



CANADA

# CANADA'S ECONOMIC ACTION PLAN

BUDGET 2009

Overview

JANUARY 27, 2009



## Introduction

Budget 2009 provides a comprehensive plan to stimulate our economy, restore confidence, support Canadian families during the current global downturn and invest in the foundations of long-term economic growth.

This stimulus plan will enable Canada to emerge with a more modern and greener infrastructure, a more skilled labour force, lower taxes and a more competitive economy—when the global recession eases.

Budget 2009 will:

- Improve access to financing for consumers and businesses with support of up to \$200 billion.
- Reduce taxes for Canadians and businesses by more than \$20 billion over 2008–09 and the following five years.
- Undertake the most ambitious building project in Canada's history with almost \$12 billion in new infrastructure funding and \$7.8 billion to build and renovate housing.
- Protect Canadians now affected by the global economic slowdown with enhanced benefits and training opportunities.
- Create or maintain up to 190,000 jobs for Canadians by the end of 2010.
- Provide total stimulus equal to 1.9% of GDP this year.

## Stimulus for Canada

### Over the next two years, Canada's Economic Action Plan will:

- Provide almost \$40 billion in stimulus.
- Boost the gross domestic product by an estimated 1.9 per cent.
- Produce a net increase of 190,000 jobs.
- Provide tax relief to Canadians.
- Provide \$8.3 billion for skills and training.
- Reduce greenhouse gas emissions with clean energy and lower consumption.
- Strengthen Canada's capacity with new and renewed infrastructure.
- Fulfill our G20 commitment to support the global economy.

## Creating Opportunity By Further Reducing Taxes

Budget 2009 proposes personal income tax relief. This includes:

- Increasing the basic personal amount that all Canadians can earn without paying federal income tax.
- Raising the upper limit of the two lowest personal income tax brackets by 7.5 per cent so that Canadians can earn more at lower tax rates.
- Increasing the amount that low- and middle-income families can earn before their federal child benefits are phased out.
- Investing \$580 million to effectively double the tax relief provided by the Working Income Tax Benefit.
- Providing tax savings of up to \$150 a year for seniors by increasing the Age Credit amount by \$1,000.

## Action to Stimulate Housing Construction

Budget 2009 provides up to \$7.8 billion for housing construction and renovation. This includes:

- The temporary Home Renovation Tax Credit of up to \$1,350 for eligible home renovations and alterations.
- An increase to the Home Buyers' Plan withdrawal limit to \$25,000 from \$20,000 to help Canadians buy a first home.
- A new First-Time Home Buyers' Tax Credit that will provide up to \$750 in tax relief when purchasing a first home.
- \$300 million over two years to the ecoENERGY Retrofit program.
- \$1 billion over two years for renovation and energy retrofits to social housing.
- \$400 million over two years to build housing for low-income seniors.
- \$75 million over two years to build social housing for persons with disabilities.
- \$200 million over two years to support social housing in the North.
- \$2 billion over two years in low-cost loans to municipalities to improve housing-related infrastructure.

## Immediate Action to Build Infrastructure

Budget 2009 invests almost \$12 billion to build a more modern and greener infrastructure. This includes:

- \$1 billion over five years for a green infrastructure fund.
- Up to \$500 million over the next two years to accelerate infrastructure projects in small communities.
- \$1 billion over two years to expedite new "ready-to-go" provincial, territorial and municipal projects.
- \$4 billion over two years to restore aging infrastructure.
- \$500 million over two years to Recreational Infrastructure Canada (RIc) to build and renew community recreational facilities.
- \$2 billion for repair, maintenance and construction of post-secondary institutions.
- \$750 million to the Canada Foundation for Innovation to support leading-edge research infrastructure.
- \$50 million to the Institute for Quantum Computing for a new research facility.

## Action to Build a Greener Canada

### Budget 2009 targets investments that improve Canada's environment. These include:

- \$1 billion for green infrastructure projects.
- \$1 billion over two years for renovation and energy retrofits to social housing.
- \$300 million over two years to the ecoENERGY Retrofit program.
- \$1 billion for clean energy research, development and demonstration projects.
- \$87 million over two years for key Arctic research facilities.
- \$245 million over two years for the cleanup of federal contaminated sites.
- \$10 million to improve government environmental reporting.

