



CPISC update: Budget 2009 and Throne Speech, January 26 and 27, 2009

On Monday, the Governor General opened the second session of Parliament with a short throne speech that touched on 'a time of unprecedented economic uncertainty'.

The speech also covered the government's consultative efforts to find a solution to the economic crisis and the resulting planned economic stimulus plan, which includes support to industries in difficulty.

Further details of that support were revealed yesterday when Finance Minister, Jim Flaherty, presented Canada's Economic Action Plan, his fourth budget, in the House of Commons.

Since the government's last economic update in November 2008, the economic position both globally and in Canada has worsened.

In November, the government had indicated that Canada would experience a 'technical' recession in the coming months and that the uncertainty and risks surrounding the economic outlook were greater than usual.

Yesterday that economic deterioration was confirmed, and the government said that: the private sector outlook for real and nominal GDP in Canada had been revised down significantly since the time of the *Economic and Fiscal Statement* in November. The Budget 2009 statement goes on to say that:

- There is now a broad-based consensus that the Canadian economy entered a recession in the fourth quarter of 2008. Private sector forecasters expect the recession to last three quarters.
- The global economy is in the most synchronized recession in the post-war period and the ongoing financial market crisis is the worst since the 1930s.
- Weaker expectations for global growth have led to a further decline in the prices of many of the commodities produced in Canada.

As promised in November, the Government said yesterday it had consulted with provinces, territories and Canadians to develop responses to the economic issues, continuing with its focus on:

- Accelerating infrastructure projects
- Improving opportunities for workers and sectors affected by current economic conditions
- Strengthening the financial system
- Improving the competitiveness of the Canadian economy

While there is significant mention of support for sectoral competitiveness, there is little to no mention of the printing and graphic communications sector, except for plans to increase access to Canadian newspapers and magazines.

There is, however, some focus on supporting businesses to acquire credit and new equipment which could have an impact on the industry. There is also a focus on small to medium enterprises which comprise 75% of the printing sector.

Further, there is significant focus on skills and training, which is relevant to both the sector and CPISC in regards to both our Skill Standards and plans to develop career pathway and training tools.

Notable excerpts from the 2009 Budget include:

Building a Stronger Canada

With this Economic Action Plan, Canada will emerge from this economic crisis with a more modern and greener infrastructure, a more skilled labour force, lower taxes and a more competitive economy.

Enhancing the Availability of Training

Budget 2009 will create more and better opportunities for Canadian workers through skills development by:

- Increasing funding for training delivered through the Employment Insurance program by \$1 billion over two years.
- Investing \$500 million over two years in a Strategic Training and Transition Fund to support the particular needs of individuals who do not qualify for EI training, such as the self-employed or those who have been out of work for a prolonged period of time.
- Providing \$55 million over two years to help young Canadians find summer jobs.
- Supporting older workers and their families with an additional \$60 million over three years for the Targeted Initiative for Older Workers and expanding it to include workers in small cities.
- Responding to skilled labour shortages with \$40 million a year to launch the \$2,000 Apprenticeship Completion Grant.
- Providing \$50 million over two years for a national foreign credential recognition framework in partnership with provinces and territories.
- Investing an additional \$100 million over three years in the Aboriginal Skills and Employment Partnership (ASEP) initiative, expected to support the creation of 6,000 jobs for Aboriginal Canadians.
- Investing \$75 million in a two-year Aboriginal Skills and Training Strategic Investment Fund.

Action to Support Businesses and Communities

Budget 2009 protects jobs and supports sectoral adjustment during this extraordinary crisis with \$7.5 billion in extra support for sectors, regions and communities. This includes targeted support for the auto, forestry and manufacturing sectors, as well as funding for clean energy.

The Government is responding to gaps in credit markets by providing up to \$200 billion through the Extraordinary Financing Framework to improve access to financing for Canadian households and businesses.

Other plans to support businesses include:

- Freezing EI premium rates at \$1.73 per \$100 for both 2009 and 2010—their lowest level since 1982—a projected \$4.5 billion stimulus relative to break-even rates.
- Introducing a temporary 100-per-cent capital cost allowance (CCA) rate for computers acquired after January 27, 2009 and before February 1, 2011.
- Extending the temporary 50-per-cent straight-line accelerated CCA rate to investment in manufacturing or processing machinery and equipment undertaken in 2010 and 2011.
- Repealing the interest deductibility constraints in section 18.2 of the Income Tax Act.
- Providing over \$440 million in savings for Canadian industry over the next five years by permanently eliminating tariffs on a range of machinery and equipment.

Sectoral Competitiveness

The Budget includes short-term support for a number of sectors and industries, including forestry, agriculture, slaughterhouses, shipyards, and repayable loans for the automotive sector.

While there is no specific mention of support for the printing industry, the Budget does include reference to: providing \$30 million over the next two years to support continued access to Canadian magazines and community newspapers, which may have some effect on the industry.

Supporting Small Businesses

Small businesses are dynamic and drive economic growth and job creation. Budget 2009 supports their growth by:

- Increasing the amount of small business income eligible for the reduced federal tax rate of 11 per cent to \$500,000 from the current limit of \$400,000 as of January 1, 2009.
- Increasing access to credit for small businesses through proposed amendments to the Canada Small Business Financing Program and the Business Development Bank of Canada.
- Allocating \$200 million over two years to the National Research Council's Industrial Research Assistance Program to enable it to temporarily expand its initiatives for small and medium-sized businesses.

A complete copy of the Budget for 2009 is available at:

<http://www.budget.gc.ca/2009/pdf/budget-planbugetaire-eng.pdf>

A copy of the Throne Speech is available at:

http://www.sft-ddt.gc.ca/grfx/docs/sft-ddt-2009_e.pdf