



Government
of Canada

Gouvernement
du Canada

**GOVERNMENT RESPONSE TO THE FOURTH REPORT OF
THE STANDING SENATE COMMITTEE ON AGRICULTURE
AND FORESTRY ENTITLED “*BEYOND FREEFALL: HALTING
RURAL POVERTY*”**

Canada 

AAFC N°: 10639B
Catalogue N°: A114-37/2009E-PDF
ISBN: 978-1-100-14252-4

@Her Majesty the Queen in Right of Canada, 2009-11-19

Also available in French:

Réponse du gouvernement au quatrième rapport du comité sénatorial permanent de l'agriculture et des forêts intitulé «*Au-delà de l'exode : mettre un terme à la pauvreté rurale*»

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INTRODUCTION

The Government of Canada is pleased to respond to the Final Report of the Standing Senate Committee on Agriculture and Forestry (the Committee), entitled *Beyond Freefall: Halting Rural Poverty* (the Report). The Government has carefully read and reflected on the Report.

The Government of Canada commends the members of the Committee, and the many witnesses who appeared before it, for their insight and commitment to understanding and dealing with the challenges and opportunities of rural Canada. The Government supports the positive approach and the constructive thoughts and ideas put forth by the Committee. The Report offers many valuable perspectives on rural communities that merit attention by federal, provincial, territorial and municipal governments, the private sector and other stakeholders.

A Strong and Prosperous Canada

The Government’s vision for Canada is a nation that is economically strong and prosperous, welcoming and safe for all Canadians. The Government believes that Canada's national strengths are a function of the strengths of its communities – whether large or small, urban or rural.

Budget 2009: Canada’s Economic Action Plan (Budget 2009) reflects the Government’s vision for a stronger, safer and better Canada through the creation of jobs, a cleaner environment and stronger communities. Through Budget 2009, the Government provides approximately \$40 billion to support the Canadian economy and to help individuals, communities and industries. In combination with funding from provincial and territorial partners, the total stimulus provided by Budget 2009 over the two years is almost \$52 billion, or 3.2 per cent of Gross Domestic Product (GDP).

In its third economic progress report (September 2009), the Government of Canada indicated that it remains committed to implementing Budget 2009, which positions the economy for long-term success through a more competitive tax system, leadership in research and innovation, infrastructure renewal and building, and support for critical industries.

Rural Canada – An Integral Part of Canada

Since rural Canada is vital to Canada’s long-term wealth, the Government of Canada will continue to work to ensure that rural Canadians benefit from the growth and prosperity that they help to create. Over the next few years, rural Canada will benefit from Budget 2009 investments. For example:

- Measures for individuals: The provision of five additional weeks of Employment Insurance (EI) regular benefits to all EI claimants, the increase in the maximum duration of benefits under the EI program in regions of high unemployment from 45 to 50 weeks and the provision of earlier or extended EI benefits to long-tenured workers who undertake training will help rural workers who have lost their permanent (non-seasonal) jobs due to adjustments in industries like agriculture and forestry. Increased funding for training and apprenticeships will similarly support rural workers, particularly those who have been unemployed for long periods or who have been self-employed. Tax relief will further assist low income rural families and seniors.
- Measures for communities: The Community Adjustment Fund (CAF), delivered by the Regional Development Agencies (RDAs), will assist agriculture and other resource-dependent communities in restructuring and diversifying their economies. The formation of two new RDAs - one for Southern Ontario and one for the North – is a concrete sign of the Government’s attention to the needs of rural Canada and new funds will be made available for community and business development initiatives in those regions. A number of infrastructure investments will enable small and rural municipalities to upgrade infrastructure, and to develop economic opportunities.
- Measures for small business: Small- and Medium-sized Enterprises (SMEs) are an important part of rural community economies. The Industrial Research Assistance Program (IRAP) reaches rural as well as urban businesses and will continue to support rural business innovation. Rural businesses will also benefit from increased credit availability from the Canada Small Business Financing Program, and increased funding to the Canada Business Network and the Canada Youth Business Foundation.

Commitment to Rural Canada (Recommendation 1-1)

The Government of Canada will continue to invest and partner with provinces and territories, businesses and rural stakeholders to support commerce, create employment opportunities, attract skilled knowledge workers, increase revenues and incomes, improve access to health services and education and boost the development of small and medium-sized businesses. The objective of the Government of Canada is to create an environment for investments and partnerships so that rural Canada has the services, programs, and public infrastructure to share in the wealth of a strong Canadian economy.

Government Response

The Government of Canada supports the spirit and intent of the Committee’s Report and recommendations – that rural Canada, is a vibrant and vital part of the country, and that it is important for all levels of government and economic sectors to work together to develop opportunities for rural communities.

The Government of Canada welcomes this opportunity to:

- Describe Canada's social security architecture which provides assistance through the tax system, targeted measures to help families, seniors and pensioners, workers, and people with disabilities;

- Report on progress through recent investments and partnerships designed to improve the quality of life and address the unique challenges of rural Canada; and
- Show how the federal government supports and complements the efforts of provinces and territories, as well as those of the private sector, the not-for-profit sector, communities and individuals themselves.

The Government Response is presented in four parts: a coordinated approach for sustained rural growth and prosperity; investments and partnerships to stimulate rural economies; investments and partnerships to support vulnerable Canadians and improve quality of life, and investments and partnerships to re-vitalize rural communities.

Twenty-nine departments, agencies and Crown corporations have given careful consideration to the Report's sixty-eight recommendations and participated in the preparation of the Response.

Responses to each recommendation are contained in the text and, for ease of reference, the recommendations contained in *Beyond Freefall: Halting Rural Poverty* are provided in Appendix A to the Government Response.

A list of acronyms appears as Appendix B.

A COORDINATED APPROACH FOR SUSTAINED RURAL GROWTH AND PROSPERITY

The Government of Canada recognizes that rural Canada provides considerable opportunities for development and growth. Natural resource industries rooted in rural Canada – agriculture, forestry, fishing, mining, energy, and related businesses – account for over 50 per cent of national exports and provide the energy, food and raw materials to fuel growth in the rest of the country. Rural communities also have the potential to play an increasingly large role in developing wind, hydro, solar and biofuel technologies and in building a greener and healthier economy for Canada, and in developing innovative opportunities in other sectors including value-added agriculture and forestry, tourism and small business.

