

**Canada's Economic
Action Plan:
A Fifth Report
to Canadians**

Chapter

5

The graphic features three large, upward-pointing arrows that originate from a common point at the bottom left and fan out towards the right. The leftmost arrow is blue, the middle one is brown, and the rightmost one is green. The brown arrow is the tallest and has the number '5' printed in a large, bold, black font near its tip. The word 'Chapter' is positioned to the left of the brown arrow's shaft.



Highlights

- ✓ Canada's Economic Action Plan is delivering a \$62-billion shot in the arm to the economy.
- ✓ By the end of this month, most of the \$37 billion in planned 2009–10 federal and provincial/territorial stimulus will have flowed into the economy.
- ✓ Since July 2009, over 135,000 jobs have been created across the country.
- ✓ For 2010–11, the Action Plan will deliver a further \$19 billion in federal stimulus spending, complemented by \$6 billion in stimulus funding from provinces, territories, municipalities and other partners.
- ✓ 92 per cent of 2010–11 funding has been committed.
- ✓ The Government has commitments in place for almost 16,000 projects across the country under the Economic Action Plan. Over 12,000 of these projects have begun or have been completed.
- ✓ Canadians are benefiting from permanent tax relief. As well, millions of Canadian families took advantage of the temporary Home Renovation Tax Credit.
- ✓ Due to unprecedented demand under the ecoENERGY Retrofit – Homes program, the Government is allocating a further \$80 million to support additional retrofits by Canadian homeowners. In total, the Government has provided \$585 million to the program under the Economic Action Plan.
- ✓ The Government is providing exceptional support for the unemployed, with total Employment Insurance (EI) payments up by more than \$6 billion from last year. Enhancements to EI are flowing and continue to be available.
- ✓ The Government has committed all of the funding available for projects under the \$4-billion Infrastructure Stimulus Fund.



- ✓ Almost all of the \$500 million available under the Recreational Infrastructure Canada program has been committed to almost 2,000 projects across the country to build and upgrade hockey arenas, soccer fields, swimming pools and other community-based recreational facilities. Over 1,500 projects are already underway or completed.
- ✓ Over 3,500 projects are underway to improve social housing and First Nations housing across the country.
- ✓ Under the Knowledge Infrastructure Program, work has begun on 361 projects and an additional 20 projects have been completed.



Overview

Canada's Economic Action Plan has helped Canadians through the worst global recession since the 1930s and is now contributing to an economic recovery. While a global recovery is now underway, it remains fragile. At home, too many Canadians remain out of work. For these reasons, the Government will complete the implementation of the Economic Action Plan.

At their recent meeting in Iqaluit, Nunavut, Group of Seven (G7) finance ministers and central bank governors were in broad agreement on the need for continued stimulus spending. The International Monetary Fund (IMF) also recently stressed the importance of fully implementing stimulus plans.

We need to continue to deliver the stimulus to which we are mutually committed and begin to look ahead to exit strategies and move to a more sustainable fiscal track, consistent with continued recovery.

— G7 Chair's Summary, The Honourable Jim Flaherty, Minister of Finance,
G7 Meeting of Finance Ministers and Central Bank Governors,
Iqaluit, Nunavut, February 6, 2010

Due to the still-fragile nature of the recovery, fiscal policies need to remain supportive of economic activity in the near term. The fiscal stimulus planned for 2010 should be fully implemented.

— IMF, *World Economic Outlook Update*, January 2010

For 2010–11, the Economic Action Plan will provide \$19 billion in federal stimulus spending. This funding will be complemented by a further \$6 billion in stimulus by provinces, territories, municipalities and other partners. In total, over \$25 billion in stimulus will be provided to Canadians next year under the Action Plan.



Just as it is important to complete the implementation of the Action Plan to protect jobs and secure the recovery, it is equally important that the stimulus wind down as planned, in order to ensure that the federal government's fiscal position is sustainable and that the budget is returned to balance. The Home Renovation Tax Credit, which ended as scheduled on January 31, 2010, is one example of a stimulus measure that has benefited millions of Canadian families. This approach underscores the Government's fundamental belief that the private sector is the engine of growth and wealth creation. The role of government is to provide the infrastructure, programs and services for a prosperous economy and society at levels of taxation that are competitive and sustainable for the long term.

Canada's Economic Action Plan

Canada's Economic Action Plan continues to be timely and effective. The Action Plan protects Canadian jobs and incomes by delivering a \$62-billion shot in the arm to the economy (Table 5.1). Taxes have been reduced, EI benefits have been extended for the unemployed, thousands of infrastructure projects are underway 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 Economic Action Plan is an investment in jobs now and in our future prosperity. The Action Plan is:

- **Reducing the Tax Burden for Canadians:** Providing Canadians with significant, permanent personal income tax relief and Canadian businesses with the lowest overall tax rate on new business investment among the major industrialized economies.
- **Helping the Unemployed:** Providing more 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 the jobs of tomorrow and to get back to work. This includes providing additional benefits to long-tenured workers. The Government has also enacted measures to provide additional support for 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 more modern and greener infrastructure, as well as an expanded capacity to provide affordable housing to lower-income Canadians. These projects are moving forward and benefiting workers and the economy across the country.



- **Creating the Economy of Tomorrow:** Improving infrastructure at colleges, universities, federal laboratories and research facilities, introducing additional support for graduate students and internships, and supporting 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.

Table 5.1

Canada's Economic Action Plan

	2009–10	2010–11	Total
	(millions of dollars—cash basis)		
Reducing the Tax Burden for Canadians	3,020	3,180	6,200
Helping the Unemployed	2,852	4,167	7,019
Building Infrastructure to Create Jobs	8,312	7,696	16,007
Creating the Economy of Tomorrow	2,139	1,880	4,018
Supporting Industries and Communities	11,768	2,231	13,998
Total federal stimulus measures	28,090	19,152	47,242
Assumed provincial and territorial actions	8,441	5,978	14,419
Total Economic Action Plan stimulus	36,531	25,131	61,661

Notes: Totals may not add due to rounding. This table reflects adjustments to infrastructure and other funding as described later in this chapter.

Managing the Economic Action Plan

The Government is actively managing the implementation of the Economic Action Plan to ensure that Canadians benefit from the Plan now, when they need it most. Toward this end, and to help Canadians make their homes more energy efficient, the Government is allocating a further \$80 million to finance up to 60,000 additional retrofits under the ecoENERGY Retrofit – Homes program. This is in addition to the \$205 million provided through the Clean Energy Fund, which was announced in the December 2009 Fourth Report to Canadians. In total, the Economic Action Plan has provided \$585 million for energy-saving home retrofits.



Timely Implementation

The implementation of Canada's Economic Action Plan is on track. Virtually all of the 2009–10 funding for the Economic Action Plan is committed and is expected to be spent in that fiscal year—an estimated \$28 billion in federal stimulus for the Canadian economy.

Thirty days before the start of the 2010–11 fiscal year, 92 per cent of 2010–11 funding has been committed (Table 5.2). As a result, significant support has been and will continue to be provided to Canadians.

Table 5.2

Progress in Implementing the Economic Action Plan

	2009–10		2010–11	
	Stimulus Value	Stimulus Committed	Stimulus Value	Stimulus Committed
	(billions of dollars)	(per cent)	(billions of dollars)	(per cent)
Reducing the Tax Burden for Canadians	3.0	100	3.2	100
Helping the Unemployed	2.9	100	4.2	100
Building Infrastructure to Create Jobs	8.3	100	7.7	92
Creating the Economy of Tomorrow	2.1	100	1.9	85
Supporting Industries and Communities	11.8	99	2.2	67
Total—Federal Support	28.1	100	19.2	92

Notes: Figures are presented on a cash basis. Totals may not add due to rounding.

Over the past year, a great deal has been achieved. Elements of the Economic Action Plan that are directly controlled by the federal government are either already in place or on track to be rolled out in 2010–11. For example:

- Enhanced EI benefits are flowing and continue to be available.
- Many federal infrastructure projects have begun, with a number of projects completed. Work on many projects will continue in 2010–11.
- The Working Income Tax Benefit is fully implemented. Canadians will be able to benefit from it when they file their 2009 income tax returns.
- The Home Renovation Tax Credit (HRTC) has benefited millions of Canadian families, who will be able to claim the credit on their 2009 income tax returns. The HRTC ended as scheduled on January 31, 2010.



The Government has also secured agreements over the past year to enable provinces, territories, municipalities and private sector partners to implement measures for 2009–10 and 2010–11 that are a shared responsibility.

Provincial and territorial governments are delivering:

- Enhanced EI training programs.
- Enhanced training for workers who are not eligible for EI. These programs are underway.
- Significant infrastructure and social housing spending.

Economic Action Plan funds have been committed to almost 16,000 projects across the country, of which over 12,000 have begun or have been completed. Projects underway or completed include:

- Close to 4,800 provincial, territorial and municipal infrastructure projects, including over 1,500 Recreational Infrastructure Canada projects and about 1,000 accelerated Building Canada projects.
- 1,270 projects to renovate and repair federal buildings.
- Over 200 projects to enhance the accessibility of Crown-owned buildings for persons with disabilities.
- 381 projects to improve infrastructure at colleges and universities across the country.
- 170 projects to modernize federal laboratories.
- Over 3,500 social housing and First Nations housing projects which are underway.
- 242 projects to improve small craft harbours.
- Over 1,000 projects to assist communities hardest hit by the recession through the Community Adjustment Fund.
- 96 cultural infrastructure projects.
- More than 130 projects to upgrade facilities at National Parks and National Historic Sites.
- 58 First Nations infrastructure projects.

The Government has made considerable progress in implementing the Economic Action Plan. One objective of the Action Plan was to create or maintain 220,000 jobs by the end of 2010. The Action Plan is on track. In the first year of implementation, an estimated 130,000 jobs have been created or maintained as a result of the Economic Action Plan.



In addition, over 160,000 Canadians are benefiting from the work-sharing program. Overall this has contributed to the net creation of over 135,000 jobs recorded in Canada since July 2009. Annex 1 provides a review of the economic impact of the Action Plan to date.

Reducing the Tax Burden for Canadians

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

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

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

Table 5.3

Economic Action Plan Measures to Reduce the Tax Burden for Canadians

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

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



Tax Relief for Individuals and Families

The Economic Action Plan introduced significant new personal income tax reductions that have provided relief, particularly for low- and middle-income Canadians, as well as measures to help Canadians purchase and improve their homes. 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, has been effectively doubled. This enhancement lowers 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.
- 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 have been raised, providing a benefit of up to \$436 per 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 to provide tax relief to low- and middle-income seniors. This means additional annual tax savings of up to \$150 per year for low-income seniors.
- To assist first-time home buyers, Canada’s Economic Action Plan provided a tax credit of up to \$750 as well as additional access to their Registered Retirement Savings Plan savings to purchase or build a home.

Tax relief for individuals and families announced in Canada’s Economic Action Plan is now fully implemented, and Canadians are realizing its benefits.

The Home Renovation Tax Credit provided an estimated 4.6 million Canadian families with up to \$1,350 in tax relief on eligible renovation projects. Canadians will be able to claim the credit when they file their 2009 income tax returns.



Actions the Government has taken since 2006 are providing important stimulus to the economy and creating jobs, with almost \$160 billion in tax relief for individuals and families over 2008–09 and the following five fiscal years. Key actions include:

- 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 has also introduced relief measures targeted to help families, students, seniors and pensioners, workers, persons with disabilities, and communities.

Tax Relief for Canadian Businesses

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

- To help businesses adopt newer technology at a faster pace, a temporary two-year 100-per-cent capital cost allowance (CCA) rate for computers acquired after January 27, 2009 and before February 1, 2011 was introduced.
- To help businesses in manufacturing and processing industries 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.



- To help small businesses retain more of their earnings for reinvestment, expansion and job creation, the amount of small business income eligible for the reduced federal income tax rate was further increased to \$500,000 effective January 1, 2009, following a previous increase to \$400,000 from \$300,000 as of January 1, 2007.
- To support mineral exploration activity across Canada, the temporary Mineral Exploration Tax Credit was extended to March 31, 2010.

All of the business tax measures in the Economic Action Plan have been fully implemented.

