



# GREATER TORONTO HOTEL ASSOCIATION

## **Federal Budget Update**

**March 22, 2011**

Federal Minister of Finance Jim Flaherty today delivered the “*Next Phase of Canada’s Economic Action Plan—A Low-Tax Plan for Jobs and Growth*” in the Conservative government’s 2011 budget. The top priority is to continue to build on the government’s previous stimulus plan and focus on securing continued economic recovery to return to a balanced budget in 2015-16.

### **Highlights**

#### **Fiscal Outlook:**

- 25 per cent reduction in the deficit in 2010-11, and it is projected to shrink by more than 25 per cent again in 2011–12.
- The deficit is projected to continue to decline to \$0.3 billion in 2014–15 with a surplus of \$4.2 billion in 2015–16.
- Real gross domestic product (GDP) is expected to grow to 2.9 per cent in 2011, up from 2.5 per cent in the October 2010 Update of Economic and Fiscal Projections.

#### **Tourism:**

- 5 million for the Calgary Stampede's 100th anniversary.
- \$5 million for celebration of the 100th Grey Cup.
- \$20 million over five years for baggage scanners at airports.
- \$25 million over five years for Harbourfront Centre as part of the revitalization of the Toronto waterfront.
- \$27 million over two years to improve Canada’s weather reporting services to ensure timely forecasts that are crucial to functioning of many businesses including tourism.

#### **Infrastructure:**

- Permanent annual investment of \$2 billion for Municipal Infrastructure through the Gas Tax Fund.
- Development of the Peterborough-Toronto Rail Service.
- Up to \$1 billion to fund 50 per cent of the Gateways and Border Crossings Fund project’s eligible capital costs to advance the construction of a new international bridge in the Windsor-Detroit trade corridor and build the Windsor-Essex Parkway.

#### **US/Canada Trade:**

- Canada and the United States are working to establish an action plan to implement the Shared Vision for Perimeter Security and Economic Competitiveness. The Plan announced February 4, 2011, will increase the legitimate flows of people and goods between both countries and strengthen security and economic competitiveness.

#### **Training:**

- All occupational, trade and professional examination fees are eligible for tax relief, benefitting those requiring skills certification training.

**Labour:**

- Extend work-sharing agreements by up to 16 weeks to avoid layoffs by offering EI benefits to workers willing to work a reduced work week.
- \$1 million over two years to expand the delivery of the Preventive Mediation Program to help employers and unions build working relationships.

**Energy:**

- An accelerated capital cost allowance (CCA) rate to encourage businesses to invest in clean energy generation and energy efficiency equipment by allowing the cost of eligible assets to be deducted for tax purposes at a rate of 50 per cent per year on a declining balance basis.

**Food Safety**

- An additional \$100 million over five years to the Canadian Food Inspection Agency to improve capacity in addition to the initial investment of \$75 million over three years in 2009

The GTHA is will continue to review the budget and its implications for the hotel and tourism industry and provide further information as it becomes available.

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