A Coordinated Approach (Recommendations 1-1 and 2-1)

The Government of Canada's approach in rural Canada is based on investments and partnerships in:

- Initiatives that promote innovation, foster economic diversification, growth and job creation, assist industries, particularly micro-and small-sized businesses, to explore global markets and investment opportunities, and enhance entrepreneurial skills;
- Programs that provide income support measures, tax benefits and credits, broad-based social services and assistance, and community health programs and services that complement the programs and initiatives of provincial, territorial and local government levels; and
- Undertakings that enhance the competitiveness of rural regions, foster sustainable economic activities and facilitate the development of new economic opportunities by building on local assets and unused potential.

The Government of Canada works in partnership with provincial, territorial and municipal governments, industry, non-government organizations, and rural community groups to provide the services and public infrastructure needed by rural Canada to move towards sustainability, growth and prosperity.

In response to the Committee's recommendation for a federal champion for rural Canada, the Minister of Agriculture and Agri-Food was assigned specific responsibility for coordinating rural development and enhancing the quality of rural life. The Minister identifies rural issues and priorities, promotes dialogue among rural stakeholders, rural citizens and the federal government, supports local/regional solutions, and provides leadership for Canada's Rural Partnership. The Partnership is an integrated, government-wide framework through which the Government works to coordinate its economic, social, environmental and cultural policies towards the goal of economic and social development and renewal of rural Canada.

The Minister of Agriculture and Agri-Food and the Minister of State (Agriculture) are supported by the Rural Secretariat of Agriculture and Agri-Food Canada (AAFC).

The Rural Secretariat

The Rural Secretariat is responsible for developing partnerships with federal, provincial, territorial and rural stakeholders in areas such as knowledge-building, policy development and the implementation of the Government's rural development strategies. It facilitates the development and availability of tools to enable rural communities to use their innovative capacity to capture the value of local amenities and to achieve greater local or regional economic competitiveness. In May 2009, the Government of Canada reaffirmed its commitment to rural citizens and invested \$45.6 million over four years in Canada's Rural Partnership for the Rural Secretariat to continue its work with rural citizens and their communities to help them overcome challenges and maximize opportunities.

The Rural Secretariat has facilitated the development and dissemination of a significant body of rural research and analysis. For example, the Rural Secretariat supports Statistics Canada (STC) in the production of the *Rural and Small Town Analysis Bulletin*, which analyzes and reports on rural demography and economic and social trends and issues. The Secretariat also created and maintains the Community Information Database, which provides data on crucial economic and demographic factors at the community level. Knowledge and understanding of these factors inform both government and community action.

The Rural Secretariat has also strengthened its inter-departmental policy network and its links with academics, governments and stakeholders working on rural development issues and federal, provincial and territorial and stakeholder networks in each province and territory to ensure rural issues are considered in federal policy and program development. Overall, the work of the Rural Secretariat enhances the quality of life in rural Canada and helps foster the conditions for more sustainable rural communities which are better equipped to compete in a global economy.

In addition, each Minister addresses the rural issues in his or her portfolio as many departments, agencies and Crown corporations, as noted in the Report, are involved in implementing

important programs and services to respond to the realities of rural Canada. The Rural Secretariat works with government departments, agencies and Crown corporations to explore mechanisms to more effectively coordinate federal government programs, supports, services and investments for rural Canada.

Federal Presence in Rural Canada (Recommendation 2-4)

The Government of Canada recognizes the importance of ensuring access to programs and services by all Canadians and has acted to ensure the availability of services in many locations.

It is important to note that 60 per cent of Core Public Administration positions are already located outside of the National Capital Region in regional offices and in the field (e.g., parole officers, public safety and immigration officials, postal workers, RCMP officers).

Delivery of Federal Services (Recommendation 2-3)

Service Canada (SC), operating within Human Resources and Skills Development Canada (HRSDC), provides access to many government benefits and services as well as information on many programs available to Canadians. SC provides one-stop, integrated service across delivery channels such as telephone, Internet, mail, and in-person, and offers an expanded in-person services network and technology-based systems to support government policy outcomes.

SC has entered into a variety of agreements with other government departments to deliver services on their behalf. Many of these agreements are enabled through collaborative arrangements with local communities and involve infrastructure such as community service buildings, town offices and commercial malls. In addition to these efforts to expand its reach, SC has, on a very limited basis, piloted partnerships with provincial counterparts, such as Service Ontario, to share in-person infrastructure.

Canada Post also provides an important federal presence in rural Canada and offers a vital service to rural Canadians through the maintenance of its communication and transportation infrastructure, which provides postal delivery and postal service outlets. Currently, 67 per cent (approximately 4,400) of post offices are located in non-urban communities. In establishing the Canadian Postal Service Charter in September 2009, the Government maintained the moratorium on the closure of rural post offices. In response to the recommendation to expand the range of services offered by rural post offices, Government departments and agencies may make arrangements with Canada Post to deliver services to Canadians through rural post offices.

INVESTMENTS AND PARTNERSHIPS TO STIMULATE RURAL ECONOMIES

Role of Regional Development Agencies (Recommendation 2-2)

The formation of two new RDAs is a concrete sign of the Government's attention to the needs of rural Canada.

- The Government of Canada made a commitment in the 2008 Speech from the Throne to create a standalone agency for Canada's North. Budget 2009 reaffirmed this commitment, providing \$50 million over five years for the creation of the new agency that will strengthen support for economic activity in the North. The new agency, the Canadian Northern Economic Development Agency (CanNor), will have its head office in Iqaluit, Nunavut, with district offices in the Northwest Territories and Yukon, as well as a policy/coordination office in Ottawa. The Agency will implement an innovative technology-based approach to respond to the unique opportunities and challenges of the North and to coordinate and deliver programs and policies in the three territories. Budget 2009 also provides \$90 million over five years to renew the Strategic Investments in Northern Economic Development program.
- The Government is investing over \$1 billion over five years through Budget 2009 for the creation of the Federal Economic Development Agency for Southern Ontario (FedDev Ontario) to help workers, communities and businesses in the region. Investments will support economic and community development, innovation, and economic diversification. Budget 2009 provides \$20 million over two years for the Eastern Ontario Development program to support business and community development in rural areas of Eastern Ontario.