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

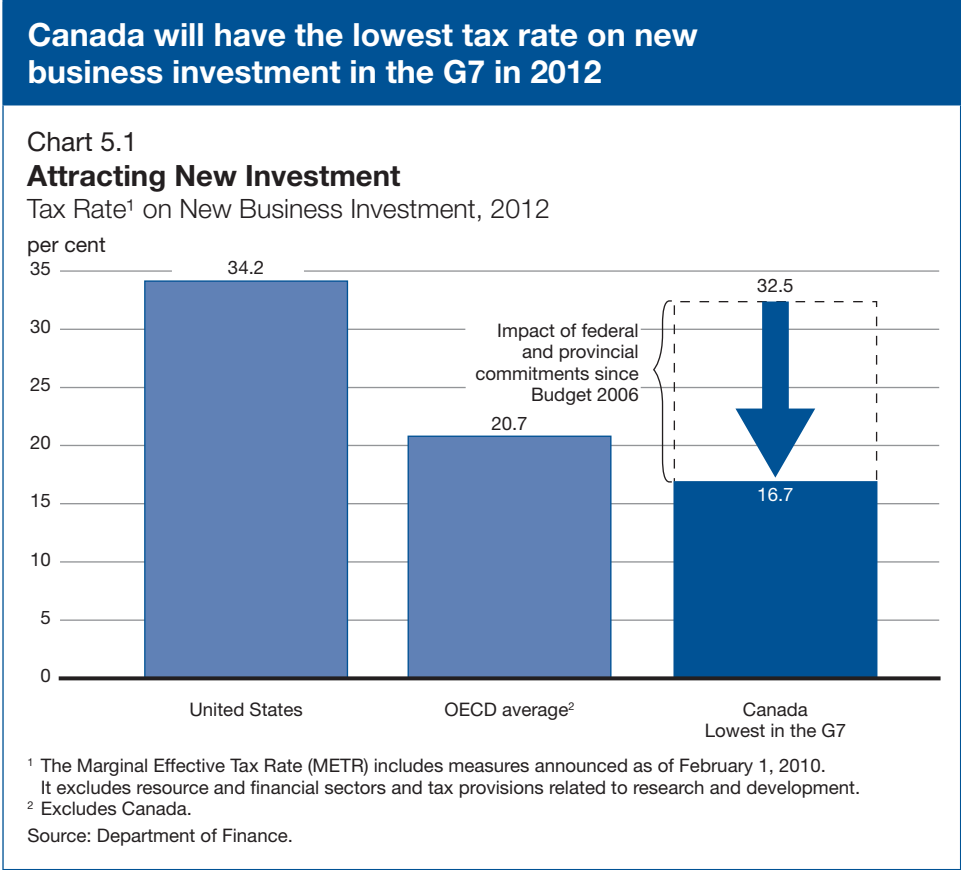
Key actions include:

- Substantial, broad-based tax reductions that are lowering the federal general corporate income tax rate from 22.12 per cent (including the corporate surtax) in 2007 to 15 per cent in 2012. These tax reductions include the elimination of the corporate surtax in 2008 for all corporations and the reduction in the federal general corporate income tax rate to 18 per cent as of January 1, 2010.
- 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.

Early actions taken by this Government as well as the measures included in Canada's Economic Action Plan are positioning Canadian businesses to emerge stronger and better equipped to compete globally as the economy recovers.



As a result of federal and provincial business tax changes, this year Canada will have an overall tax rate on new business investment¹ that is the lowest in the G7 and below the average of the Organisation for Economic Co-operation and Development (OECD) (Chart 5.1). By 2012, Canada will also have the lowest statutory corporate income tax rate in the G7. The competitiveness of our business tax system encourages new investment in Canada, including direct investment from abroad.



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

¹ 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).



Table 5.4

Reducing the Tax Burden for Canadians

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

Reference:

Tax Measures to Support Housing and Business

Home Renovation Tax Credit	3,000	3,000	–	–
Increasing withdrawal limits under the Home Buyers' Plan	15	15	15	15
First-Time Home Buyers' Tax Credit	175	175	180	180
Extending the Mineral Exploration Tax Credit	70	70	-15	-15
Increase in the income limit for the small business tax rate	45	45	80	80
Temporary 100-per-cent capital cost allowance rate for computers	340	340	355	355
Temporary accelerated capital cost allowance rate for manufacturing or processing machinery and equipment ¹	–	–	–	–

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



Helping the Unemployed

Canadians have felt the impacts of the global economic slowdown. Canada's Economic Action Plan includes \$7 billion over two years to support those workers most affected and help them access opportunities through skills development and training. The Government has delivered over \$2.9 billion in support for the unemployed in 2009–10 and will provide a further \$4 billion in 2010–11.

Table 5.5

Helping the Unemployed

	2009–10	2010–11	Total
	(millions of dollars)		
Strengthening benefits for Canadian workers	1,115	1,550	2,665
Enhancing the availability of training	919	986	1,905
Maintaining low Employment Insurance premium rates	818	1,631	2,449
Total—accrual and cash value	2,852	4,167	7,019

Note: Totals may not add due to rounding.

Over the course of the recession, the Employment Insurance (EI) program has provided Canadians with needed temporary support. Total EI expenditures are expected to be \$6 billion higher in both 2009–10 and 2010–11 than they were last year (Chart 5.2).

The EI premium rate will remain at \$1.73 per \$100 in insurable earnings in 2010, the lowest level since 1982. This represents projected relief of \$11.1 billion over 2009 and 2010 for Canadian workers and their employers relative to what would have been the case had rates been set at the break-even level over these two years. This fiscal cost excludes the additional \$2.9 billion for enhanced EI benefits and training announced in Budget 2009.

When the temporary freeze of EI premiums is lifted in 2011, premium rates will be set by an independent arms's length Crown corporation, the Canada Employment Insurance Financing Board (CEIFB). Under the EI financing regime announced in Budget 2008, the CEIFB will set EI premium rates in order to balance the EI program over time, subject to a 15-cent limit on annual changes. Consistent with the Government's commitment in Budget 2009, the CEIFB will not be mandated to recover any EI deficits resulting from the benefit and training enhancements announced in Budget 2009.

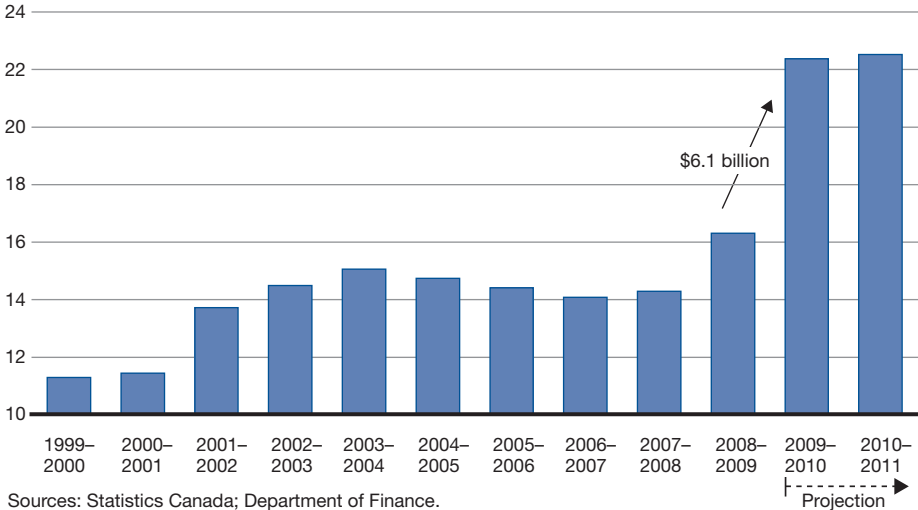


EI benefits are up sharply

Chart 5.2

Employment Insurance Benefits

billions of dollars



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. These initiatives will continue to support jobs and training through 2010-11:

- An extra five weeks of EI benefits have already been provided to over 512,583 EI claimants. This extension of benefits will remain available to workers making EI claims up to September 11, 2010.
- More than 8,445 long-tenured workers are receiving additional benefits in order to participate in long-term training. The intake for workers participating in this program will continue until May 29, 2010. In addition, the Government has provided further assistance to more than 500,000 long-tenured workers by making between 5 to 20 weeks of additional benefits available to those who have paid into EI for years.

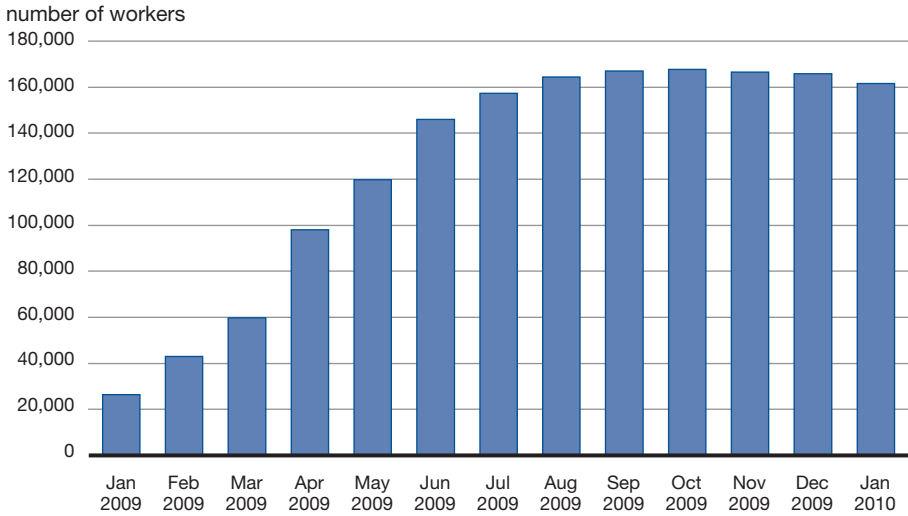


- In January 2010, over 160,000 Canadians were participating in approximately 5,900 work-sharing agreements (Chart 5.3).
- Payments have been made to more than 15,000 claimants under the Wage Earner Protection Program.
- The Government has responded to the needs of Canada's self-employed workers by providing on a voluntary basis EI special benefits, including maternity, parental, sickness and compassionate care benefits, to the self-employed. The self-employed can now register for the EI program to gain access to these benefits.
- The Government provided \$750 million to the provinces and territories in 2009–10 in support of training and skills development programs, benefiting more than 122,000 Canadians, and will provide a further \$750 million in 2010–11.
- It is expected that current projects under the enhanced Targeted Initiative for Older Workers will provide additional support to over 5,400 older workers.
- Over 3,500 summer jobs were created as a result of additional support provided to the Canada Summer Jobs Program in 2009–10. A similar number of additional jobs are expected to be created this summer.
- Training and skills development support will be provided to more than 11,500 Aboriginal Canadians through Aboriginal Skills and Employment Partnerships and the Aboriginal Skills and Training Strategic Investment Fund.
- Apprenticeship Completion Grants have already been provided to almost 16,000 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.
- Funding is currently supporting almost 300 youth internships in not-for-profit and community service organizations through the YMCA and YWCA.



The number of Canadian workers benefiting from work-sharing has increased sixfold since the beginning of 2009

Chart 5.3
Canadian Workers Participating in Work-Sharing Agreements



Source: Human Resources and Skills Development Canada.



Enhanced Work-Sharing

Nova Agri Inc.

Nova Agri Inc. of Centreville, Nova Scotia, farms more than 2,000 acres of rich soil in the Annapolis Valley. This farming organization, consisting of 40 full-time employees and 150 seasonal workers, has experienced some difficult times in the last year due to substantially reduced crop yields during the 2008 growing season. In addition, the global economic downturn added extra strains, as the company began seeing a downward trend in product pricing coupled with rising production costs. Like many businesses, Nova Agri Inc. considered temporary layoffs to reduce costs. However, through open discussions with its employees, the company was presented with an alternative option—the Government of Canada’s work-sharing program. Nova Agri Inc.’s work-sharing agreement with 18 participating employees began in January 2009 and ran until June 2009, a shorter time than anticipated. Since the company ended its participation in the program, Nova Agri Inc. is back to normal operations and is doing well.

Through Work-Sharing, we were able to keep our key staff during a tough time. We were able to maintain the integrity of our workforce skills. This allowed us to continue delivering quality products and customer service with complete respect to our employees and customers. I would recommend the program to any company that is experiencing a temporary reduction in business activities.

— Allie Craswell, Director of Supply Chain
Nova Agri Inc.

Northern Uniform Service

Northern Uniform Service, based in Sudbury, Ontario, has been serving the retail and wholesale laundry market in Ontario since 1901 and now meets the uniform rental needs of customers. Staying in business for over 100 years has required both commitment and the ability to adapt to changing times. However, like many other companies in Ontario and across Canada, the downturn in the economy has had a negative impact on Northern Uniform Service’s business. Since April 2009, 48 employees from Northern Uniform Service have been benefiting from work-sharing.

We would have had to lay people off. We have been able to avoid layoffs because of this program. It really helped workers. Without the program, they would have had to give up one fifth of their earnings. Now, through the Work-Sharing program, employees get benefits. It’s a little less money, but they don’t feel like they have to go out and get a five-day job. Replacing a job is just not that easy.

— Paul Stewart, General Manager
Northern Uniform Service



Enhanced Work-Sharing *(cont'd)*

MODUS Modular Structures Inc.

MODUS Modular Structures Inc., located in Swift Current, Saskatchewan, is a leading provider of high-performance modular structures for demanding environments. Deployed in hundreds of locations across Canada, MODUS modular structures have been relied on by schools, telecommunications, and oil and gas industries, to meet their needs in even the most rigorous conditions.

MODUS Modular Structures Inc.'s work-sharing agreement began July 12, 2009 and ended December 14, 2009. It was supposed to be a 52-week agreement—scheduled to end in July 2010, but MODUS was able to end the agreement earlier since they were back up to full production.

When the economic downturn affected our enterprise client, they suspended a 460-unit project which was less than fifty percent completed at the time. Staff reduction resulted as we tried to rectify the contract with our client under strained economic conditions. Work-Sharing allowed us to keep the doors open and keep essential staff. Some staff members continued to seek out new opportunities while others were kept to expand and enhance the re-growth we knew would come. With the change in the economy and by diversifying our customer base, we would need to ramp up production again and keeping employees with key skills was imperative. Keeping 37 people employed allowed us to be ready for new projects and the restart of the previous project. This program also put us in position to rehire many of the staff that were laid off.

We are one of a few organizations in the Swift Current area that incorporated the Work-Sharing agreement into their survival strategy. Work-Sharing has had a vast impact on the community of Swift Current and surrounding area.