- \$250 million over two years for deferred maintenance at federal laboratories.
- \$500 million to Canada Health Infoway for electronic health records.
- \$225 million over three years to extend broadband coverage to unserved communities.
- \$407 million for improvements to VIA Rail service.
- \$72 million over five years to improve railway safety.
- \$130 million to Parks Canada for Trans-Canada Highway twinning.
- \$150 million for visitor improvements and upgrades to Parks Canada.
- \$212 million to renew the Champlain Bridge in Montréal.
- \$57 million for the renewal of other key federal bridges across Canada.
- \$80 million over three years to expand and modernize border service facilities.
- \$217 million for core commercial fishing harbours across Canada.
- \$323 million over two years to restore federal buildings.
- \$87 million over two years for key Arctic research facilities.
- \$20 million in each of two years to improve the accessibility of federally owned buildings for persons with disabilities.
- \$296 million to enhance air passenger security.
- \$1 billion for clean energy research, development and demonstration projects.
- \$110 million over three years for space robotics research and development.
- \$81 million over two years to accelerate the cleanup of federal contaminated sites.
- \$10 million to improve government environmental reporting.

## Action to Help Canadians and Stimulate Spending

Budget 2009 will support those Canadians affected by the global slowdown with:

- A 14-week extension of work-sharing agreements to a one-year maximum.
- \$50 million over two years to cover severance pay owed to eligible employees of bankrupt companies.
- A five-week extension to all regular Employment Insurance (EI) benefits for two years.
- Continued low EI premium rates of \$1.73 for 2009 and 2010, providing relief of \$4.5 billion over two years.
- \$500 million to extend EI benefits for workers in longer-term training.

## Enhancing the Availability of Training

Budget 2009 will support an unprecedented level of training with:

- \$1.5 billion over two years for EI and non-EI training programs.
- \$55 million over two years for youth employment.
- \$60 million over three years for the Targeted Initiative for Older Workers.
- \$40 million a year to launch the \$2,000 Apprenticeship Completion Grant.
- \$87.5 million over three years to expand the Canada Graduate Scholarships program.
- \$50 million for a foreign credential recognition framework.

## Improving Access to Financing

Budget 2009 improves access to financing that Canadians and businesses need to invest, grow and create jobs. Under the Extraordinary Financing Framework, it supports up to \$200 billion in financing, including:

- An additional \$50 billion for the Insured Mortgage Purchase Program, increasing its size to \$125 billion.
- \$13 billion to increase the lending of Crown corporations, of which \$5 billion will be delivered through the new Business Credit Availability Program.
- \$12 billion for a Canadian Secured Credit Facility to support financing of vehicles and equipment.
- An increase in the loan limit for small businesses under the Canada Small Business Financing Program.

## Strengthening Canada's Financial System

Budget 2009 will further strengthen Canada's financial system with:

- Broadened Government authority to promote financial stability.
- Support for the transition to a Canadian securities regulator with willing provinces and territories.
- Better disclosure and business practices in consumer finance.

## Action to Support Businesses

Budget 2009 includes significant measures to position Canada's economy for long-term recovery. These include:

- A two-year, 100-per-cent capital cost allowance (CCA) rate for investment in computers.
- A two-year extension of the temporary 50-per-cent straight-line accelerated CCA rate to investment in manufacturing or processing machinery and equipment undertaken in 2010 and 2011.
- Over \$440 million in savings for Canadian industry over the next five years by eliminating tariffs on a range of machinery and equipment.
- \$170 million over two years to support innovation and marketing for the forestry sector.
- \$500 million over five years to facilitate new agricultural initiatives.
- \$50 million over three years to strengthen slaughterhouse capacity.
- \$175 million to buy new coast guard vessels and refurbish aging vessels.
- Over \$335 million over two years for cultural and arts programs, including television, print media, museums, libraries and local theatres.
- \$40 million over two years for tourism marketing activities.
- \$50 million per year for marquee festivals and other tourist events.

## Action to Support Small Businesses, Regions and Communities

Budget 2009 targets support to those small businesses and parts of Canada most affected by the economic downturn, including:

- An increase to \$500,000 in the amount of small business income eligible for the reduced federal tax rate of 11 per cent.
- \$30 million over two years for the Canada Business Network.
- \$200 million over two years to support industrial research for small and medium-size businesses.
- More than \$1 billion over five years for a Southern Ontario development agency to support economic development in Southern and Eastern Ontario.
- \$1 billion over two years for a Community Adjustment Fund to lessen the impact of economic adjustment.
- \$50 million for a new regional agency, and economic development in the North.
- A one-year extension of the temporary 15-per-cent mineral exploration tax credit.

## Aboriginal Canadians

Budget 2009 provides significant new investments for Aboriginal Canadians, including:

- \$515 million over two years to accelerate "ready-to-go" First Nations projects in three priority areas: schools, water, and critical community services.
- \$400 million over two years for social housing for First Nations on reserves.
- \$100 million over three years in the Aboriginal Skills and Employment Partnership.
- \$75 million in a two-year Aboriginal Skills and Training Strategic Investment Fund.
- \$305 million over two years to improve health outcomes for First Nations and Inuit people.
- \$20 million over two years to improve child and family services on reserves.

## How Can I Get More Information?

Information is available at [www.fin.gc.ca](http://www.fin.gc.ca)

Copies of this brochure are available from the Department of Finance or Service Canada:

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