RDAs are instrumental in the development and delivery of many of the Government of Canada's services, programs and investments that serve to stimulate rural economies. For example:

- The Atlantic Canada Opportunities Agency (ACOA) works to create opportunities for economic growth in Atlantic Canada by helping businesses become more competitive, innovative and productive, by working with diverse communities to develop and diversify local economies, and by championing the strengths of Atlantic Canada. With Atlantic Canadians, ACOA is building a stronger economy. Through the Atlantic Innovation Fund (AIF), ACOA contributes to research and development activities in Atlantic Canada. For instance, in the region's rural communities, the AIF promotes innovation in manufacturing activities related to the agriculture, aquaculture/fisheries and forest sectors. Through the Atlantic Trade and Investment Partnership, ACOA enhances small business counselling to assist micro and small business in smaller communities to explore global market and investment opportunities.
- Canada Economic Development for Quebec Regions (CED-Q) provides assistance to enterprises, communities and to the organizations that support them through its network of fourteen business offices located throughout the province. In particular, CED-Q focuses on diversification to allow rural communities adjust to economic shocks due to changes in the natural resources sectors such as forestry and fisheries. By helping communities to diversify and through support for SMEs, CED-Q has sustained long-term growth and rural development in the province.
- Western Economic Diversification Canada (WD) works to strengthen Western innovation, business development, entrepreneurship, and community economic development. WD promotes rural diversification by supporting projects that increase the capacity to undertake applied Research & Development and value-added production that encourage new opportunities for skilled employment. WD also facilitates economic recovery, and supports initiatives which allow communities to sustain their economies and adjust to changing and challenging economic conditions.
- The Federal Economic Development Initiative in Northern Ontario (FedNor) promotes community economic development, diversification, job creation and sustainable, self-reliant

communities in Northern Ontario. FedNor, which uses a community-based approach, works with a variety of business and community partners to improve access to capital, information and markets in support of economic growth and job creation. As an organization within Industry Canada (IC), FedNor pursues its mandate in a cost-effective manner by accessing and using IC's corporate and administrative services.

The Government of Canada is confident in the critical role that RDAs play in stimulating rural economies and that rural Canada is well-served by the various initiatives and investments of RDAs.

SUPPORT FOR THE AGRICULTURE AND AGRI-FOOD SECTOR

The agriculture and agri-food sector accounts for a significant portion of the rural economy and has an impact on many rural communities across Canada. The sector contributed \$99.1 billion to the country's GDP or 8.1 per cent of the Canadian economy and employed 2.2 million Canadians in 2008. In 2007, Canada was the fourth-largest exporter of agriculture and agrifood products in the world, with exports valued at \$32 billion. The processing component of the agriculture sector is the second largest contributor to total manufacturing GDP in Canada.

The sector encompasses several industries including the farm input and service supplier industries, primary agriculture, food, beverage and tobacco processing, wholesale and retail food industries and foodservices. Businesses within each industry segment vary in production, size, structure and type.

Jurisdiction for this sector is shared between federal, provincial and territorial governments. In July 2008, federal, provincial and territorial governments completed a new five-year policy framework on agriculture, agri-food and agri-based products called *Growing Forward* which is supported by a commitment of \$1.3 billion in funding to new programs over five years. This is in addition to funding available for demand-driven Business Risk Management (BRM) programs.

The sector operates in an environment of uncertainty. For example, weather-related events and disease affect agricultural production, consumer demands continue to evolve, trade issues arise, and global economic conditions influence agricultural and food markets. The sector responds to many of these challenges by continuously developing innovative products, such as bioproducts and nutraceuticals, changing farming or processing methods, and in some instances, increasing in size and concentration. To support the sector in managing these risks, the Government, with its provincial and territorial partners, has implemented BRM programs which are simple, responsive and bankable for farmers. The BRM suite includes producer savings accounts through AgriInvest, a margin-based program called AgriStability, production insurance under AgriInsurance, and AgriRecovery, a disaster relief framework. Since the new BRM programs were launched in 2007, approximately \$3.5 billion has flowed to producers (as of September 21, 2009) largely located in rural areas and payments continue to be released under these programs.

In addition, two measures announced in Budget 2009 will have an impact on the competitiveness of the sector: the \$500 million Agricultural Flexibility Fund (AFF) and the \$50 million funding to strengthen slaughter capacity in various regions of the country. The AFF includes measures

that will reduce costs of production and improve environmental sustainability in agriculture. These initiatives support Canada's agriculture sector in a manner that promotes prosperity across all Canadian communities including rural ones.

Farm Families (Recommendations 3-1 and 3-2)

The Canadian Farm Families Options Program (CFFOP) of AAFC was a federally-funded pilot program which aimed to provide short-term financial assistance to low-income farm families and individual farmers while they pursued training and professional advice to help them improve on and off-farm income prospects. Nearly \$221 million in payments were made over the two years of the CFFOP. About 15,300 farm families received payments in the first program year and about 9,400 in the second year.

In response to the feedback received from many producers and farm leaders that this was not the right kind of program to address the needs of farmers, changes were made to the second year of CFFOP. As a result, \$230 million was redirected to other agricultural priorities. The Government continues to offer support to farm businesses by providing various financing and financial assistance services to the agriculture and agri-food sector. The following examples complement BRM programming referred to above:

- The *Canadian Agricultural Loans Act* (CALA) program was announced in Budget 2009. CALA is a key financing mechanism that makes credit more accessible for farmers and agricultural co-operatives by guaranteeing loans issued by financial institutions. The maximum limit on CALA loan guarantee is \$500,000, with \$500,000 available for real property (land and buildings) and \$350,000 available for all other eligible loan purposes. With guaranteed loans available to farmers, including beginning farmers, CALA is helping to strengthen and renew the agricultural sector.
- Farm Credit Canada (FCC) offers several loan products to support inter-generational transfers and beginning and young farmers, and offers farm management seminars on topics such as vision and goal setting, succession planning, estate planning, financial accounting and financial analysis.
- Financial assistance to various business development initiatives aimed at improving farm business management skills is available, mainly through programming under *Growing Forward*. For example, the Business Development Initiative identifies young farmers as a priority. Most of these initiatives are designed and delivered by the provinces, to best suit the needs of their producers.