— Tanja MacIsaac, Business Manager
MODUS Modular Structures Inc.



Table 5.6

Helping the Unemployed

	2009–10		2010–11	
	Stimulus Value	Stimulus Committed	Stimulus Value	Stimulus Committed
	(millions of dollars)			
An extra five weeks of EI benefits	575	575	575	575
EI—long-tenured workers (Career Transition Assistance Initiative)	250	250	250	250
EI—long-tenured workers (extension of regular benefits)	165	165	600	600
EI—work-sharing	100	100	100	100
Wage Earner Protection Program	25	25	25	25
EI training programs	500	500	500	500
Strategic Training and Transition Fund	250	250	250	250
Canada Summer Jobs Program	10	10	10	10
Federal public service student employment program	10	10	10	10
YMCA-YWCA	15	15	–	–
Targeted Initiative for Older Workers	12	12	28	28
Apprenticeship Completion Grant	40	40	40	40
Foreign Credential Recognition program	20	20	30	30
Aboriginal Skills and Employment Partnerships	12	12	68	68
Aboriginal Skills and Training Strategic Investment Fund	25	25	50	50
Aboriginal Human Resources Development Strategy	25	25	–	–
Keeping Employment Insurance rates frozen for 2010	818	818	1,631	1,631
Total	2,852	2,852	4,167	4,167



Building Infrastructure to Create Jobs

Canada's Economic Action Plan provides approximately \$16 billion over two years to modernize a broad range of infrastructure including our roads, bridges, public transit, parks and water treatment facilities, and to support home ownership, help stimulate the housing sector and improve housing across Canada. These investments are helping to create and maintain jobs across Canada for the benefit of all Canadians, and will ensure the country emerges from the economic downturn with a more modern and greener infrastructure.

Table 5.7

Building Infrastructure to Create Jobs

	2008-09	2009-10	2010-11	Total
	(millions of dollars)			
Immediate Action to Build Infrastructure				
Investments in provincial, territorial and municipal infrastructure		1,705	4,042	5,747
Investments in First Nations Infrastructure		230	285	515
Investments in federal infrastructure projects		485	265	750
Subtotal—Building Infrastructure		2,421	4,591	7,013
Stimulating Housing Construction				
Support for home ownership and the housing sector	530	2,840	425	3,795
Investments in social housing for Canadians		1,025	1,050	2,075
Subtotal—Stimulating Housing Construction	530	3,865	1,475	5,870
Total—accrual value	530	6,286	6,066	12,883
Total—cash value		8,312	7,696	16,007
Total with provincial contributions—cash value		10,726	12,674	23,400

Notes: Totals may not add due to rounding. The accrual value 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).

Infrastructure and housing projects are underway across the country. Virtually all funds earmarked for these investments have been committed. Thousands of infrastructure and housing projects have begun, and more will begin in 2010-11, creating significant new direct employment in the construction and manufacturing industries.



Building Infrastructure

Investments in Provincial, Territorial, and Municipal Infrastructure

Through Canada's Economic Action Plan, the Government has worked closely with each province and territory to greenlight projects and get work underway. In the 2009 and 2010 construction seasons, the Government has committed close to \$5.5 billion in stimulus funding towards close to 7,000 projects. This includes all of the funding available for projects under the Infrastructure Stimulus Fund. Provinces, territories, municipalities and other partners are also contributing towards these projects, thereby generating a total investment in public infrastructure of more than \$14 billion at a critical time.

To date, work has begun or has been completed on close to 4,150 projects that are worth over \$7 billion. As the 2010 construction season gets underway, these totals will continue to grow.

In addition to providing significant new funding for provincial, territorial and municipal infrastructure, the Government has taken steps to expedite approvals for Building Canada initiatives announced in Budget 2007, so that more work gets started in the 2009 and 2010 construction seasons. With accelerated approvals under the Building Canada initiatives, the Government committed a total of more than \$10 billion towards 8,032 provincial, territorial and municipal infrastructure projects since the launch of Canada's Economic Action Plan. These investments will extend beyond 2010–11.

Every region of the country is benefiting from investments in various types of provincial, territorial and municipal infrastructure that are being generated 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 include:

- Streamlining the process required for securing federal approval of infrastructure projects.
- Announcing over \$2.8 billion in federal funding towards close to 100 major projects that are worth more than \$9.4 billion. This funding is coming from the Major Infrastructure Component of the Building Canada Fund.
- Fully committing the funding available under the Communities Component of the Building Canada Fund, including the top-up announced in Canada's Economic Action Plan. This represents \$1.5 billion in federal funding to support close to 1,400 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 of \$4.6 billion.
- Transferring \$689 million to provinces and territories through the Provincial/Territorial Base Funding Initiative. Most provinces and territories agreed to take advantage of this federal offer to accelerate payments and are thus receiving in 2009–10 and will receive in 2010–11 funding that was originally to be provided during the final three years of the initiative (2011–12, 2012–13 and 2013–14).

New Provincial, Territorial and Municipal Infrastructure Initiatives

Infrastructure Stimulus Fund: Working in partnership with provinces, territories and municipalities, the Government has committed all of the funding available for projects under the \$4-billion Infrastructure Stimulus Fund. Close to 4,000 projects, representing a total investment of almost \$10 billion, are benefiting from assistance from the Infrastructure Stimulus Fund.

More and more projects are getting underway. Based on reporting by provinces and territories, work has started or has been completed on more than 1,700 projects. This includes contracting, engineering, environmental work and construction. Close to 300 projects have been completed.



Canada's Economic Action Plan: Working for Canadians



Examples of Infrastructure Stimulus Fund Projects

British Columbia

The Princeton Regional Library project involves relocating the library into an existing 3,000-square-foot building in the heart of the downtown core, adjacent to the revitalized town square. Work to refurbish the space includes interior and exterior renovations, as well as electrical and mechanical upgrades. Approximately \$200,000 in federal funding is being provided to this project.

Alberta

The Government of Canada is providing close to \$1 million through the Infrastructure Stimulus Fund to help the Town of Sedgewick replace eight blocks of sewer main, including service lines to the curb and the street-level asphalt. This project, now underway, is expected to cost \$3 million.

Saskatchewan

The Morin Creek Tributary Bridge project in Meadow Lake advanced thanks to \$133,333 in federal funding from the Infrastructure Stimulus Fund. This \$400,000 project, which is now complete, replaced an existing timber bridge with a new concrete bridge. The more modern bridge will increase its carrying capacity and improve trucking efficiency on the provincial road network.

Manitoba

The Western Manitoba Centennial Auditorium in Brandon is one of the city's main cultural venues. Thanks to \$250,000 from the Infrastructure Stimulus Fund, the Auditorium is having its lighting system upgraded and the building's entrance replaced. The new entry way will improve access to the building and modernize its overall appearance, while correcting safety concerns associated with the current entrance.

Ontario

The Mount Pleasant Village Mobility Hub in Brampton will facilitate inter-regional connections to the Greater Toronto Area and beyond for commuter rail, bus rapid transit and conventional transit users, as well as pedestrians, cyclists and drivers. The project includes the creation of bus layover areas, shelters and amenities that will encourage and facilitate alternative modes of travel; and the restoration and incorporation of an historic Canadian Pacific Railway station as a cultural feature. This \$23-million project is benefiting from \$7.7 million in federal funding.



Canada's Economic Action Plan: Working for Canadians



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

Quebec

Through the Infrastructure Stimulus Fund, the Government of Canada is providing more than \$800,000 to refurbish an indoor pool and cultural centre in Beauceville. The cost of this project totals approximately \$2.4 million.

New Brunswick

A pavement rehabilitation project on Route 17 (Whites Brook) was completed in September 2009. It will prolong the life of the existing pavement structure and is improving safety. The total cost of the project is approximately \$1.84 million and the Government of Canada is contributing \$918,000 under the Infrastructure Stimulus Fund.

Nova Scotia

More than \$1.15 million from the Infrastructure Stimulus Fund is going towards refurbishing Route 236 in Princeport. The work, now complete, involved 7.9 kilometres of new paving, which will help extend the life of the road and lower maintenance costs for motorists.

Prince Edward Island

The Heritage Park and Gardens project in Summerside will provide a vital pedestrian link along the city's waterfront. Gardens and trees, more walking paths and lighting in Heritage Park are all part of the improvements the Park will offer residents and tourists alike. The project will also extend the boardwalks along the shoreline to enhance biking and walking. More than \$300,000 in federal funding is being provided to this project.

Newfoundland and Labrador

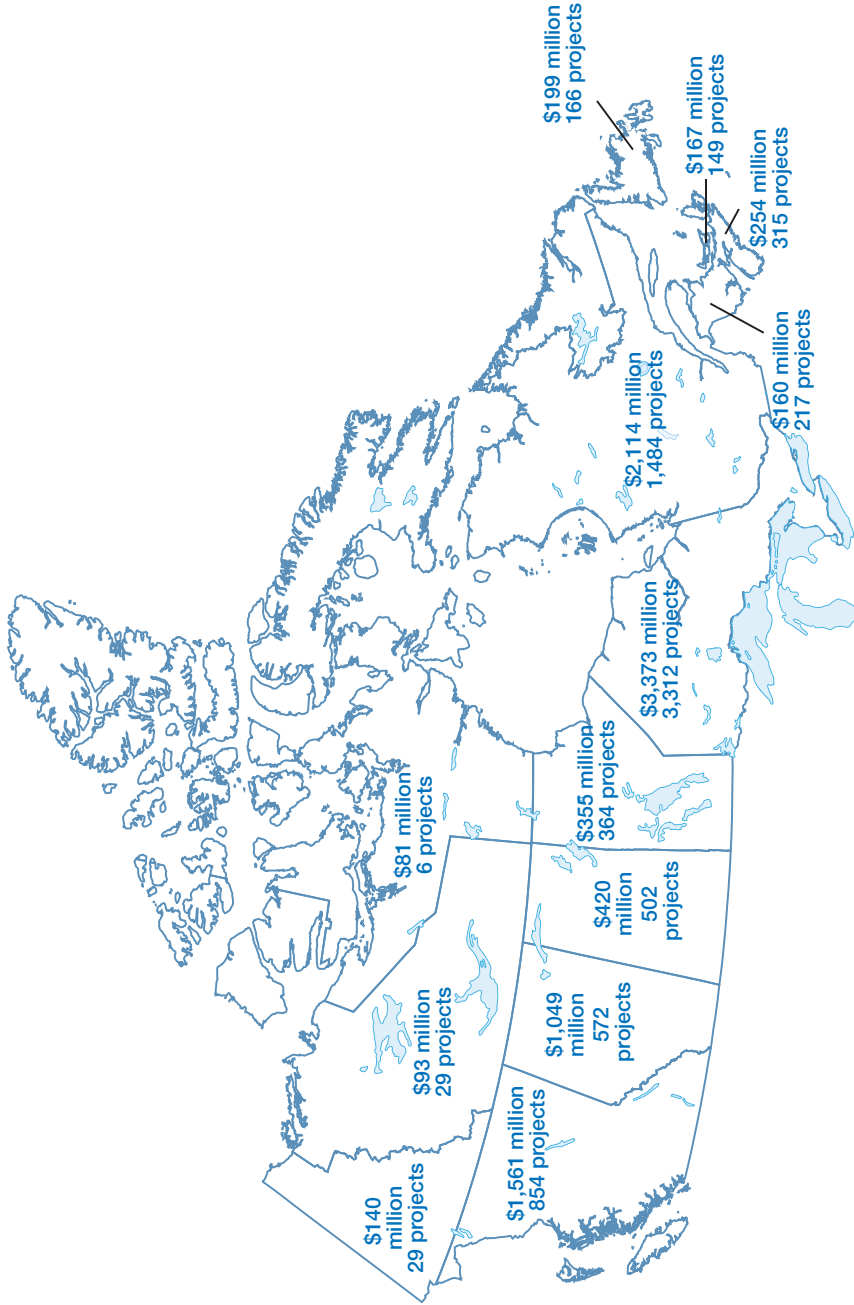
The Route 220 project in St. Lawrence included the replacement of the asphalt and ditch work along a section of the road. The work also involved building new culverts, and installing a guide rail and better highway signage. This \$2-million project has improved the driving surfaces and is making the roads safer for both drivers and pedestrians. Federal funding of \$1 million is being provided to this project.

The Territories

The Nahanni Range Road project in Watson Lake, Yukon, was completed in September 2009, with a contribution of \$44,280. This project upgraded the existing road to alleviate safety and secure access concerns for mining properties, as well as the general public.



Infrastructure: Funding Commitments Across Canada



Note: Figures for the provinces reflect commitments since January 27, 2009 under provincial and municipal infrastructure programs announced through the Economic Action Plan, including Recreational Infrastructure Canada. Figures for the territories reflect commitments under the Infrastructure Stimulus Fund, Recreational Infrastructure Canada, the Green Infrastructure Fund and National Recreational Trails, as well as payments under the Provincial/Territorial Base Fund since January 27, 2009.



Green Infrastructure Fund: More than half of the \$1 billion of federal funds available over five years under the Green Infrastructure Fund has been committed and the Government is continuing to evaluate other proposals. Provinces, territories, municipalities and the private sector are also contributing funding towards Green Infrastructure Fund projects, thereby bringing the total investment to more than \$1.4 billion. To date, 16 projects have been announced.

