

News Release

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Government of Canada Reintroduces the Next Phase of Canada's Economic Action Plan—A Low-Tax Plan for Jobs and Growth

The Honourable Jim Flaherty, Minister of Finance, today reintroduced Budget 2011, the Next Phase of Canada's Economic Action Plan—A Low-Tax Plan for Jobs and Growth.

“Implementing the Next Phase of Canada's Economic Action Plan will preserve Canada's advantage in the global economy; strengthen the financial security of Canadian workers, seniors and families; and provide the stability necessary to secure our recovery in an uncertain world,” said Minister Flaherty.

On March 22, 2011, the Government tabled Budget 2011, the Next Phase of Canada's Economic Action Plan—A Low-Tax Plan for Jobs and Growth, in the House of Commons. However, that budget was not adopted prior to the dissolution of Parliament on March 26, 2011.

“On Election Day, Canadians expressed their support for the Government's economic record and its plan to ensure Canada remains at the forefront of economic growth and job creation,” said Minister Flaherty.

As a result, this budget includes all of the measures that were part of the March 22nd budget. In addition, in this budget:

- Provision has been made in 2011–12 for \$2.2 billion in support of the conclusion of a satisfactory agreement between Canada and Quebec on sales tax harmonization, consistent with the Government's commitment in this regard.
- The Government is announcing the phase-out of quarterly allowances for political parties.

Building on the sustainable, low-tax environment and growth-friendly policies put in place since 2006, the Next Phase of Canada's Economic Action Plan will focus on supporting job creation, supporting families and communities, investing in innovation, education and training, and preserving Canada's fiscal advantage.



Supporting Job Creation

The Government will support job creation by helping businesses and entrepreneurs succeed, keeping taxes low, investing in projects of national importance, and maintaining Canada's brand as one of the best places to invest. The Next Phase of Canada's Economic Action Plan advances these priorities by:

- Providing a temporary Hiring Credit for Small Business to encourage additional hiring by this vital sector.
- Extending the work-sharing program and the Targeted Initiative for Older Workers to help Canadians stay in the workforce.
- Supporting the manufacturing and processing sector by extending the temporary accelerated capital cost allowance treatment for investment in manufacturing or processing machinery and equipment for two years.
- Legislating a permanent annual investment of \$2 billion in the Gas Tax Fund to provide predictable, long-term infrastructure funding for municipalities.
- Investing to promote innovation in Canada's important agriculture, forestry and mining sectors.

Supporting Families and Communities

The Government will support families and communities so that all Canadians enjoy a high standard of living and our communities stay vibrant and safe. The Next Phase of Canada's Economic Action Plan invests in these goals by:

- Enhancing the Guaranteed Income Supplement (GIS) for those seniors who rely almost exclusively on their Old Age Security and the GIS and may be at risk of experiencing financial difficulties. This measure will provide a new top-up benefit of up to \$600 per year for single seniors and \$840 per year for couples. This measure represents an investment of more than \$300 million per year, and will improve the financial security of more than 680,000 seniors across Canada.
- Attracting more health care workers to underserved rural and remote communities by forgiving up to \$40,000 of the federal component of Canada Student Loans for new family physicians and up to \$20,000 for nurse practitioners and nurses.
- Introducing a new \$2,000 Family Caregiver Tax Credit amount that will provide tax relief to caregivers of infirm dependent relatives including, for the first time, spouses, common-law partners and minor children.
- Introducing a new Children's Arts Tax Credit on up to \$500 per child of eligible fees associated with children's artistic, cultural, recreational and developmental activities.
- Introducing a \$3,000 Volunteer Firefighters Tax Credit amount for volunteer firefighters who perform at least 200 hours of service in their communities.

- Providing nearly \$870 million over two years to address climate change and air quality, including the extension of the ecoENERGY Retrofit – Homes program that will help homeowners make their homes more energy efficient and reduce the burden of high energy costs.

Investing in Innovation, Education and Training

The Government will promote research in leading-edge technologies and will provide Canadians with the opportunity and incentives to acquire the skills needed for jobs in today's labour market. The Next Phase of Canada's Economic Action Plan makes important progress on these priorities by:

- Providing \$80 million in new funding over three years through the Industrial Research Assistance Program to help small and medium-sized businesses accelerate their adoption of key information and communications technologies through collaborative projects with colleges.
- Establishing 10 new Canada Excellence Research Chairs, some of which will be active in fields relevant to Canada's Digital Economy Strategy.
- Increasing the budgets of all three federal granting councils by \$47 million annually, including support for indirect costs.
- Improving commercialization and supporting demonstration of new technologies in the marketplace by supporting research links among colleges, universities and businesses.
- Enhancing and expanding Canada Student Loans and Grants for part-time and full-time post-secondary students.
- Encouraging skills certification by making all occupational, trade and professional examination fees eligible for tax relief.

Preserving Canada's Fiscal Advantage

The Government's three-point plan set out in Budget 2010 to return to budget balance is on track to generate savings of \$17.6 billion over five years. The Next Phase of Canada's Economic Action Plan builds on these actions with measures to achieve additional savings over five years by:

- Delivering more than \$500 million in new ongoing savings from the 2010 round of strategic reviews.
- Protecting the integrity and fairness of the Canadian tax system by closing tax loopholes.
- Launching a comprehensive one-year Strategic and Operating Review of departmental spending across all of government in 2011–12.

Once completed, this Strategic and Operating Review will achieve \$4 billion in annual savings and allow the Government to return to balance by 2014–15, one year earlier than previously planned, Minister Flaherty said. Savings from the review are not recorded in Budget 2011, but will be reported on and recorded in Budget 2012 when the review is completed and savings identified.

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