The Government of Canada realizes the importance that proper business and succession planning plays in ensuring the future of farming businesses. The *Income Tax Act* contains provisions that benefit small businesses, including farm operations. For instance, the Act allows for the deferral of taxable capital gains on the inter-generational transfer of property principally used in a farming business. In addition, Budget 2007 increased the Lifetime Capital Gains Exemption (LCGE) to \$750,000 from \$500,000, for which farming property may be eligible. Incorporated farming businesses may benefit from the preferential small business tax rate on the first \$500,000 of income.

SUPPORT FOR THE ENVIRONMENT

Ecological Goods and Services (Recommendation 3-3)

Many policy approaches can be used to enhance the supply of Ecological Goods and Services (EG&S) by the agricultural sector and other rural landowners (e.g. emissions trading, taxes, incentives, stewardship programs, etc). The Government of Canada believes that any EG&S initiative must have specific environmental objectives and outcomes, and a means of demonstrating measurable progress in maintaining and improving ecological services on producers' land.

AAFC, Environment Canada (EC), and other federal and provincial departments are evaluating the efficiency of a range of innovative mechanisms to enhance EG&S, such as tradeable permits, conservation easements, enhancements of environmental farm plans, and market-based instruments such as water quality trading and auctions.

Watershed Agreements (Recommendation 3-4)

The Government of Canada recognizes that effective watershed management requires an integrated approach where all levels of government and relevant stakeholders collaborate to ensure that diverse mechanisms and capacities are deployed to meet the needs of the watershed and a sustainable economy. In Budget 2007, the Government made a series of investments in Canadian watersheds including:

- \$12 million over two years to support the clean-up of Lake Simcoe;
- \$11 million over two years to accelerate the clean-up of eight Areas of Concern in the Great Lakes Basin under the Canada-U.S. Great Lakes Water Quality agreement;
- \$7 million over two years to support federal leadership in advancing the clean-up of Lake Winnipeg; and
- \$5 million over two years to the International Joint Commission for further study of the Great Lakes and outreach on water quality with the U.S.

The provinces and territories are the main authorities managing water resources in Canada. It is this order of government that makes decisions regarding flow regulation, water use development, water supply, and pollution control. Many provinces have moved towards integrated watershed-based approaches to resource management. These are coordinated approaches to watershed management that seek to optimize the contribution of aquatic resources to economic and social benefits without compromising the sustainability of vital ecosystems. They are a means to enable decision-making that balances a wide range of goals and the interests of many stakeholders (both rural and urban) related to the environment, economics and society.

When decisions made by provinces and territories have an impact in areas of federal responsibility, such as pollution control or fish habitat protection, the Government of Canada has an obligation to become involved. The Government of Canada is responsible for drinking water provisions in areas of federal jurisdiction (First Nations, national parks, national defence), aquatic ecosystem protection, including for fish and wildlife habitat and species at risk; marine

navigation; and formal agreements for managing water resources between provinces, and between Canada and the United States.

Since watersheds rarely align neatly with jurisdictional boundaries, one of the primary strategies for managing watersheds in Canada is designing effective mechanisms for the governance of water, land and resources within and across jurisdictions. There are many examples in Canada of the use of governance mechanisms involving a local advisory board with members from federal, provincial, territorial and local municipal governments, Aboriginal peoples, industry, educational institutions, local stewardship groups, development groups, wildlife groups, environmentalists, landowners, and the concerned public. The Government is directly involved in some of these mechanisms, and in others their role is that of facilitator, advisor, information provider, or funding source.

The Government also supplies many of the instruments to support an integrated approach to watershed management, and supports the development of agreements between stakeholders within the watershed. These include legislation and regulation to enforce protection and conservation; policies to encourage preservation and rehabilitation; programs that build capacity within the community through funding as well as education and outreach; and the science, research, data, information and advice that informs decision-makers.

The Government of Canada is investing in the protection of our watersheds under the Action Plan for Clean Water and is evaluating the effectiveness of a range of watershed management instruments to ensure that they can demonstrate measurable results.

Habitat Stewardship Program (Recommendation 3-5)

The Government of Canada recognizes the importance and value of stewardship when it comes to the protection and recovery of species at risk, and the Habitat Stewardship Program (HSP) for Species at Risk has been funding community-based conservation projects that conserve and protect species at risk and their habitat.

The Government is pleased to report that the HSP is funded on a stable basis through the Government's Species at Risk Program. It is supported by government annual appropriation funding and is being supplemented by additional funding until 2011-2012.

Offset System for Greenhouse Gases (Recommendation 3-6)

The Government of Canada took an important step towards establishing a carbon market in Canada by moving forward with its Offset System for Greenhouse Gases. The Offset System, an important component of Canada's climate change plan, is designed to help achieve the Government's target to reduce greenhouse gas emissions by 20 per cent from 2006 levels by 2020, and to generate real emission reduction opportunities across the economy. The Offset System will issue credits and encourage cost-effective domestic greenhouse gas reductions in areas that will not be covered by planned domestic regulations for greenhouse gas emissions, such as the forest and agriculture sectors.

Two draft guides published in the *Canada Gazette, Part I* on June 13, 2009 set out the proposed rules and guidance on the requirements and processes used to generate offset credits and to verify the eligible greenhouse gas reductions achieved from a registered project. The release of these two draft guides followed the publication of the first draft guide in August 2008, which proposed the rules and guidance to quantify greenhouse gas reductions for projects in Canada's Offset System. The final versions of all three guides will be published after all comments have been reviewed.

The Government of Canada is developing a rigorous approach to climate change and will be working closely with provinces and territories and stakeholders to finalize the approach.