Canada's Economic Action Plan: Working for Canadians



Examples of Green Infrastructure Fund Projects

- \$71 million for the Mayo B hydro generation facility and Carmacks-Stewart transmission line in the Yukon.
- \$130 million for the Northwest Transmission Line in British Columbia.
- \$134.3 million to upgrade wastewater treatment in seven Ontario communities, primarily in the Great Lakes and St. Lawrence watershed—Red Rock, Owen Sound, South Dundas, Cornwall, Halton Region, Timmins and Kirkland Lake.
- \$170.8 million to improve the treatment of organic waste, reduce landfill waste and generate green energy in Greater Montréal, Rivière-du-Loup and the city of Québec.
- \$11 million to support improvements to the existing South End Water Pollution Control Centre in Winnipeg, Manitoba, to deal with wastewater during peak periods (e.g., heavy downpours), and protect the health of the Red River and Lake Winnipeg.

National Recreational Trails: Canada's Economic Action Plan provided \$25 million in funding 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 Coalition and its partners committed to at least matching the federal contribution. Approximately 500 projects, with a total value of \$60 million, have been selected for funding. Of these projects, 100 have already been completed and work on the remaining projects will be completed by March 31, 2010.

Recreational Infrastructure Canada: Hockey arenas, soccer fields, tennis courts and swimming pools provide Canadians and their families with the benefits of physical activity and community-based experience.



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

To date, virtually all funding has been committed to almost 2,000 projects across the country, of which over 1,500 projects are already underway or completed, creating significant new economic activity in all parts of Canada.

Canada's Economic Action Plan: Working for Canadians



Examples of Recreational Infrastructure Canada (RInC) Projects

Arena Renovation and Expansion (Lambton, Quebec)

In partnership with the municipality of Lambton and the province of Quebec, the Government of Canada has committed \$141,785 out of total project costs of \$425,350 to upgrade the Lambton arena.

Baseball Fields (Port Alberni, British Columbia)

The city of Port Alberni will receive \$620,000 from the federal government to convert existing sports fields into baseball fields and upgrade related facilities. This \$1,865,000 project will create 76 person-months of employment.

Soccer Field Enhancements (Clarenville, Newfoundland and Labrador)

The Town of Clarenville, in partnership with the Clarenville Area Recreation Association and the Clarenville Area Soccer Association, received \$50,000 in financial assistance to construct a clubhouse and to develop an oval track around an existing soccer field. This project has created 12 person-months of employment.

Arena Renovations (Point Edward, Ontario)

The village of Point Edward received \$1 million in federal funding in support of the renovation of the Point Edward Memorial Arena. The extensive renovation project encompassed electrical, structural and mechanical upgrades including electrical re-wiring; replacement of existing lighting; masonry improvements; roof reinforcement; and accessibility upgrades including the installation of ramps and the addition of washrooms on the building's main level. This project created approximately 100 person-months of employment in construction-related industries.



Public-Private Partnerships (P3s): PPP Canada Inc. successfully completed its first call for project applications to the P3 Fund in October 2009. Twenty applications were received from provincial and territorial governments as well as Indian and Northern Affairs Canada. Six applications were for municipal projects. Projects ranged in size from \$45 million to \$500 million in capital costs and represented eight different infrastructure sectors.

PPP Canada Inc. will commit over \$100 million in 2010 to projects that demonstrate leadership in P3 procurement. The first project announcement will take place in the coming weeks. Further announcements based on Round 1 applications are expected later this spring. PPP Canada Inc. will launch its second call for project applications in mid-2010.

PPP Canada Milestones

October 31, 2009—First call for project applications completed.

February 2010—Projects reviewed and prioritized.

Spring 2010—First project announcements anticipated.

Mid-2010—Second call for project applications.

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. Virtually all of these funds have now been committed, and construction is moving ahead.



Investments in 2009–10 have sparked job creation and economic development on reserve and in remote and rural First Nations communities:

- \$81 million invested in 9 school projects underway.
- \$70 million invested in 11 water and wastewater projects underway or completed.
- \$68 million invested in health service infrastructure, with 24 major projects underway or completed.
- \$12 million invested in policing projects, 14 of which are underway or completed.



Canada's Economic Action Plan: Working for Canadians



Investing in Schools and Water Infrastructure

Birch Narrows, Saskatchewan (school): Through the Economic Action Plan, \$20 million has been invested to build a new school for the Birch Narrows Dene Nation in Saskatchewan to accommodate future growth of the community. Through this partnership, the Government of Saskatchewan will cover approximately 20 per cent of the total costs, while the First Nation has committed \$1 million towards the project.

Construction of this school project is just over 50 per cent complete and has already had a positive impact on the community through employment of local labour.

Dene Tha', Alberta (water and wastewater): \$12 million is being invested through the Economic Action Plan to build a new facility. The Dene Tha' First Nation is located 812 kilometres north west of Edmonton. Construction began in August 2009 with completion scheduled for March 2011.

This project is creating economic benefits for local businesses and employment opportunities for First Nation members and Aboriginal-owned companies.

Investing in Critical First Nations Health Infrastructure

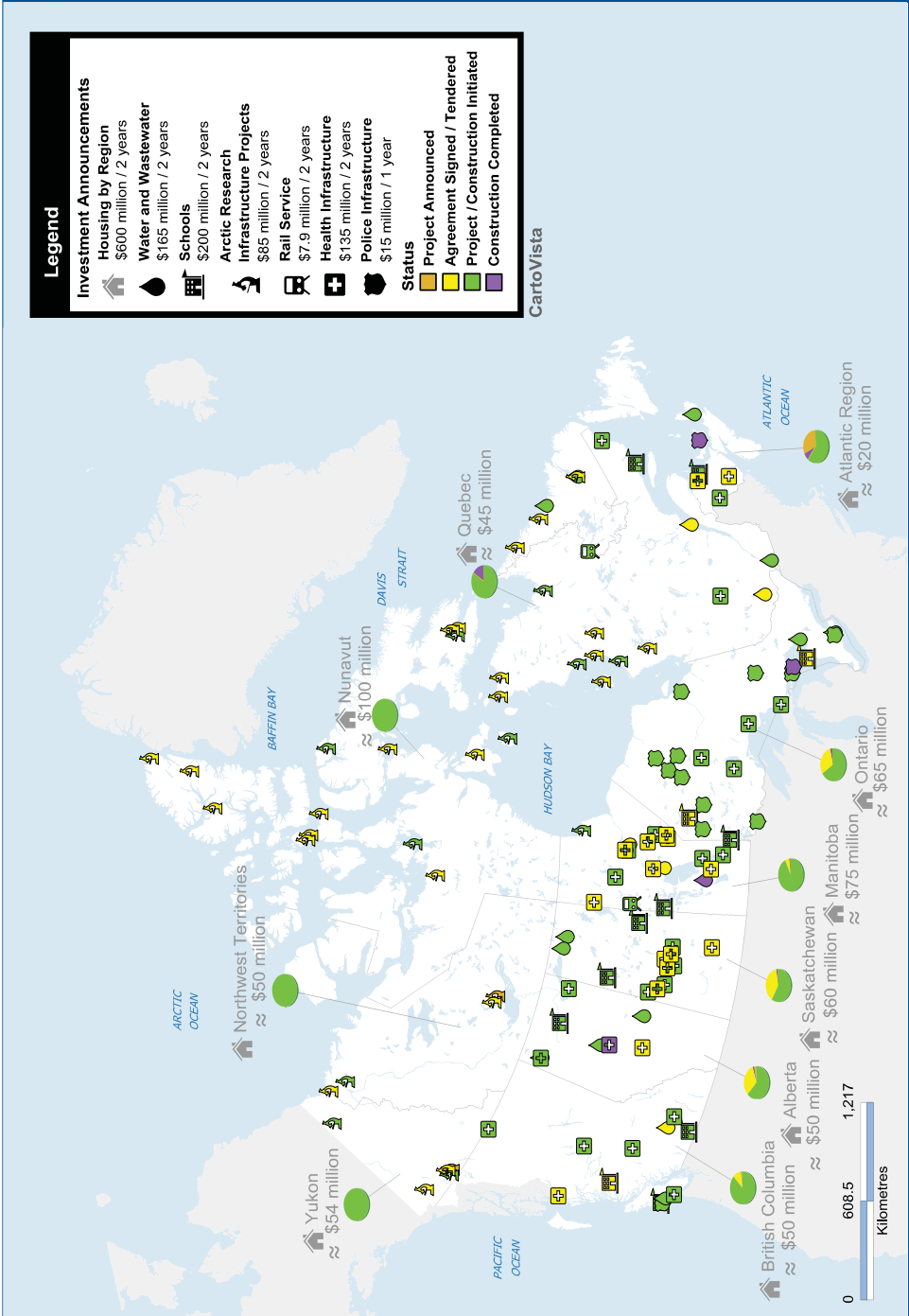
Fort Hope Nursing Station: Located in Ontario, this \$9.4-million project will expand the existing nursing station, built in 1984, to better meet the needs of the current population. Construction is anticipated to be complete in June 2010.

Fort Chipewyan Health Centre: Located in Alberta, this centre will replace the existing nursing station, which was built in 1981. Construction has begun and is anticipated to be complete in March 2011. The project is valued at \$15 million.

God's Lake Narrows Nursing Residence: God's Lake Narrows is located 1,037 kilometres north east of Winnipeg with an on-reserve population of approximately 1,400 residents. The construction of this nursing residence will help recruit and retain nurses working in the community. The project is valued at \$695,000. Construction has begun and is anticipated to be complete in February 2011.



Aboriginal and Northern Investment Announcements





Funding to Upgrade and Modernize Federal Infrastructure

Federal infrastructure projects, including faster and more reliable passenger rail services, safer bridges and highways, refurbished harbours for small crafts and more efficient border crossings, are now 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.

The infrastructure upgrades to the Montréal-Toronto line are the single largest project being undertaken by VIA Rail under the Economic Action Plan. This project will provide new segments of third main line track to permit passenger trains to overtake slower moving freight trains. Contractors are working through the winter at Brockville, Gananoque, Marysville, Grafton, Cobourg and Oshawa to prepare the substructure for the new track and bridges.

Canada's Economic Action Plan: Working for Canadians



VIA Rail

Canada's Economic Action Plan funding is being used to upgrade 75 of the passenger cars used on VIA Rail's western transcontinental train. Since their last major rebuilding, these cars have accumulated over one million miles in service between Toronto and Vancouver.

As part of this project, VIA Rail is overhauling the mechanical systems of all 75 passenger cars and refurbishing the interiors of 45 of the 75 passenger cars with new carpets, upholstery and wall coverings. A firm from British Columbia has been hired to paint the interior of the cars while VIA employees undertake the mechanical and refurbishing work.

This project allowed VIA Rail to call back 21 employees who had been laid off and kept an additional 29 employees at work. A total of approximately 65 person-years of employment are being created by this project, which will take two years to complete.



Remote Passenger Rail Services: Canada's Economic Action Plan includes projects on the Keewatin Railway and Tshiuetin Rail Transportation. These First Nations-owned companies provide service to remote Aboriginal communities with funding from the federal government. The Economic Action Plan provides two years of funding to upgrade various capital assets. Work completed to date includes rail line upgrades, a new station unloading ramp and rail car purchases.

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

- **The Champlain Bridge in Montréal:** The Jacques Cartier and Champlain Bridges Incorporated, a Crown corporation, is implementing a comprehensive 10-year post-tensioning program of the Champlain Bridge in Montréal. This work will ensure that this bridge, the busiest in Canada, remains safe for its users. At this time, it is expected that all repairs planned for 2009–2010 will be completed by the end of March 2010, right on schedule.
- **The Blue Water Bridge in Sarnia:** This strategic investment in additional lanes, plaza enhancement and other improvements will allow the bridge to respond to the steady growth in commercial traffic and to support the introduction of programs such as Free and Secure Trade and NEXUS, as well as new Canada Border Service Agency requirements. It will help improve the safety and efficiency of Canada's second busiest commercial crossing and is expected to have regional economic development benefits. The necessary financial agreements were finalized on July 23, 2009, and construction began in late August 2009. All jobs created will be private sector jobs in the construction, engineering and manufacturing sectors.
- **The Peace Bridge in Fort Erie:** This strategic investment will help facilitate the flow of commercial goods across one of Canada's top three border crossings. Engineering and planning work on the Peace Bridge project began in July 2009 and construction activities are scheduled to begin in March 2010. Federal funds for the project have begun flowing to the bridge authority. It is anticipated that by the time the project work is completed in the summer of 2010, it will have generated approximately 50 direct and indirect full-time jobs.
- **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, creating approximately 60 jobs. Contracts for rehabilitation work on the Chaudière Crossing were awarded in October 2009 and mobilization for the rehabilitation of the arches started in January 2010.



- **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. The Burlington Lift Bridge provides passage for around 1,000 cargo-carrying vessels each year. Work on the Burlington Lift Bridge started in January 2010. Rehabilitation work on the LaSalle Causeway began in November 2009 with completion scheduled for May 2010.

Federal Buildings: The Economic Action Plan committed significant funds to repair and renovate the federal government's building portfolio. A total of 324 repair and renovation projects have already been completed and over 900 projects worth over \$128 million are currently underway.

