Economic Action Plan









## Job Impact of the Economic Action Plan

The objective of Canada's Economic Action Plan was to protect jobs and safeguard individual Canadians in the face of the worst global financial and economic crisis since the 1930s. It was estimated that the Economic Action Plan, including provincial and territorial actions, would create or maintain 220,000 jobs by the end of 2010. Assessments of the progress made towards this objective were provided in Budget 2010 and in the Sixth Report to Canadians published in September 2010.

This annex provides an assessment of the economic impact of the Economic Action Plan. Canada's Economic Action Plan has achieved its objective, with over 220,000 jobs estimated to have been created or maintained as of December 2010.

The approach taken to estimate the job impact of the Economic Action Plan follows the approach taken in Budget 2010 and in the Sixth Report to Canadians. This approach was reviewed and validated by well-respected economic experts from the private sector and academia:

- Peter Dungan, Director, and Steve Murphy, Research Associate, Policy and Economic Analysis Program, Rotman School of Management, University of Toronto.
- Glen Hodgson, Senior Vice-President and Chief Economist, and Pedro Antunes, Director of the National and Provincial Forecast, Conference Board of Canada.
- Stéfane Marion, Chief Economist and Strategist, National Bank Financial Group.

## Measuring the Job Impact of the Economic Action Plan

To estimate the total number of jobs maintained or created by the Economic Action Plan, all stimulus actions—infrastructure spending, tax reductions, Employment Insurance (EI) measures and other actions—need to be taken into account. Job impacts cannot be observed directly for all elements of the Action Plan (i.e., tax reductions and EI measures) since they are not related to specific projects or activities but rather support income and overall economic activity.

For elements of the Economic Action Plan that are project-based, project managers can normally estimate the number of jobs related to each project. However, project-level data cannot readily be aggregated to determine an overall job impact because:

- Where data are available, it is often not presented in a consistent manner—for example, on a full-time-equivalent basis.
- Even if complete project-level data were available on a consistent basis, the data would only account for the direct impact in the construction industry. Indirect jobs created or maintained in industries providing inputs to the construction industry and induced jobs created or maintained in all industries by the additional economic activity in the construction industry would not be accounted for.

These comments have been raised by the Congressional Budget Office in its evaluation of the U.S. economic stimulus package.<sup>1</sup> For these reasons, estimates of the job impact of the Economic Action Plan are conducted using the Department of Finance’s Canadian Economic and Fiscal Model (CEFM). To obtain this estimate, measures in the Action Plan were allocated to seven categories that correspond to those used in the CEFM (infrastructure investment measures, housing investment measures, other spending measures, measures for low-income households and the unemployed, EI premiums, personal income tax measures and business tax measures).

Each of these categories has a different economic activity multiplier. These multipliers are summary measures that take into account first-round, indirect and induced impacts, and leakages to saving and imports (Table A.1). For example, infrastructure investment measures and measures for low-income households and the unemployed have high multipliers because of small leakages to imports and saving respectively. Consistent with historical relationships, a 1-per-cent increase in economic activity was assumed to translate into an immediate 0.2-per-cent increase in employment, rising to about 0.6 per cent after eight quarters. The job impact of the International Partnership to Support the Automotive Industry was estimated separately (see box below).

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<sup>1</sup> Congressional Budget Office, *Estimated Impact of the American Recovery and Reinvestment Act on Employment and Economic Output From July 2010 Through September 2010* (November 2010).



Table A.1  
**Expenditure and Tax Multipliers**

	2009	2010	2010Q4
	(dollar impact on the level of real GDP of a one-dollar increase in fiscal measures)		
Infrastructure investment measures	1.0	1.5	1.6
Housing investment measures	1.0	1.4	1.5
Other spending measures	0.8	1.3	1.4
Measures for low-income households and the unemployed	0.8	1.5	1.7
EI premiums	0.2	0.5	0.6
Personal income tax measures	0.4	0.9	1.0
Business tax measures <sup>1</sup>	0.1	0.2	0.3

<sup>1</sup> Business tax measures have a limited impact on aggregate demand over the periods displayed in the table but have among the highest multiplier effects in the long run. This is because they increase the incentive to invest and accumulate capital, which leads to a higher capacity to produce goods and services.