Canadian Renewable Fuels Strategy (Recommendation 3-7)

The Government of Canada developed the Canadian renewable fuels strategy to support the domestic production of biofuels based on a number of factors including: reducing greenhouse gas emissions, diversifying Canadian energy supplies and increasing economic development and diversification opportunities for farmers and rural communities. To achieve this objective, the Government is investing \$2.2 billion over 9 years to help develop the Canadian biofuels industry.

The overall Canadian renewable fuels strategy is being led by AAFC. EC leads the regulatory development, Natural Resources Canada (NRCan) administers production incentives (ecoENERGY for biofuels program) and Sustainable Development Technology Canada supports next generation biofuels such as cellulosic ethanol (Nextgen Biofuels Fund™). This participation across departments highlights the diverse nature of the objectives of the strategy. As a result, this policy was designed to achieve broad objectives, which includes providing positive impacts for rural regions.

RDAs support biofuels development as well. For example, in Northern Ontario, FedNor has been working with NRCan, Lakehead University and private sector partners focused on the potential of the forest sector to contribute to the development of biofuels.

As the Canadian renewable fuels strategy is implemented, there will be benefits to biofuels development for rural economies including new jobs and new market opportunities for farmers. Analysis conducted within AAFC estimated that to meet the renewable fuel mandate, about 8,700 jobs (direct and indirect) would be created in Canada with an expected average of about 334 jobs per 100 million litres of biofuels production capacity developed.

A recent example of the impact for rural communities is in Johnstown, Ontario where GreenField Ethanol's new plant employs approximately 50 people, in addition to the construction jobs created to build the plant and ongoing jobs in transportation and spin-off jobs throughout the community. Also, GreenField is working hard to employ local people and set up contracts with local farmers to buy their corn and sell farmers its distiller's grains, a protein-rich co-product of the ethanol production process that can be substituted into livestock feed rations at a savings compared to traditional feed sources. On June 19, 2009, the Government announced a commitment of \$117.5 million to GreenField through the ecoENERGY for the biofuels program (\$110.2 million) and the ecoAgriculture Biofuels Capital initiative (\$7.3 million).

Prior to the development of the biofuels industry in Canada, the \$20 million Biofuels Opportunities Producers Initiative administered by AAFC was established to assess the feasibility of biofuel plants across Canada. More than 120 business plans were developed allowing entrepreneurs and/or communities to accurately gauge the risks and benefits of investing in a biofuels plant. The Government continues to support both first-generation biofuels through the \$200 million ecoAgriculture Biofuels Capital Initiative administered by AAFC and the \$1.5 billion ecoENERGY for the biofuels program administered by NRCan. Development of next-generation biofuels are supported through the \$500 million Nextgen Biofuels Fund™ administered by Sustainable Development Technology Canada.

As noted earlier, the Canadian renewable fuels strategy has multiple objectives including reducing GHG emissions, diversifying Canada's energy supply and new opportunities for farmers and rural communities. This integrated approach makes it difficult to evaluate the strategy solely based on its impact on rural communities. However, as programs conclude, there will be reviews, as required by Treasury Board guidelines, to evaluate each program based on objectives set out in the program architecture including impacts for rural communities where appropriate.

Producers of Organic Products (Recommendation 3-8)

Protecting human health is a priority for the Government of Canada. Through Canada's Food Safety and Consumer Action Plan and by working with industry sectors, provinces and territories, the Government of Canada implements preventative food safety control measures along the food chain. The Government's legislative and regulatory base protects consumers' and producers' rights while maintaining high standards for a safe, fair, and secure trading system. This includes putting in place devices to better identify importers, track imports, and work with foreign authorities to verify the safety of foods at their country of origin.

With respect to organic products, the Government introduced a regulatory framework to support the development of the domestic market and to facilitate access to international markets for organic products produced in Canada. The framework was built upon the existing provincially-based voluntary organic certification systems. Organic products produced or prepared and marketed within a province continue to be subjected to provincial regulation. The provinces of Quebec and British Columbia have regulations in place governing organic production systems. For local organic growers to enter the market, compliance with either provincial or federal regulations may be required. The Government is supporting producer access by making the Canada General Standard Board's Organic Production Systems - General Principles and Management Standards (CGSB 310 Standard) and the Permitted Substances List publicly accessible.

Through a system of product and labelling certification, consumers can have confidence the products they purchase are organic and Canadian producers of organic products can have confidence that products offered in the market meet the principles of organic production. An organic equivalency arrangement with the United States is also now in place. With this arrangement, importers of organic products from the United States are required to meet the terms of this arrangement, contributing to a level playing field.

SUPPORT FOR THE FOREST SECTOR

The Canadian forest sector represents approximately 1.9 per cent of Canada's GDP. In 2006, an estimated 300 communities in Canada, mostly in rural and small town areas, were dependent on the forest sector for at least 50 per cent of their economic base. Canada's forest sector directly or indirectly employs about 750,000 people. Jobs in the sector range from forest management, silviculture and harvesting to mill operations, manufacturing and marketing.

The majority of Canadian forests are public (93 per cent) of which 77 per cent are under provincial or territorial jurisdiction and 16 per cent under federal jurisdiction; the remaining 7 per cent is private land. The federal government is responsible for forestry matters related to the national economy, trade and international relations, and federal lands and parks, and has constitutional, treaty, political and legal responsibilities for Aboriginal peoples.

The Government recognizes the challenges that forest workers, communities and the industry face, particularly within the context of the current economic downturn. At the same time, there are opportunities in the forest sector and in forest-dependent communities to invest in research and development, innovation, public infrastructure and amenities and to use by-product biomass to produce energy for operations and surrounding communities. In this regard, Budget 2009 includes measures to support the long-term competitiveness of the forest sector by helping companies develop new products and processes and take action on new opportunities in the international marketplace. In some cases, non-traditional uses of the forest – ecotourism, conservation of biodiversity, bioenergy, non-timber forest products – are providing alternative job opportunities.

In Budget 2009, the Government announced the CAF, which provides a total of \$1 billion over two years to support communities affected by the economic downturn including forest-dependent communities. Through this initiative, communities have access to funding to support activities that foster economic development and promote economic diversification. This measure adds to the \$1 billion Community Development Trust (CDT) announced by the federal government in 2008. The CDT, which has a three-year lifespan, provides support to single industry towns facing transition, high unemployment, or hit by layoffs across many sectors, including forest-dependent communities.