Canada's Economic Action Plan: Working for Canadians



Federal Buildings—Examples of Repair and Renovation Projects

Heritage Building (Red Deer, Alberta)

The project included the removal of an old steam boiler and the installation of eight smaller humidification units throughout the tenant space. The work also generated lasting benefits for the environment by eliminating the need for water treatment and chemicals into the local watershed and doing away with nitrogen dioxide emissions that were generated by the old boiler system. The new system also improved energy efficiency within the building, and construction waste from the project was recycled or stored for future use. This was all achieved without changing the heritage characteristics of the building.

Parking and Loading Deck Repairs (Woodstock, New Brunswick)

The project consisted of installing a new membrane over the entire parking roof area, constructing a new vault around an electrical transformer, and correcting a slope in the parking roof to prevent water pooling. The investment also permitted the installation of new wheelchair ramps, making the building much more accessible.

Government Conference Centre (Ottawa, Ontario)

The project included roof replacement and repainting of the exterior windows. The project contributes to the restoration of an important heritage site.



In addition, funding was provided to enhance the accessibility of Crown-owned buildings for persons with disabilities. To date, 40 projects have been completed and over 175 projects worth about \$16 million are currently underway. For 2010–11, a preliminary list of projects is currently being reviewed by Public Works and Government Services Canada. Priority continues to be given to facilities where services are provided directly to Canadians. Projects include:

- Improvements for the visually impaired such as signage in braille.
- Power door openers, voice identification in elevators, and interior and exterior ramps and 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 building 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 deliver this program.

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. The results of public consultations were released in October and a real property consultant has been selected to conduct a feasibility and profitability study. The recommendations from this study were received in December and the Government is currently reviewing the report and is firmly committed to the reconstruction of this historic site.

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 and during the short northern summer construction period. Additional work to stabilize erosion and install new culverts will be completed by March.

**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 eight kilometres of the Trans-Canada Highway between the Interchange and the Alberta-British Columbia border. The site preparation is complete along with the fencing, the wildlife overpass, the paving in the vicinity of Lake Louise Village and aggregate crushing. For the twinning of the highway to the border with British Columbia, soil investigations and crushing for sub-base aggregate is complete, and a second request for detailed tender bids was issued in early January and will close in March 2010. Design and construction is expected to begin in the spring of 2010.

Small Craft Harbours: Implementation of the Small Craft Harbours Accelerated Infrastructure Program has progressed more quickly than anticipated. To date, 242 repair, maintenance, and dredging projects representing \$177 million are in the engineering or tendering processes, under construction, or have been completed. Some funding for 2010–11 projects was advanced to 2009–10, bringing total funding to be spent in 2009–10 at existing harbours to \$112 million. It is expected that a further \$88 million will be spent in 2010–11.

Construction of Nunavut's first small craft harbour in Pangnirtung, Nunavut is progressing and approximately \$5 million will be spent in 2009–10. Some work planned for 2009–10 will be completed in 2010–11 due to unforeseen delays. As a result, \$12 million is now expected to be spent in 2010–11.

**Canada's Economic Action Plan:
Working for Canadians****Accelerated Repair and Maintenance
of Small Craft Harbours**

The newly constructed commercial fishing wharf at Seldom on Fogo Island in Newfoundland and Labrador provides for improved fish landing and vessel berthage capacity in this active fishing community. A contract for \$1.14 million was awarded to Trident Construction Limited on June 19, 2009, and the project was completed on December 22, 2009.



Aviation Security: Canada's Economic Action Plan provides funding for the deployment of new, advanced, and internationally compatible screening equipment as well as supplies funding for the jobs associated with maintaining, operating and managing this equipment. Funding from the Economic Action Plan, however, not only creates jobs related to screening operations; it also serves to increase levels of security and efficiency at airports across Canada.

Federal Contaminated Sites: The Government is accelerating work to assess and remediate federal contaminated sites, with over \$153 million worth of projects underway or completed. 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 have selected over 220 projects for accelerated remediation and will conduct over 2,000 site assessments in 2009–10 and 2010–11.

For example, the Department of National Defence is receiving \$16 million over two years to undertake accelerated remediation and risk management activities at the 5 Wing Goose Bay Canadian Air Forces base located in Happy Valley-Goose Bay, Newfoundland and Labrador.



Stimulating Housing Construction

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

Supporting Home Ownership and Jobs in Housing Construction

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

Canadians who undertook eligible renovations to their homes before February 1, 2010 were entitled to receive up to \$1,350 in tax relief from the temporary Home Renovation Tax Credit introduced last year in Canada's Economic Action Plan. An estimated 4.6 million families in Canada will claim the credit on their 2009 tax returns.

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.



Canada's Economic Action Plan: Working for Canadians



Supporting Home Renovation Activity

The temporary Home Renovation Tax Credit (HRTC) has provided timely stimulus to the Canadian economy while boosting energy efficiency and the value of Canada's housing stock. The HRTC has provided an estimated 4.6 million Canadian families with up to \$1,350 in tax relief on eligible renovation projects.

There is a clear public consensus that the HRTC has been a powerful incentive for Canadians to invest in their homes—thereby supporting employment in the construction industry.

We estimate that the tax credit likely bolstered renovation activity by an additional \$4.3 billion above what it would have been over January 2009 to January 2010—which represents a 0.3% boost to real GDP. As a result, renovation investment was one of the first components of the Canadian economy to fully bounce back from the economic downturn ... Were it not for government economic stimulus, renovation investment would have been materially weaker in 2009 ... The renovation stimulus measure helped to support a Canadian economic recovery through increasing demand for housing-related goods and services at a time when most other areas of the economy remain weak.

— TD Economics Observation, February 17, 2010

I think there's no question it's increased economic activity, it's created jobs, it's definitely shown consumer confidence in renovating their homes, and I think it's done a lot of good for the industry and for consumers ... it obviously has kept the industry stronger in these tough times and in job creation as well.

— Canadian Home Builders' Association.
House of Commons Standing Committee on Finance, November 3, 2009

I think this is a great idea. Anything that is getting people to spend money when they normally wouldn't and gives them a break at the same time is good. We are seeing money pumping into the economy for buying materials and other things and it all gets passed down the line, right down to the truck driving and transport industry.

— Mark Buyan of MB Home Improvements & Construction
(Penticton, British Columbia).
Penticton Western News, January 7, 2010



Canada's Economic Action Plan: Working for Canadians



Supporting Home Renovation Activity *(cont'd)*

Manufacturers in Manitoba have been getting a shot in the arm from an unlikely source—the federal home renovation tax credit program, which is bolstering sales and saving jobs. The chief executive (Craig McIntosh) of Acrylon Plastics, which manufactures PVC window frames, said the home renovation tax credit program has sent window-frame sales into record-setting territory for the Winnipeg company. “The renovation side (of the housing market) just really took off in April and May and it hasn’t slowed down at all ... It was a record November for us.” Before last spring, when the impact of the two-month-old federal HRTC program really started to be felt, Acrylon had been girding for the worst ... Then along came the HRTC program ... For firms like Acrylon, it was the perfect tonic ... “We were getting ready for it to be a very slow summer ... Then all of a sudden we were saying, ‘What recession?’”

— *Winnipeg Free Press*, December 2, 2009

While final results on the take-up of the HRTC are not yet available, all indicators to date clearly point to the timeliness and effectiveness of this measure in achieving its objective for the benefit of Canadian families and the economy as a whole. It has been a worthy complement to other government measures in support of homeownership, such as:

- Giving first-time home buyers greater access to their Registered Retirement Savings Plan savings to purchase or build a home, and up to \$750 in tax relief from the First-Time Home Buyers' Tax Credit.
- Enhancing the ecoENERGY Retrofit – Homes program, which is encouraging the development and installation of next-generation energy products, as well as fostering improved techniques in home construction and renovation.

Homeowners have also benefited from the enhanced ecoENERGY Retrofit – Homes program to make energy efficiency improvements to their homes. The additional \$300 million provided through the Economic Action Plan is expected to support an estimated 200,000 home retrofits.

The program has experienced unprecedented demand since the Economic Action Plan was announced and has met its targets. In response, the Government allocated \$205 million from the Clean Energy Fund to finance up to an additional 120,000 retrofits for Canadian homeowners. A further \$80 million is being provided to the program, bringing the total increase in funding for the program through the Economic Action Plan to \$585 million.



Investments in Social Housing

Over the past year, historic investments in social housing have contributed significantly to supporting Canada's housing construction and renovation industries. Through Canada's Economic Action Plan, federal commitments of more than \$1 billion in 2009–10 have helped Canadian families find suitable and affordable housing, while putting Canadians back to work.

A further \$1 billion in funding is available in 2010–11, bringing the total federal investment in social housing to over \$2 billion. Funding for 2009–10 and 2010–11 has been fully committed.

In 2009–10, \$650 million of this investment is being matched by provincial and territorial governments, which are responsible for program design and delivery. As a result of this joint investment in social housing, in 2009–10 over 2,400 construction and renovation projects are underway across the country in support of some of the most vulnerable in our communities, including seniors, single-parent families, recent immigrants and Aboriginal Canadians living off reserve.

Canada's Economic Action Plan: Working for Canadians



Investments in Co-operative Housing in Nova Scotia

Through Canada's Economic Action Plan, the federal and provincial governments are contributing \$3.1 million towards the renovation and retrofit of Nova Scotia's newest and largest housing co-op, the North End United Housing Co-operative. Work on this project includes replacing existing roofs, installing new windows and doors, and refurbishing older bathrooms.

The Government of Canada has also committed \$75 million in 2009–10 to renovate and retrofit federally administered social housing. Over 700 projects are currently underway. In addition, in 2009–10, \$300 million has already been committed through the Economic Action Plan in support of housing in over 400 First Nations communities and in the North.

In total, over 3,500 projects are underway across the country to improve housing conditions for some of the most vulnerable in our communities, including seniors, single-parent families, recent immigrants and Aboriginal households.



Canada's Economic Action Plan: Working for Canadians



Investments in First Nations Housing

Ontario First Nation Completes Canada's First Project Under the Economic Action Plan

The Whitesand First Nation celebrated the grand opening of its new \$998,720, 8-plex housing unit geared towards single-parent families on December 1, 2009. Construction began on the housing project in August 2009 and was completed in November 2009. The building consists of eight two-bedroom, 624-square-foot units. The First Nation is the first nationally to complete a multi-unit housing project under Canada's Economic Action Plan.

In addition to direct funding for social housing, 93 low-cost loans have been approved in 2009–10, allowing municipalities to undertake housing-related infrastructure projects.

Canada's Economic Action Plan: Working for Canadians



Municipal Infrastructure: Low-Cost Loan Helps Growing City Meet Demand

The City of Saskatoon received approval for a \$31-million direct low-cost loan through the Municipal Infrastructure Lending Program for a new water intake for the city's water treatment plant. This federal investment will help one of Canada's fastest-growing cities meet future demands while saving the city \$1.2 million in interest payments.



Table 5.8

Building Infrastructure to Create Jobs

	2009–10		2010–11	
	Stimulus Value	Stimulus Committed	Stimulus Value	Stimulus Committed
(millions of dollars)				
Building Infrastructure				
<i>Investments in Provincial, Territorial and Municipal Infrastructure</i>				
Accelerating payments under the Provincial/Territorial Base Funding Initiative	180	179	261	198
Infrastructure Stimulus Fund	1,209	1,209	2,791	2,791
Bonus for Community Projects	103	103	397	397
Green Infrastructure Fund (five-year program)	13	13	387	110
National recreational trails	25	25	–	–
Recreational Infrastructure Canada ¹	179	179	321	318
<i>Investment in First Nations Infrastructure</i>				
School construction	81	81	105	105
Water and wastewater projects	70	70	109	109
Critical community services (health facilities)	68	68	68	68
Critical community services (police facilities)	12	12	3	–
<i>Investments in Federal Infrastructure Projects</i>				
An improved rail system	140	140	199	199
Trans-Canada Highway	20	20	50	50
Federal bridges and Champlain Bridge	43	41	56	32
Alaska Highway (British Columbia)	13	13	–	–
Small craft harbours	117	117	100	100
Repair and restoration of federal buildings	175	173	158	32
Enhancing accessibility of federal buildings	20	18	20	1
Manège Militaire in the city of Québec	1	1	1	0
Accelerating action on federal contaminated sites	96	91	150	121
Border facilities	7	2	38	0
Aviation security	375	372	8	8



Table 5.8 (cont'd)

Building Infrastructure to Create Jobs

	2009–10		2010–11	
	Stimulus Value	Stimulus Committed	Stimulus Value	Stimulus Committed
(millions of dollars)				
Stimulating Housing Construction				
<i>Support for Home Ownership and the Housing Industry</i>				
Home Renovation Tax Credit	3,000	3,000	–	–
Increasing withdrawal limits under the Home Buyers' Plan	15	15	15	15
First-Time Home Buyers' Tax Credit	175	175	180	180
Enhancing the energy efficiency of our homes	150	150	230	230
<i>Investments in Social Housing for Canadians</i>				
Renovation and retrofit of social housing (provincial/territorial)	425	425	425	425
Renovation and retrofit of social housing (federal)	75	75	75	75
First Nations housing	200	200	200	200
Northern housing	100	100	100	100
Housing for low-income seniors	200	200	200	200
Housing for persons with disabilities	25	25	50	50
Loans to municipalities	1,000	1,000	1,000	1,000
Total	8,312	8,291	7,696	7,114

¹ \$35 million of funding under Recreational Infrastructure Canada that is allocated for projects in Quebec is being used for support to the forestry sector in Quebec.