Given the considerable uncertainty surrounding the size of fiscal multipliers, prudent estimates have been used. The multipliers used in assessing the economic impact of the Economic Action Plan are similar to or lower than those used by the U.S. Council of Economic Advisers in assessing the impact of the *American Recovery and Reinvestment Act* and those found in models of leading Canadian private sector forecasters.<sup>2</sup> In addition, recent economic research suggests that fiscal multipliers are larger than those used in this analysis when the policy interest rate has reached its effective lower bound, as it was in Canada from April 2009 to June 2010.<sup>3</sup> This is because in such a context, fiscal actions help anchor inflation expectations and boost confidence, leading to higher private sector economic activity than otherwise would be the case.

Overall, because of the inherent uncertainty in estimating the impact of fiscal stimulus, the approach taken to estimate the job impact of the Action Plan has been prudent. In addition to the prudent multipliers, the estimated impacts on employment do not fully include the impact of the work-sharing program on preserving jobs. At its peak in October 2009, the work-sharing program

<sup>2</sup> Executive Office of the President, Council of Economic Advisers. Christina Romer and Jared Bernstein. "The Job Impact of the American Recovery and Reinvestment Plan" (January 2009) and Government of Canada, Budget 2009, Annex 1.

<sup>3</sup> Lawrence Christiano, Martin Eichenbaum and Sergio Rebelo. "When is the Government Spending Multiplier Large?" National Bureau of Economic Research Working Paper No. 15394 (2009).



benefited over 165,000 Canadians. Furthermore, the estimated impacts on employment do not take into account actions that were taken by the Government to improve access to financing for consumers and businesses through the Extraordinary Financing Framework.

## The Job Impact of the International Partnership to Support the Automotive Industry

In 2008, the motor-vehicle industry, including both assembly and parts, was Canada's largest manufacturing industry, accounting for 10 per cent of manufacturing real gross domestic product (GDP) and about 20 per cent of real merchandise exports. 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.

In 2008, General Motors and Chrysler accounted 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 \$13.7 billion.

In early 2009, General Motors and Chrysler assembly plants directly employed an estimated 14,000 workers. In addition, over 50,000 jobs in other industries were 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. This estimate does not take into account the induced effects arising from the maintenance of economic activity in the automotive and related industries.



## The Job Impact of the Economic Action Plan

To assess the impact of the Economic Action Plan on jobs maintained or created, the economic activity multipliers from Table A.1 are combined with information on the amount of stimulus flowing in the economy.

Determining the amount of stimulus flowing in the economy from tax reductions and measures to support the unemployed, industries and communities is fairly straightforward as flows correspond to amounts paid.

However, for infrastructure-related investment projects, amounts paid to provinces, territories, municipalities and third parties do not accurately reflect the full stimulus provided. Amounts paid tend to lag the economic impact of fiscal stimulus as payments are typically made when claims are received. Federal payments are made to recipients (such as provinces, territories and municipalities) only once defined portions of project work are completed and claims are submitted. In many cases, entire projects may even be finished before a claim is submitted. This results in dollars spent by the federal government significantly lagging actual work done and stimulus provided.

To account for this lag, infrastructure project start and end dates have been used to arrive at an estimate of funds flowing. Economic stimulus was assumed to flow in a linear fashion from project start to end. This approach has been used for approximately three-quarters of project-based infrastructure spending for which sufficient information was available. The extension to infrastructure programs has been taken into account.

Estimates take into account provincial, territorial and municipal leverage reported by partners. In some cases, reported leverage exceeds levels assumed at the outset of the Economic Action Plan.

Table A.2 shows the resulting estimated stimulus flowing in the economy as of December 2010, the latest date for which amounts paid are available, to each area of the Economic Action Plan.



Table A.2

**Economic Action Plan Funds Flowing in the Economy**

	<b>Dollars Flowing as of December 2010</b> (millions of dollars)
Reducing the Tax Burden for Canadians	5,520
Helping the Unemployed	7,897
Building Infrastructure to Create Jobs <sup>1</sup>	18,720
Advancing Canada's Knowledge Economy and Creating Better Jobs <sup>1</sup>	4,582
Supporting Industries and Communities <sup>1</sup>	18,041
<b>Total</b>	<b>54,759</b>

Note: Totals may not add due to rounding.

