

## NMMA Canada Bulletin - January 28, 2009

### Highlights of the Harper Government Budget

Finance Minister, Jim Flaherty delivered the government's new and revised budget yesterday. It is a mix of modest tax cuts, increased program spending and significant short-term incentives and spending to boost investment, consumption and employment, the latter primarily through accelerated infrastructure spending.

The real test of this budget is political – will it gain enough support in Parliament to allow the Harper government to survive? It does appear good enough to pass the test. The vote will be later this week.

The highlights which may affect our industry include:

- \$200 million to National Research Council's Industrial Research Assistance Program to enable it to temporarily expand initiatives for small and medium sized businesses.
- Outlining legislative changes to the Navigable Waters Act; making the necessary changes to facilitate infrastructure developments.
- Strengthening benefits for Canadians workers– \$1.9 Billion over two years – includes five extra weeks of Employment Insurance benefits.
- Changes to EI for up to 10,000 long-tenured workers who need time and financial support to adapt to the changing economy.
- Extending work-sharing agreements by 14 weeks, to a maximum of 52 weeks and increased access to work sharing agreement.
- Eliminating tariffs on a range of machinery and equipment, which is expected to lower costs for Canadian producers in a variety of sectors; recognizing that these sectors must purchase expensive specialized equipment from overseas. This is designed to enhance productivity of these operations and improve competitiveness. This measure is expected to affect close to \$2 billion in annual imports of machinery and equipment and provide over \$440 million in savings for Canadian industry over the next five years.
- Make available to Canadian businesses up to \$200 billion in liquidity and financing to keep the economy moving. This new financing framework will have several components. It will extend the insured mortgage purchase program through the first half of the next fiscal year to encourage private sector financial institutions to increase lending. Government will also establish a new Canadian secured credit facility to help consumers and businesses in financing the purchase of vehicles and equipment.
- While directly not affecting the recreational industry, there will be \$217 million to build and improve core commercial fishing harbours across Canada.
- There are a number of allocations regarding tourism - \$40 million to the Canadian Tourism Commission; additional funding for national parks; and another statement about developing a

tourism strategy.

- Extend the 50% accelerated CCA rate by two years and provide a temporary 100% CCA depreciation rate for eligible computer hardware and software acquired over the next two years.
- Increase the amount of income eligible for the small-business tax rate again, from \$400,000 to \$500,000.

If you would like to read the whole speech, [click here](#).

If you would like to discuss how the details might affect your business, feel free to contact Sara Anghel at [sanghel@nmma.org](mailto:sanghel@nmma.org) or at (905) 951-4048.