Creating the Economy of Tomorrow

Canada's Economic Action Plan includes about \$4 billion over two years for post-secondary education and research, technology and innovation, and environmental protection. These measures are helping to strengthen Canada's world-leading research and advanced training facilities and to prepare young Canadians for the jobs of tomorrow. The Economic Action Plan also includes measures to create business opportunities in all parts of Canada and to enable small and medium-sized companies to grow and create jobs.

Table 5.9

Creating the Economy of Tomorrow

	2009–10	2010–11	Total
	(millions of dollars)		
Action to Invest in Post-Secondary Education and Research			
Improving infrastructure at colleges and universities	1,000	1,000	2,000
Other	89	155	244
Subtotal—Action to Invest in Post-Secondary Education and Research	1,089	1,155	2,244
Investing in Science and Technology			
Renewing federal laboratories	93	157	250
Clean energy and the environment	366	336	702
Other	530	233	763
Subtotal—Investing in Science and Technology	990	726	1,715
Total—accrual value	2,079	1,881	3,959
Total—cash value	2,139	1,880	4,018
Total with provincial contribution—cash value	3,306	2,880	6,185

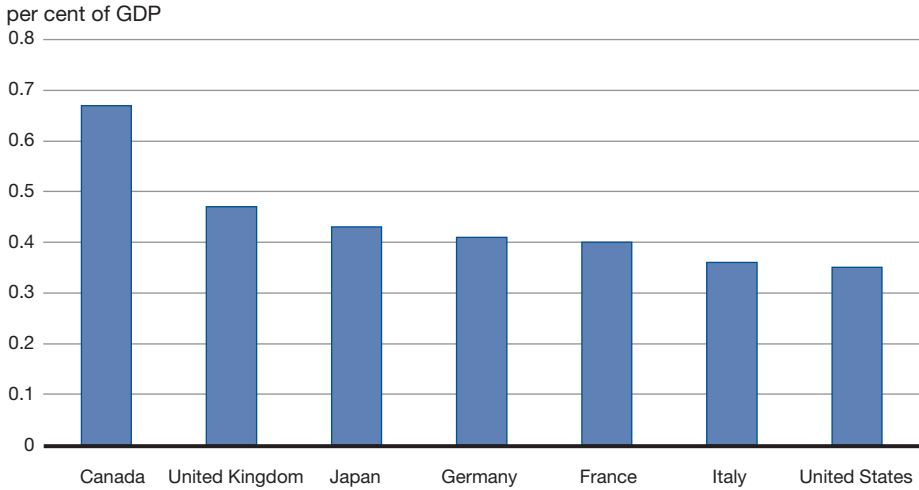
Notes: Totals may not add due to rounding. The accrual value may be somewhat smaller because some of these expenditures relate to construction and renovation costs of federal assets (for which only depreciation is recorded on a budgetary basis) and loans to third parties (where there is a budgetary impact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

The Government is helping to build a strong, innovative economy through science, technology and research excellence, while training new generations of highly skilled individuals. Canada needs this new wave of highly qualified workers to prosper in a global economy that depends more and more on knowledge and innovation.



Canada invests more in public research and development (R&D) than any other G7 country

Chart 5.4
R&D Investment in the Higher-Education Sector



Note: Data are for 2007, which is the latest year for which they are available for all G7 countries.
 Source: Organisation for Economic Co-operation and Development.

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.

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 over two years for university and college infrastructure projects (including repair, maintenance and construction). Federal funding covers up to half of eligible project costs incurred by March 31, 2011, with other partners providing the balance.

Twenty projects have already been completed, and planning, design, construction and renovation work has begun on a further 361 projects at colleges and universities across Canada. These projects represent over \$1.8 billion in Knowledge Infrastructure Program funding, accounting for over 90 per cent of the total program budget.

Canada's Economic Action Plan: Working for Canadians



Infrastructure Investments at Universities and Colleges: Creating Jobs for Canadians

- Vancouver Island University in Nanaimo, British Columbia, is building a new Deep Bay Field Station that is expected to create 99 direct jobs and 54 indirect jobs.
- Upgrades to infrastructure at the University of Prince Edward Island will create over 300 jobs and inject about \$30 million into the economy.
- A new research laboratory at the Canadian Mennonite University in Winnipeg, Manitoba, will accommodate 24 students, and upgrades to existing laboratory space will support upper-level biology courses.
- The new energy programs building at New Brunswick Community College—Saint John Campus will add up to 400 training spaces to the campus' overall capacity.
- Renovating the auditorium at Collège Ahuntsic in Montréal, Quebec, will increase capacity by 200 spaces. The auditorium is used for conferences, classes, assemblies, performances and socio-cultural activities.
- Development of a new campus in Mississauga, Ontario, for the Sheridan College Institute of Technology and Advanced Learning will accommodate 1,760 students, including 1,200 business student spaces and 560 spaces for the training and retraining of new Canadians, foreign-trained professionals and unemployed workers.



Canada's Economic Action Plan: Working for Canadians



Infrastructure Investments at Universities and Colleges: Creating Jobs for Canadians *(cont'd)*

- Infrastructure and technology upgrades and research facility renovations at St. Peter's College in Muenster, Saskatchewan, are expected to result in a 300-per-cent increase in student enrolment and an increase from 34 to up to over 100 faculty after the project has been completed.
- The construction of the Dawson City Campus will increase the capacity of Yukon College to enroll more students while offering training in basic carpentry skills. This project will enable the college to continue to serve the almost 1,400 residents in Dawson City, including nearly 400 First Nations members.
- Completion of the Main Campus Renovation Project at Bow Valley College in Calgary, Alberta, will make room for an additional 960 practical nurse and health-care aid graduates, plus 300 additional graduates in Justice Studies, over a five-year period. This two-phase project will provide the capacity for 10,000 additional learners by 2020.

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 the economy of tomorrow, 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.

Of the funding announced in Budget 2009, the CFI has already committed \$150 million to 28 exceptional projects through its 2009 competition.

The balance of \$600 million will support the Foundation's future activities, including a new competition to be launched by December 2010. The CFI is finalizing its strategic plan, and remains committed to making strategic investments in current and new infrastructure that promotes leading-edge research; fostering partnerships among universities, colleges and business researchers that encourage innovation in the private sector; and ensuring that world-class research facilities in Canada maintain their global leadership.

The Minister of Industry will provide additional details on the allocation of the \$600 million in the coming months.



Investing in Science and Technology

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, from health and food to natural resources, after several years in which maintenance had been delayed or deferred. Construction has begun or has been completed for over 95 per cent of projects at 14 federal departments and agencies. This work is providing employment in regions across Canada and will improve the federal government’s science and technology capacity for years to come.

Canada’s Economic Action Plan: Working for Canadians



Examples of Modernizing Federal Laboratories

- Natural Resources Canada is investing \$47.8 million over two years to address deferred maintenance and modernize 12 facilities across Canada. For example, it is investing \$13.4 million over two years on facilities at the Great Lakes Forestry Centre in Sault Ste. Marie, including \$9 million over two years for the new Invasive Species Centre, which seeks to combat alien invasive species that threaten Canada’s fragile ecosystems. Projects at Natural Resources Canada will create or maintain 477 jobs across the country.
- Work is well underway on projects at Health Canada facilities in Ottawa, Longueuil, Québec, Winnipeg and Scarborough. These projects—which will inject over \$16 million over two years into the local economies—will support Health Canada’s food safety and nutritional quality regulatory programs, and contribute to consumer protection services focusing on children and vulnerable populations.
- Library and Archives Canada is investing \$3 million over two years to upgrade its preservation, digitization and archival processing laboratories in Gatineau, Quebec, to increase their efficiency, security, and flexibility in responding to technological advances. Construction on these projects is already employing 20 people directly, while spurring additional indirect employment among suppliers and manufacturers.



Clean Energy and the Environment: The 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 Under the Clean Energy Fund

To date, the Government has announced support for three large-scale carbon capture and storage (CCS) demonstrations under the Clean Energy Fund:

- \$120 million for a Shell Quest CCS demonstration project.
- \$315.8 million for the TransAlta Keephills Project to attach CCS to a coal-fired power plant near Edmonton.
- \$30 million for the Alberta Carbon Trunk Line project.

This funding builds on substantial support provided for carbon capture and storage in previous years, including the ecoENERGY Technology Initiative and funding for other research, development and deployment projects. In total, the Government has announced over \$800 million in support for carbon capture and storage.

The Government has also announced up to \$146 million in support of 19 projects to demonstrate renewable and clean energy across Canada, including integrated community energy solutions, smart grid technology, and renewable applications with solar, wind, tidal and geothermal energy.

As announced in the Economic Action Plan, the Government conducted a consultation on the tax treatment of carbon capture and storage. The Government will continue to monitor the development of this important technology and assess the best policy approach. The current focus is on direct funding through initiatives like the Clean Energy Fund.

To date, federal funding totalling over \$610 million has been announced for specific projects under the 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: Broadband Canada, an applications-based contribution program, will help to expand broadband coverage to as many unserved and underserved households in Canada as possible. This will help rural households, businesses and community institutions to make use of the Internet at levels similar to many of their urban counterparts.

A call for applications closed on October 23, 2009 and resulted in 570 proposals. Industry Canada is currently assessing the proposals with the goal of maximizing the reach of federal funds, and expects to identify successful applicants in 2010.

Canadian Space Agency: The Economic Action Plan also provided \$110 million over three years to the Canadian Space Agency to support Canada's continued leadership in the design and construction of space robotics. Of this amount, approximately \$36 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 new support will also help prepare Canadian astronauts to participate in future international space missions, similar to those in which astronauts Robert Thirsk and Julie Payette recently participated.

Canada Health Infoway: The Economic Action Plan provided \$500 million to Canada Health Infoway to support the goal of having 50 per cent of Canadians with an electronic health record by 2010 and to speed up the implementation of electronic medical record systems for physicians. Canada Health Infoway has developed an action plan to strengthen accountability in response to the Auditor General of Canada's Report of November 3, 2009. The Government is moving forward with the transfer of the \$500 million that was announced in Budget 2009 to Canada Health Infoway. 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.



Table 5.10

Creating the Economy of Tomorrow

	2009–10		2010–11	
	Stimulus Value	Stimulus Committed	Stimulus Value	Stimulus Committed
(millions of dollars)				
Action to Invest in Post-Secondary Education and Research				
Improving infrastructure at universities and colleges	1,000	1,000	1,000	1,000
Canada Foundation for Innovation	–	–	50	50
Institute for Quantum Computing	17	17	17	17
Arctic research infrastructure	35	35	52	52
Canadian Graduate Scholarships program	35	35	35	18
Industrial Research and Development Internship program	3	3	1	0
Investing in Science and Technology				
Modernizing federal laboratories	93	91	157	157
Clean Energy Fund ¹	65	65	335	272
Canadian Environmental Sustainability Indicators	10	10	0	0
Strengthening Canada's nuclear advantage	351	351	0	0
Canada's space industry	10	10	53	36
Canada Health Infoway	500	500		
Extending access to broadband in rural communities	20	20	180	0
Total	2,139	2,136	1,880	1,602

Note: Totals may not add due to rounding.

¹ \$205 million in 2009–10 and 2010–11 funding (referred to in Budget 2009 under "Transformation to a Green Energy Economy") was allocated to the ecoENERGY Retrofit – Homes program to support an additional 120,000 home energy retrofits.



Supporting Industries and Communities

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

Table 5.11

Supporting Industries and Communities

	2008–09	2009–10	2010–11	Total
	(millions of dollars)			
Support for Industries				
Forestry		62	108	170
Agriculture		79	146	225
Mineral exploration		70	-15	55
Small businesses		170	195	365
Tourism		74	74	148
Shipbuilding		19	30	49
Culture		152	183	335
Tax and tariff relief				
Accelerated capital cost allowance for computers		340	355	695
Tariff relief for machinery and equipment	12	76	81	169
Subtotal—Support for Industries	12	1,042	1,157	2,211
Support for Communities				
Helping all regions prosper		770	750	1,520
Strengthening partnerships with Aboriginal Canadians		109	185	294
Subtotal—Support for Communities		879	935	1,813
Total—accrual value	12	1,921	2,092	4,024
Total—cash value		2,050	2,231	4,280
Federal support to auto sector		9,718		9,718
Total federal cash value		11,768	2,231	13,998
Ontario component of auto sector support		4,859		4,859
Total with provincial contributions—cash value		16,627	2,231	18,857

Notes: Totals may not add due to rounding. The accrual value 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. Approximately 80 per cent of the money available under the fund over two years has been committed and over 1,000 Community Adjustment Fund projects are now underway or completed.