The Government of Canada will continue to work closely with provincial and territorial governments, rural communities and with industry to address challenges in the forest sector. This inclusive approach will help strengthen the sector's resilience, enable it to seize emerging opportunities and reinforce Canada's leadership in sustainable forestry management.

National Forestry Strategy (Recommendation 4-1)

Several actions have been taken by the Government of Canada in the past years to bring together key stakeholders on forestry, and the Canadian Council of Forest Ministers released its national forestry strategy in December 2008 entitled CCFM's *Vision for Canada's Forest: 2008 and Beyond*. In May 2008, the Minister of Natural Resources co-chaired a forestry roundtable for the purpose of developing a more prosperous future for Canada's forest sector through innovation

and market expansion. The roundtable included Members of Parliament and representatives from governments, industry, unions, the Assembly of First Nations and the research community.

Consultations with resource-dependent communities, undertaken by the Minister of Natural Resources in 2008, played an important role in shaping elements of Budget 2009. Among those elements, several measures are helping rural workers and natural resources dependent communities, including forest-dependent communities. Many of these communities will also benefit from the \$1 billion CAF. For example, CED-Q and the Quebec government have joined forces to help forest-dependent communities with a \$230 million package. Of this package, the federal portion of \$100 million for silviculture and \$15 million for restoration of bridges and culverts on wildlife and multi-resources access roads came from the CAF.

Budget 2009 also provides \$170 million over two years for measures that will secure a more sustainable industry by helping companies to develop new products and processes, and to take advantage of new opportunities in the international marketplace. This initiative builds on the Forest Industry Long-Term Competitiveness Initiative that was announced by NRCan in 2007.

In addition to Budget 2009, the Government of Canada has put in place a \$1 billion Pulp and Paper Green Transformation Program to assist pulp and paper companies to improve their environmental performance. This program lays the groundwork for a greener, more sustainable future for Canada's pulp and paper sector by supporting innovation and investments in areas such as energy efficiency and renewable energy production.

The Government of Canada, in partnership with the Canadian Council of Forest Ministers, federal departments and agencies, industry, forest research institutes, academia, and non-government organizations, will continue to promote the sustainability of forests and a competitive forest sector to improve the quality of life of Canadians, living in urban and rural communities.

Private Woodlots (Recommendation 4-2)

The Government of Canada appreciates the recommendation of the Committee regarding incentives for sustainable forestry management practices on private woodlots through the *Income Tax Act*. The Government of Canada notes that owners of commercial woodlots that are operated as farming businesses may already benefit from tax measures that allow for cash-based accounting and the deduction of income tax on capital gains from the sale of a woodlot. Intergenerational transfers of commercial woodlot operations that are farming businesses have been facilitated by permitting these woodlot owners to more easily access the capital gains rollover allowed under the intergenerational transfer rules for farming and fishing property. This helps to prevent the premature harvesting of woodlots for the sole purpose of paying taxes upon an intergenerational transfer.

SUPPORT FOR THE RURAL TOURISM SECTOR

Tourism is an important contributor to the economy of rural Canada and provides for three per cent of overall rural employment (about 128,000 jobs). According to STC, the attractions of rural Canada are a key draw for both domestic and foreign tourists, including 39 per cent of American tourists, 33 per cent of tourists from overseas, and 50 per cent of domestic tourists.

Canada's rural tourism attractions are a reflection of the immense geography of the country. Their diversity enriches the rural tourism experience and tourists are attracted to the quality and range of attractions that feature nature experiences, sporting events, First Nations tourism, cultural and economic life, culinary and agri-tourism. Many rural regions have identified tourism as an important economic development opportunity.

All levels of government in Canada contribute to promoting and strengthening the attractiveness of Canadian tourism products and services, each within their unique sphere of action. The Government of Canada will continue to work with the tourism industry in all regions of the country, identifying new ways to support the sector and the jobs that depend on it.

Rural Tourism (Recommendation 5-1)

Working with the private sector and federal, provincial and territorial governments, the Canadian Tourism Commission is Canada's lead international marketing agency. The Commission promotes Canada in twelve international markets and is very active in seeking new ways of connecting a variety of constituencies across the country. Through these efforts and in response to consumer-driven demand, the Commission's programs support rural tourism. Examples include award-winning *Canadian Local Cuisine*, highlighting the quality and variety of Canada's agri-food industry and inspiring travellers to enjoy Canada's local culinary flavours in rural settings, and *Connecting to Canadians*, promoting Canada as a place where travellers can make the most of their visit by getting to know real people in real communities, in settings that are rural and unique.

On a regional scale, tourism in rural Canada is promoted through several focused initiatives. In Western Canada, WD invests in tourism projects that contribute to rural economic growth and diversification; international tourism; and, strategic infrastructure to support tourism industry growth. For example, WD invested \$2 million in 2008 to help implement the Aboriginal Tourism Business Development Strategy for British Columbia aimed at creating economic development opportunities in rural Aboriginal communities and encouraging international tourists to visit Western Canada.

Through partnerships with tourism industry associations, private sector groups and other levels of government, ACOA fosters a co-operative, regional approach to improving the quality and sustainability of Atlantic Canada's tourism industry. Strategic marketing partnerships, such as the Atlantic Canada Tourism Partnership, continue to promote Atlantic Canada as a leading vacation destination in key American and European markets. Furthermore, ACOA is implementing a new strategy for tourism that builds on Atlantic Canada's regional strengths.

In Quebec, CED-Q supports projects designed to increase the capacities of rural communities to attract and retain international tourists as well as those from other parts of Canada. To implement the marketing of tourism products, the CED-Q builds on the creation of partnerships with organizations working in the tourism industry, both regionally and nationally.

FedNor, in partnership with industry and other governments, supports strategic tourism-related investments in Northern Ontario such as tourism marketing projects to increase awareness of and visits to Northern Ontario.

SUPPORT FOR RURAL INFRASTRUCTURE

A strong, modern, world-class public infrastructure is a contributing factor to the achievement of the Government of Canada's priorities. Investing in public infrastructure, such as roads, bridges, clean water, transit, green energy, broadband Internet access, cross-country electronic health records, and community recreational facilities (e.g., arenas and soccer fields), benefits not only the Canadian economy but all Canadians.