<sup>1</sup> Includes provincial, territorial and municipal leverage.

It is estimated that over \$13 billion has been devoted to reducing the tax burden and helping the unemployed. Close to \$19 billion has been invested in new public and housing infrastructure. More than \$4 billion has been invested in knowledge infrastructure and science and technology to help create better jobs. Finally, over \$18 billion has been disbursed to support industries and communities.

Combining the amounts flowing for each of the measures in the Economic Action Plan with the appropriate activity multipliers for production and employment discussed earlier provides an estimate of the Action Plan's economic impact.

The implementation of the Economic Action Plan has had a substantial beneficial impact on output and employment (Table A.3). On average, the funds disbursed are estimated to have boosted Canada's real GDP growth by 1.3 percentage points per quarter since the second quarter of 2009.

Improved economic growth translates into a higher level of employment. Indeed, the Economic Action Plan reduced the size of the contraction in employment in the second quarter of 2009, prevented another contraction in the third quarter of 2009, and contributed to the increase in employment in the last quarter of 2009 and in 2010. As of December 2010, it is estimated that the Economic Action Plan has created or maintained over 220,000 jobs.



Table A.3

**Impact of Economic Action Plan Measures  
on Real GDP and Employment**

	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	December 2010
(per cent, period to period at annual rates, unless otherwise indicated)								
<b>Real GDP Growth</b>								
Actual	-2.8	0.9	4.9	5.6	2.3	1.0	–	–
Without Economic Action Plan (EAP) measures	-4.3	-0.5	2.9	3.8	1.8	-0.3	–	–
Impact of the EAP (percentage points)	1.5	1.4	2.0	1.8	0.5	1.3	0.4	–
<b>Employment Growth</b>								
Actual	-1.6	0.0	1.5	1.5	3.4	1.4	0.4	–
Without EAP measures	-2.2	-0.6	0.6	0.6	2.8	0.7	-0.2	–
Impact of the EAP (percentage points)	0.6	0.6	0.9	0.9	0.6	0.7	0.6	–
Employment level (thousands)	28	53	92	129	158	189	215	222

The Canadian economy has virtually recovered all of the jobs lost during the recession, with close to 400,000 jobs created since July 2009. The Economic Action Plan has strongly supported this jobs recovery.

Table A.4 breaks down the jobs estimated to have been created or maintained according to the five elements of the Economic Action Plan.

Table A.4

## Jobs Estimated to Have Been Created or Maintained According to Each Element of the Economic Action Plan

	December 2010
Reducing the Tax Burden for Canadians	21,000
Helping the Unemployed	29,000
Building Infrastructure to Create Jobs	82,000
Advancing Canada's Knowledge Economy and Creating Better Jobs	25,000
Supporting Industries and Communities	65,000
<b>Total</b>	<b>222,000</b>

Note: Totals may not add due to rounding.

## Sectoral Impact of the Economic Action Plan on Jobs

The manufacturing and construction sectors were particularly hard hit by the economic slowdown. The Economic Action Plan responded with several measures to support these sectors directly, particularly through infrastructure investment and funding to support housing as well as industries and communities.

Employment in construction has increased strongly since the implementation of the Action Plan, recovering most of the jobs lost during the recession, contrasting sharply with the 1980s and 1990s recoveries when employment in this industry continued to decline in the early stages of recovery. Employment in manufacturing has stabilized with weak U.S. demand and the appreciation of the Canadian dollar limiting employment growth in the manufacturing sector. Employment in the service sector has increased significantly and is now well above pre-recession levels.





Table A.5 provides a sectoral breakdown of the jobs estimated to have been created or maintained by the Economic Action Plan.<sup>4</sup>

Table A.5

**Sectoral Breakdown of the Number of Jobs  
 Estimated to Have Been Created or Maintained  
 by the Economic Action Plan**

	<b>December 2010</b>
Primary and utilities	5,000
Construction	53,000
Manufacturing	37,000
Services	127,000
<b>Total</b>	<b>222,000</b>

Note: Totals may not add due to rounding.

<sup>4</sup> The results are based on estimates from the CEFM and simulations from an input-output model of the Canadian economy.