Canada's Economic Action Plan: Working for Canadians



Examples of Community Adjustment Fund (CAF) projects

To date, about \$800 million of CAF funding has been committed across the country. For example:

- The Morden Industrial Park in Manitoba has received \$726,200 for the renovation of a building to house start-up businesses. Five businesses have been created, maintained or expanded as a result of this project, and the first business has relocated into the facility. Training has been provided to 10 people and 20 person-months of employment have been created.
- Miovision Technologies Inc. in Kitchener, Ontario, will receive a contribution of \$50,000. The firm provides video and web-based technologies to help address automotive traffic management. The funding will be used to support the salaries of 10 skilled employees.
- St. Joseph's Health Centre in Sudbury, Ontario, will receive \$1.9 million to help build a long-term care home in Chelmsford. It is estimated that this project will create 420 construction-related jobs throughout the entire building period—with approximately 160 employees to be hired to operate the facility by March 31, 2011.
- The Drummondville Economic Development Authority in Quebec has received \$500,000 to build a second industrial incubator on the site of the Home of Industry in Drummondville. The incubator will host seven new manufacturing or technology firms. This project will create 15 temporary jobs.
- The West Point Development Corporation in Prince Edward Island has received \$750,000 to renovate the historic West Point Lighthouse Inn and create a new welcome centre depicting the history of the area. The project is creating 37 short-term jobs in a rural area of the province with high unemployment. The longer-term impact will be the maintenance of 23 seasonal jobs.



Of the \$206 million available to the Federal Economic Development Agency for Southern Ontario (FedDev Ontario) in 2009–10, \$187 million has been committed to strategic investments to support job creation and economic growth in the region. For example, \$28 million has been committed to the National Research Council’s Industrial Research Assistance Program to support research and development–intensive small and medium-sized enterprises in the region. Also, the Government is investing \$50 million in the Business Development Bank of Canada so businesses in southern Ontario will have greater access to venture capital. Through the Southern Ontario Development Program, FedDev Ontario has committed nearly \$95 million to projects such as the Canadian Manufacturers & Exporters’ SMART Program and commercialization in the field of diabetes research.

Canada’s Economic Action Plan: Working for Canadians



Economic Development Initiatives in Southern Ontario

FedDev Ontario has recently committed funds to a number of initiatives, including:

- \$400,000 to allow Melitron Corporation to increase productivity through the installation of new equipment and facility upgrades. Melitron will also be reconfiguring the layout of its plant in order to implement lean manufacturing process principles. This plant-wide upgrade will improve the company’s competitiveness, providing immediate local economic stimulus and job creation.
- \$362,500 to Springer’s Meats Inc. to upgrade its meat processing plant. This investment will allow the family-run business to expand its plant with a shipping department fitted with a shipping office, refrigeration, and a racking system to optimize storage, warehousing and shipping to its clients. The company expects to create seven new jobs with these upgrades.

Automotive Sector: The automotive sector has faced significant challenges over the past year. The governments of Canada and Ontario, working closely with the government of the United States, have taken significant steps to help the automotive 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 disbursed to date. Chrysler emerged from bankruptcy on June 10, 2009. The governments of Canada and Ontario received 2 per cent equity in the restructured firm. All of the \$10.8 billion committed to General Motors by Canada and Ontario has been disbursed. General Motors emerged from bankruptcy on July 10, 2009. Canada and Ontario received a combined 11.7 per cent ownership stake in a restructured General Motors, as well as US\$403 million of preferred shares.

These actions helped to save jobs in hard-hit communities.

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, Natural Resources Canada has fully committed \$170 million allocated over two years. This funding will 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 will allow pulp and paper mills in all regions, particularly focused in British Columbia, Quebec and Ontario, to reduce greenhouse gas emissions while helping them become leaders in the production of renewable energy from biomass.

This is helping mills located in many communities to 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



Examples of Support for Forestry

The forestry sector is an important contributor to the Canadian economy, forming the economic base in many regions. The forestry sector employed approximately 273,000 people across the country and contributed more than \$28 billion to Canada's gross domestic product in 2008.

Canada's forest product companies have encountered intense competitive pressures in recent times, including greater competition from low-cost producers, higher input and energy costs, a variable Canadian dollar and low productivity. The Government has put in place significant support, including through the Economic Action Plan, to help the forestry sector address these challenges, become more competitive and create jobs. For example:

- Since 2008, Export Development Canada (EDC) has provided nearly \$30 billion in financial services to Canadian-based forestry companies. This includes US\$42.1 million provided by EDC as part of a US\$270-million syndicated debtor-in-possession facility to support Abitibi Consolidated Inc.'s restructuring efforts. Over the same period, the Business Development Bank of Canada has provided nearly \$300 million in loans to Canadian forestry firms.
- The \$1-billion Pulp and Paper Green Transformation Program, announced in June 2009, will allow pulp and paper mills in all regions to invest in new technologies that improve energy efficiency or environmental performance, helping them become leaders in the production of renewable energy from biomass, while creating and sustaining jobs in their communities.
- The Canada-Quebec Forestry Task Team was established in April 2009 to address challenges facing the Quebec forestry industry. To date, the task team's work has led to a \$200-million agreement announced in May 2009 to support silviculture in the province, and a further \$30-million agreement announced in July 2009 for the restoration of bridges and culverts on Quebec public lands, which will enable greater natural resource and land development to take place. The federal government will contribute \$115 million toward these two initiatives, sourced from the Community Adjustment Fund.



Tourism: The Government has provided support for 60 marquee festivals and events across Canada, such as the Royal Nova Scotia International Tattoo, the Montreal High Lights Festival, the Kitchener-Waterloo Oktoberfest, the Saskatoon Exhibition, and the Festival du Bois in Maillardville, Coquitlam, in order to attract visitors and create jobs in the tourism sector.

Our vast national parks 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 upgrade facilities, including visitor centres and campgrounds, as well as roads at National Parks and National Historic Sites throughout the country. This funding is now fully committed to projects, including recently completed road improvement activities in Banff National Park, and a two-year, \$3.5-million project to repair walls and arches at the Halifax Citadel National Historic Site of Canada.

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

- The Government continues to receive and evaluate new industry and provincial/territorial proposals to add to those already in place under the multi-year Agricultural Flexibility Fund. To date, \$219 million has been committed to multi-year initiatives. A total of \$10 million is expected to be spent in 2009–10, and to date \$52 million has been committed to be spent in 2010–11.
- Investments in cattle processing plants to help improve their operations under the Slaughter Improvement Program have begun and will ramp up over the remaining two years of the program. To date, total funding of \$41 million over three years has been committed to 13 projects. Some projects for 2009–10 will not be completed until 2010–11 due to the timing of contracts. A total of \$9 million is expected to be spent in 2009–10, and to date \$22 million has been committed to be spent in 2010–11.
- Since its launch in the summer of 2009, 1,683 loans totalling \$84 million have been granted under the new Canadian Agricultural Loans Act. This represents an increase of 60 per cent in loans registered and an increase of 87 per cent in loan dollars registered last year.
- On January 1, 2010, the Government transferred the delivery of AgriStability to British Columbia and Saskatchewan to help streamline the administrative process for farmers.



Canada's Economic Action Plan: Working for Canadians



Examples of Support for Agriculture

- Projects funded under the five-year Agricultural Flexibility Fund include \$7.8 million for a targeted market access strategy that will ensure Canadian canola producers have full and fair access to international markets, targeted Canada Brand initiatives in Mexico, Japan and South Korea to increase demand for Canadian products, and 8 projects for processors across the country totalling \$6.6 million. In addition, \$21 million has been committed over five years to projects in partnership with the governments of Alberta, Saskatchewan, Quebec, and Prince Edward Island.
- To date, total funding of \$41 million over three years has been committed to 13 projects under the Slaughter Improvement Program. For example, the Government has committed \$2.7 million for Écolait in Quebec to expand freezer capacity, upgrade product shipping and install new cutting equipment and \$2.3 million for Conestoga Meat Packers in Ontario to add processing capacity for value-added bi-products.

Small Business: Canada's many innovative small and medium-sized companies are an important economic engine, introducing new goods and services, developing new technologies and creating jobs for highly skilled young graduates. The Economic Action Plan committed \$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 has committed the entire \$100 million allocated in 2009–10 to help firms innovate and to hire new post-secondary graduates. In total, this funding has provided contributions to 1,200 small and medium-sized enterprises, helping maintain or create over 4,500 jobs, and has helped 460 post-secondary graduates find employment and gain invaluable experience.



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:

- Northern Radar Systems Limited, located in St. John's, Newfoundland and Labrador, manufactures computers and electronic products. This firm received contribution funding of \$150,254 from the Economic Action Plan to fund the development of a new transmitter that will be able to achieve multi-kilowatt power levels.
- Mingus Software Inc., located in Montréal, Quebec, received IRAP funding of \$195,000 to develop software to process Internet reservations and secure payments for hotel trade.

Shipbuilding: The Economic Action Plan has provided \$175 million to the Canadian Coast Guard to purchase 98 new boats and to repair and refit 40 existing large vessels. Good progress is being achieved with contracts signed and in place with shipbuilding and repair companies in Canada. Some projects for 2009–10 will not be completed until 2010–11 due to the timing of contracts and the size and complexity of certain projects. As a result, in 2009–10, \$82 million is scheduled to be spent. It is expected that a further \$93 million will be spent in 2010–11.



Canada's Economic Action Plan: Working for Canadians



Examples of Support for Shipbuilding

- Contracts for 50 of the 60 new small craft, totalling \$10.5 million, are in place. The first 10 boats, type 753 Rigid Hull Inflatable Boats, built by Zodiac Marine in Richmond, British Columbia, have been delivered to the Coast Guard in Victoria, B.C., Halifax, Nova Scotia, and St. John's, Newfoundland and Labrador. It is expected that the contracts will be awarded for the remaining 10 vessels over the next four months.
- 122 contracts across Canada totalling \$20.8 million have been awarded for vessel refits of 33 Canadian Coast Guard vessels. The refit work consists of general repair, maintenance and updating of obsolete systems on board the large vessels to improve the reliability of the vessels to deliver Canadian Coast Guard services and programs and meet the on-water needs of other government departments.
- Five large vessels will undergo major repairs to extend their reliable service lives for a minimum of 10 additional years. A contract worth \$15.5 million was awarded to Allied Shipbuilders in North Vancouver, B.C., for the major component of the CCGS Bartlett vessel life extension. This work has already begun. In addition, a contract worth \$7 million was awarded to Heddle Marine Services Inc., of Burlington, Ontario, to carry out the vessel life extension of the CCGS Limnos and a contract worth \$6.9 million was awarded to Verreault Navigation Inc., of Les Méchins, Quebec, to carry out the vessel life extension of the CCGS Tracy. Both of these vessels are in the shipyards and over 50 per cent of their work packages have been completed. The CCGS Tanu, CCGS Cape Roger and CCGS Griffon are undergoing preparatory work prior to their vessel life extensions scheduled for 2010–11.

Culture: The Government has delivered unprecedented levels of investment in Canada's cultural industries, creating jobs and supporting the creative economy. In the last year, the Government has charted a course that will allow our creative industries to navigate the changing technological and economic landscapes. The Economic Action Plan includes investments that go directly to our country's artists and cultural organizations. The Government has modernized several programs, such as the Canada Media Fund, to bring them into the digital age. Recent efforts have included stabilizing funding for programs that support Canadian music and books, as well as significantly increasing funding for solidifying the Canada Council for the Arts—funding for the Council is at its highest level in history.



Canada's Economic Action Plan included over \$335 million in support for culture and the arts—recognizing the importance of Canada's artistic institutions, the role they play in Canadians' lives, and their contribution to the economy. The Government has made the following progress in implementing stimulus programs related to culture.

- In 2009–10, the Canada Cultural Spaces Fund committed \$27 million of a total of \$30 million in cultural infrastructure funding and committed \$24 million of the 2010–11 allocation of \$30 million, supporting 96 cultural infrastructure projects across Canada.
- As of March 2010, the Canada Arts Training Fund has funded nine projects worth \$5 million to support the highest-calibre institutions in Canada to train the most talented emerging artists for professional careers.
- A \$15-million investment in 2009–10 provided Canadians with continued access to more than 1,000 Canadian magazines and community newspapers.
- In 2009–10, a \$100-million investment in the Canadian Television Fund is supporting projects, in partnership with the broadcasting industry, to produce high-quality, distinctively Canadian television programs.

Canada's Economic Action Plan: Working for Canadians



Examples of Support for Culture

- \$490,000 towards the construction of a portable planetarium for the outreach program of Sudbury's Digital Dome Theatre at Science North. Taken together with other financial contributions, the completed \$1.4-million project created 53 short-term jobs and one permanent position.
- \$1.1-million investment for the renovation of the Laurel Packinghouse in Kelowna, a heritage landmark, which is the oldest and largest standing packinghouse in British Columbia and serves as home to the BC Orchard Industry Museum, BC Wine Museum and VQA Wine Shop. Taken together with other financial contributions, the \$3.4-million project is creating 11 short-term and 12 long-term jobs.



Canada's Economic Action Plan: Working for Canadians



Examples of Support for Culture *(cont'd)*

- A \$1.8-million investment is contributing towards the construction of the Aanischaaukamikw Cultural Institute in the Cree territory of Oujé-Bougoumou in northwest Quebec. The facility aims to preserve and share the culture and heritage of nine Cree communities in James Bay by providing archival and storage facilities for archaeological assets, a resource centre, and an open area for a variety of artistic performances and workshops. Taken together with other financial contributions, the \$14.7-million project is creating 115 short-term positions and 42 long-term positions.

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.

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

The Economic Action Plan is helping Canadian firms create jobs, modernize their operations and better compete globally through the elimination of tariffs on a range of machinery and equipment, and through temporary measures to accelerate the capital cost allowance on manufacturing or processing machinery and equipment, and computers. Since the implementation of the tariff relief measure, businesses have benefited from over \$2 billion worth of duty-free machinery and equipment imports on which they would have otherwise been required to pay duty.