Benefits of a stronger infrastructure include timely economic stimulus, job creation across Canada in the construction, engineering and manufacturing sectors, and significant economic spin-off activity. Investments also provide Canada with a more modern and greener public infrastructure that provides the foundation for sustainable long-term economic growth.

In recognition of the need to invest in Canada's infrastructure, the Government plan includes a suite of flexible programs and initiatives that balance regional needs with national priorities. Federal investments leverage funds from provincial, territorial and municipal governments and the private and not-for-profit sectors. The federal, provincial and territorial governments work closely to administer and deliver programs.

In smaller and rural communities, projects including local roads and bridges, safe drinking water, disaster mitigation, and brownfield redevelopment are eligible for support through the Communities Component of the Building Canada Fund. Communities also receive funding through the Gas Tax Fund (GTF) for public transit, water and wastewater infrastructure, community energy systems, the management of solid waste, and local roads and bridges that enhance sustainability outcomes.

Additionally, the Communities Component and GTF provide funds for research, planning and capacity building. The First Nations Infrastructure Fund supports the development of public infrastructure to improve the environment and the quality of life of First Nation communities, many of which are rural and remote. This initiative also funds roads and bridges, energy systems, planning and skills development projects and solid waste management.

In the wake of the global economic crisis, the Government committed additional funds for infrastructure projects in smaller and rural communities through Budget 2009. It provided up to \$500 million over two years to the Communities Component and designated \$225 million over three years to develop and implement a strategy on extending broadband coverage to unserved, primarily rural, communities. Additional investments of up to \$1 billion for the Green Infrastructure Fund; up to \$200 million for the repair and maintenance of core commercial small

craft fishing harbours, including associated dredging; up to \$500 million over two years to support construction of new community recreational facilities and upgrades to existing facilities; and, \$515 million over two years for "ready-to-go" First Nations projects in three priority areas: schools, water and critical community services will contribute to economic activity and quality of life in rural and urban communities.

Accessing Infrastructure Investments (Recommendation 6-1)

The Government of Canada has streamlined and targeted its application processes in order to accelerate the funding of infrastructure projects.

The Municipal Rural Infrastructure Fund, largely targeted at smaller community projects (communities of 250,000 or less), was designed to improve and increase the stock of core public infrastructure in areas such as water, wastewater, solid waste, public transit, roads, culture, recreation, tourism, municipal energy improvements and broadband connectivity.

The Communities Component of the Building Canada Fund targets projects in communities with populations of less than 100,000. Projects are selected through an application-based process that has been significantly streamlined. The application form has been greatly simplified, allowing the community to better position their project. RDAs advise potential clients as to how to apply for federal infrastructure programming. Other improvements in the application process include a simplified approval process for projects below a specified amount and a streamlined environmental assessment process. These improvements have allowed the Government of Canada to get money out the door and "shovels in the ground" more quickly in order to help the communities who need it most.

Access to Broadband Internet Service (Recommendations 6-2 and 6-3)

As part of Budget 2009, \$225 million was provided to IC over three years to develop and implement a strategy to extend broadband coverage to as many unserved and underserved households as possible, beginning in 2009-2010. The Canadian Radio-television and Telecommunications Commission (CRTC) currently estimates that 6 per cent of Canadians do not have access to broadband service at 1.5 Mbps. This figure is closer to 22 per cent in rural areas (CRTC Communications Monitoring Report, 2009).

The Broadband Canada program will provide funding to support the expansion of broadband infrastructure to areas where there is currently no business case for the private sector moving forward on its own. The program will provide up to 50 per cent of eligible costs. As a first priority, IC and the CRTC undertook an extensive mapping exercise to identify currently served, unserved and underserved areas of the country. This work was done in partnership with other levels of government and with the private sector, and results of the mapping were released by the Prime Minister on July 30, 2009.

Significant progress in broadband deployment has been made through the private sector and partnerships with other orders of government, and community organizations. With private sector and government initiatives, the percentage of rural households remaining without broadband service has narrowed. In 2003, 63 per cent of rural Canadian households had access to

broadband Internet service. By 2008, 78 per cent of rural Canadians had access to broadband Internet service. A gap remains and the private sector, the CRTC and different orders of government are working towards closing the gap.

Continued investment by the private sector and government initiatives will help bring broadband Internet services to Canadians in rural and remote communities. Market forces have had an impact on the expansion of broadband services to Canadians, and have led to private sector investments for the expansion of broadband networks (over \$8 billion in wired and wireless private sector capital expenditures occurred in 2008 alone). The Government of Canada recognizes the critical importance of improving connectivity in rural and Aboriginal communities to assist in significantly improving access to government services and implementing new and advanced services such as e-health, e-learning and e-monitoring of critical infrastructure.

Indian and Northern Affairs Canada (INAC) is working with a number of federal departments, provincial and territorial ministries and Aboriginal organizations across Canada to better integrate and ensure the long-term sustainability of Aboriginal community connections to rural broadband networks. The CRTC has determined that funds remaining in the deferral accounts of certain former monopoly telephone companies should be used, in part, to expand broadband services.

Transportation Infrastructure and Services (Recommendations 6-4 and 6-5)

The Government of Canada has designed a suite of infrastructure programs under the Building Canada Plan that work to ensure that Canadians benefit from world-class infrastructure. The Government is also expanding federal investments in infrastructure with almost \$12 billion in new infrastructure stimulus funding over two years.

A key component of the Building Canada Plan is the GTF which is designed to provide predictable, up-front funding to all municipalities across the country, including those in rural areas. Municipalities have significant flexibility to use the funding to address their infrastructure priorities. The federal GTF doubled on April 1, 2009 from \$1 billion to \$2 billion per year and will contribute \$11.8 billion to communities from 2007-2014. The Government has announced that the program will become permanent beyond 2014 at \$2 billion per year nationally.

Another component of the Building Canada Plan is the 100% rebate of the Goods and Services Tax paid by communities, which will contribute \$5.8 billion to municipal infrastructure from 2007-2014.