Table 5.12

Supporting Industries and Communities

	2009–10		2010–11	
	Stimulus Value	Stimulus Committed	Stimulus Value	Stimulus Committed
(millions of dollars)				
Support for Industries				
<i>Autos</i>				
Support for the auto sector	9,718	9,718		
<i>Forestry</i>				
Forestry marketing and innovation	62	62	108	108
<i>Agriculture</i>				
Agricultural flexibility program ¹	65	10	115	52
Strengthen slaughterhouse capacity	14	9	31	22
<i>Mining</i>				
Extending the Mineral Exploration Tax Credit	70	70	-15	-15
<i>Small Business</i>				
Reducing taxes for small businesses	45	45	80	80
Industrial Research Assistance Program	100	100	100	23
Canadian Youth Business Foundation	10	10		
Canada Business Networks	15	15	15	15
<i>Tourism</i>				
Canadian Tourism Commission	20	20	20	20
Marquee tourism events	50	48	50	1
Parks Canada	70	70	80	80
<i>Shipbuilding</i>				
Shipbuilding	82	82	93	93
<i>Culture</i>				
Cultural infrastructure	30	27	30	24
Canada Prizes for the Arts and Creativity			25	–
Canada Arts Training Fund	7	5	13	–
Community newspapers and magazines	15	15	15	–
Canadian Television Fund	100	100	100	–



Table 5.12 (cont'd)

Supporting Industries and Communities

	2009-10		2010-11	
	Stimulus Value	Stimulus Committed	Stimulus Value	Stimulus Committed
(millions of dollars)				
Support for Industries (cont'd)				
<i>Tax and Tariff Relief</i>				
Temporary 100-per-cent capital cost allowance (CCA) rate for computers	340	340	355	355
Temporary accelerated CCA rate for manufacturing or processing machinery and equipment				
Tariff relief for machinery and equipment	76	76	81	81
Support for Communities				
<i>Helping All Regions Prosper</i>				
Community Adjustment Fund	496	477	504	329
Federal Economic Development Agency for Southern Ontario	206	187	206	28
Eastern Ontario Development Program	10	10	10	0
Strengthening economic development in the North	10	10	10	10
Strategic Investments in Northern Economic Development	10	9	20	3
Promoting energy development in Canada's North	38	38		
<i>Strengthening Partnerships With Aboriginal Canadians</i>				
First Nations and Inuit health programs	108	108	170	170
First Nations child and family services	2	2	15	15
Total	11,768	11,663	2,231	1,494

Note: Totals may not add due to rounding.

¹ \$10 million of 2010-11 funding available has been transferred to the Slaughter Improvement Program; remaining funding of \$115 million includes \$25 million that has been allocated to provide assistance to Canadian cattle processing plants that handle cattle over 30 months of age.



Improving Access to Financing and Strengthening Canada's Financial Sector

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

The Canadian financial system withstood the global financial crisis better than most. The global crisis, however, made it difficult for Canadian banks and other lenders to obtain funds from international markets at reasonable costs. To soften the impact of this crisis, Canada's Economic Action Plan 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, included: 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.



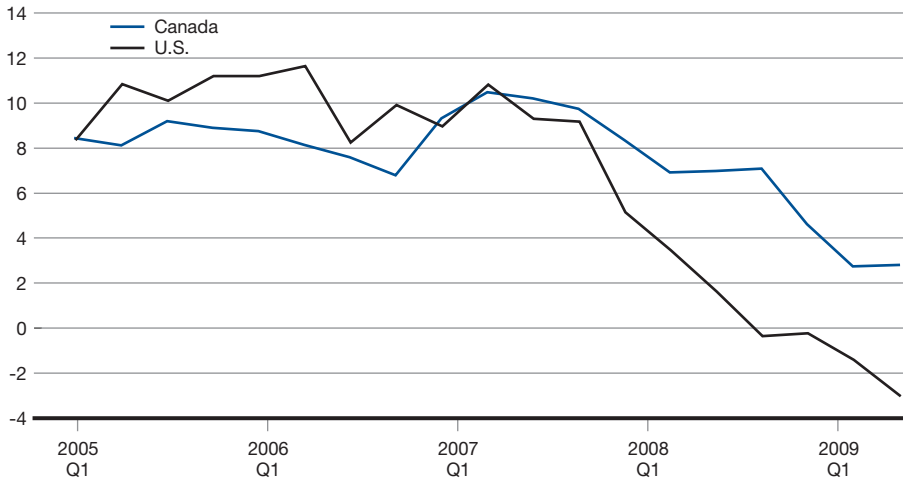
The Government’s actions under the Extraordinary Financing Framework have contributed significantly to improved credit conditions. In Canada, total credit growth has shown signs of stabilizing. Overall, total credit growth in Canada remained stronger than in the U.S. through the third quarter due to significantly stronger Canadian household growth (Chart 5.5). Improved financial market conditions have also led to a rebound in bond and equity issuances, following a retrenchment in these activities in late 2008 (Chart 5.6). Meanwhile, the difference between corporate and government bond rates has narrowed considerably.

Credit growth in Canada remains stronger than in the U.S. and other countries

Chart 5.5

Total Credit Growth

per cent, period to period at annual rates



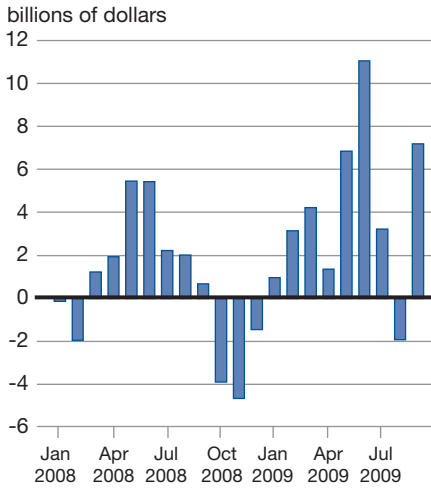
Sources: Bank of Canada; U.S. Federal Reserve Board.
Based on latest comparative data available.



Improvement in business lending conditions and financial market activity

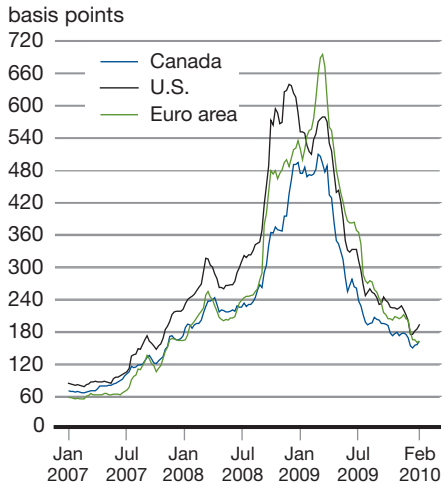
Chart 5.6

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



Source: Bank of Canada.

Long-Term Corporate Spreads

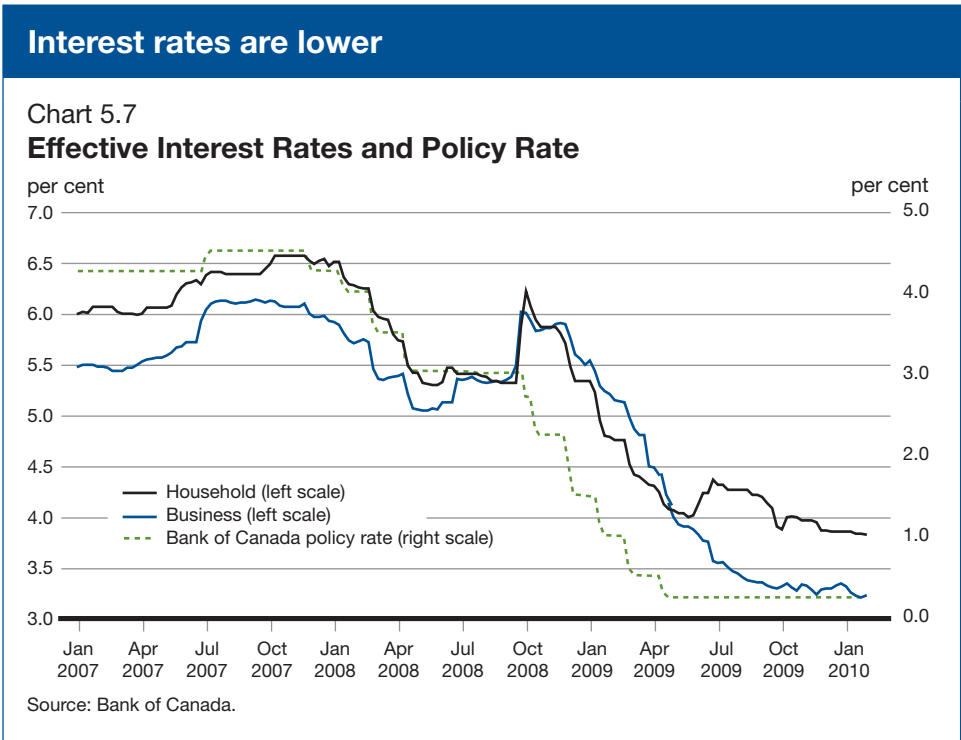


Notes: The spreads are the difference between corporate and government yield of bonds with a maturity between 7 and 10 years. Weekly data up to and including November 6, 2009.

Source: Merrill Lynch.



In Canada, credit growth has been combined with significantly lower interest rates for borrowers. In response to the global financial crisis, the Bank of Canada reduced its policy rate by 425 basis points between July 2007 and April 2009 to effectively zero and has held it there since (Chart 5.7). The Government’s measures to support access to financing have helped to alleviate market uncertainty and supported a dramatic reduction in the interest rates faced by households and businesses. As a result, average effective interest rates for households and businesses, as estimated by the Bank of Canada, have fallen by over 200 basis points and about 260 basis points, respectively, since the fall of 2008.





Direct Support for Small and Medium-Sized Business

The Business Credit Availability Program is continuing to help businesses find financing solutions to preserve jobs and fund growth. As of the end of January, Export Development Canada and the Business Development Bank of Canada reported total activity under the Business Credit Availability Program of about \$5 billion, assisting almost 9,000 businesses. This achieves the target of at least \$5 billion that was set out in Budget 2009. The financial Crown corporations have provided assistance in regions all across the country and in all sectors of the economy, with a particular focus on small businesses. A 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.

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. This program will continue to assist the needs of creditworthy businesses as the economy recovers over the coming year.

Declining Need for Extraordinary Measures

As conditions have improved and the economic recovery continues to take shape, extraordinary support measures have achieved their goal. Ongoing need is declining and, as a result, most measures are ending.

The Canadian Lenders Assurance Facility and Canadian Life Insurers Assurance Facility expired at the end of December 2009. While these guarantee facilities were not used, they helped to support market confidence and contain borrowing spreads for Canadian financial institutions.

The Insured Mortgage Purchase Program will continue to make purchases of qualifying insured mortgages until the end of March 2010. This program has been successful in moderating the impact of the global financial crisis on credit conditions in Canada by providing funds to financial institutions that were then able to continue lending to businesses and consumers. To date, over \$60 billion of term funding has been provided to banks and other lenders at a positive spread to the Government's funding costs. Recently, lenders have not participated as aggressively in the program, as access to funding through capital markets has improved and investor demand for issuance from financing institutions, particularly Canadian banks, has resurfaced.



The Canadian Secured Credit Facility, which is designed to support the financing of vehicles and equipment and to stimulate private lending to these sectors, will run to the end of March 2010. Under the facility, the Government has committed to purchase up to \$12 billion of newly issued term asset-backed securities backed by loans and leases on vehicles and equipment and dealer floor plan (inventory financing) loans. Details of transactions completed to date can be found on the Business Development Bank of Canada's website at www.bdc.ca. A number of transactions are in process and are expected to be completed prior to the expiration of the facility. The facility continues to operate on a first-come, first-served basis for funds that have not been taken up by participants. At the same time, the facility is having a positive impact on the availability and cost of financing for vehicles and equipment with several market participants accessing securitization markets outside of the facility.

Reflecting improved credit conditions in funding markets, the Bank of Canada has taken steps to exit from its extraordinary liquidity facilities.² During the global financial crisis, the extraordinary liquidity provided by the Bank of Canada peaked at over \$40 billion in December 2008.

² Further details on the changes to the extraordinary liquidity support provided by the Bank of Canada can be found on its website (www.bankofcanada.ca).



Summary and Next Steps

The Government has taken unprecedented steps to expedite implementation and ensure that Canada's Economic Action Plan is having an impact now—when it is most needed. Virtually all stimulus for year one of the Economic Action Plan has been committed. In every region of the country, Canadian communities, businesses, workers and families are receiving the support they need.

The Government's focus now is on delivering year two of the Economic Action Plan. Already, commitments are in place for more than 90 per cent of the available 2010–11 funding.

In the weeks and months ahead, the Government's priorities will be:

- Ensuring that the unemployed receive timely Employment Insurance benefits.
- Modernizing federal infrastructure to better serve Canadians.
- Lowering taxes for Canadians and Canadian businesses.
- Investing in higher education, science and technology and green infrastructure to create the economy of tomorrow.
- Providing assistance to sectors and communities affected by the economic downturn.
- Improving infrastructure in First Nations communities.
- Helping businesses access the financing they need to support the economic recovery.

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

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

Canadians are invited to monitor the progress of the Economic Action Plan on the Government's website, www.actionplan.gc.ca.