Both Budget 2009 and the Building Canada Plan recognize the unique infrastructure needs of small communities. The \$1.1-billion Communities Component of the Building Canada Fund provides targeted support to smaller communities (those with populations less than 100,000 people) that have unique infrastructure needs. Recently, Budget 2009 allocated an additional \$500 million top up to this fund to support timely and targeted infrastructure projects.

Transportation issues in Canada are a shared responsibility between levels of governments. As a result, federal, provincial and territorial transportation Ministers maintain a forum, the Council of

Ministers Responsible for Transportation and Highway Safety to discuss transportation issues. Any jurisdiction wishing to discuss transportation in rural areas may raise this issue at the Council and propose to other jurisdictions possible initiatives for study.

As well, funding for transportation research and capacity building in rural communities is available from existing programs under the Building Canada Plan, such as the GTF and the Communities Component. Funding to support regional collaboration to address barriers to rural development and the development of related best practices and information is also available through AAFC's Canada's Rural Partnership program, the Community Development Program - Building Rural and Northern Partnerships.

Small Craft Harbours (Recommendation 6-7)

The Government of Canada in Budget 2009 provides new investment of \$200 million over two years to further address needs at core commercial fishing harbours. Over 250 projects across Canada will be undertaken with this new stimulus funding. These are investments towards the repair, maintenance and dredging of small craft harbours across Canada, and are in addition to Small Craft Harbours' 2009-10 regular program budget of \$92.8 million (which includes the permanent increase of \$20 million made by the Government in 2007-08).

In Budget 2008, the Government committed \$45 million, over four years, for the divestiture of recreational and non-core fishing harbours. Through Budget 2008 and Budget 2009, \$27.7 million in capital funding has been earmarked for the construction of a fishing harbour in Pangnirtung, Nunavut, as well as \$590,000 annually in ongoing funding, starting in 2014-15.

The Government recognizes the important role Harbour Authorities play in the ongoing management of core fishing harbours and has increased permanent annual funding for the Small Craft Harbours Program by \$20 million. A key priority for the Small Craft Harbours Program is to strengthen the sustainability of the volunteer-based Harbour Authorities. To that end, the Small Craft Harbours Program is increasing the number of staff dedicated to providing business support to Harbour Authorities and, in addition, funding in the amount of \$500,000 is set aside as part of the regular program budget on an annual basis for Harbour Authority support initiatives.

INVESTMENTS TO SUPPORT VULNERABLE CANADIANS AND IMPROVE QUALITY OF LIFE

SUPPORT FOR VULNERABLE CANADIANS

Canada, like many countries, faces challenges with respect to poverty. We know, for example, that people with disabilities, lone parents, recent immigrants, single people aged 45-64 and Aboriginals living off-reserve are at greater risk of experiencing low income, relative to the overall population.

Investments made by the federal government provide broad-based relief for those who are living in, or at risk of living in, low income. This includes benefits for children, working adults, people

with disabilities, students and seniors. These benefits are available to all Canadians who qualify, and do not depend on location.

Federal investments, combined with economic growth, have had an impact. The overall rate of low-income fell from 15.2 per cent in 1996 to 9.2 per cent in 2007. In the case of seniors, progress is even more pronounced: low-income rates are down from 21.4 per cent in 1980 to 4.8 per cent in 2007 based on Statistics Canada Low-income Cut-offs.

Through Budget 2009, the Government of Canada has introduced measures to ensure quick recovery and long-term economic growth. This includes measures that will assist low-income Canadians, and significant economic investments in rural Canada.

Addressing the Income Gap (Recommendations 7-1 to 7-4)

The Government recognizes that poverty is a complex issue that requires concerted, coordinated action by multiple sectors, governments and stakeholders. In this context, the Government of Canada has a range of programs and investments in place, including collaborative federal/provincial/territorial (F/P/T) approaches such as the National Child Benefit Initiative, that support the economic security of individuals and families who may be vulnerable to living in low income, including those residing in rural communities.

The Government places an emphasis on the provision of direct support to families and individuals through the tax system, as well as targeted measures to help families, seniors and pensioners, workers, and people with disabilities. This approach was reinforced through Budget 2009, where the Government is taking action to build a solid economic future for all Canadians.

All together, the federal government will provide over \$19 billion in 2009-2010 in supports for families with children. This includes transfers to provinces and territories to support early childhood development and early learning and child care, direct spending, and tax relief. The federal government provides over \$13 billion annually in benefits for families with children through the Universal Child Care Benefit (UCCB), the Child Tax Credit (CTC), and the Canada Child Tax Benefit (CCTB), including the National Child Benefit Supplement (NCBS). Low- and modest-income families with children receive the majority of these benefits.

This includes enhancements to the CCTB and NCBS introduced in Budget 2009, which allow low-income families to earn an additional \$1,894 and still receive the maximum NCBS. Families will also be able to earn an additional \$1,894 before their NCBS is fully phased out or before their base benefit under the CCTB begins to be phased out. This measure is estimated to provide about \$300 million annually in benefit enhancements.

The Government of Canada recognizes that there are significant costs associated with raising children regardless of the level of family income. The elimination of both the UCCB and the CTC as proposed in the recommendation would result in a reduction in benefits to a large number of families with children. The UCCB benefits all families, including low-income families, by providing \$100 per month for each child under the age of six. The CTC provides support to about 3 million families. For 2009, the credit amount is \$2,089, providing tax relief of up to \$313 per child.

The Government recognizes the importance of strengthening work incentives for low-income Canadians. In Budget 2007, the Government introduced the Working Income Tax Benefit (WITB), a refundable tax credit that supplements the earnings of low-income workers to help ensure that these individuals are financially better off by getting a job. In 2007, nearly one million Canadians benefited from the WITB.

Budget 2009 enhances the tax relief provided by the WITB by \$580 million for the 2009 and subsequent taxation years, effectively doubling the total tax relief provided by the WITB. It is expected that more than 1.5 million individuals and families will benefit from the WITB for the 2009 taxation year.

Other tax relief provided by the Government has also improved work incentives for low-income Canadians. For example, the amount that a single parent with one child can earn in 2009 before paying taxes has increased by \$5,080 as a result of the introduction of the Canada Employment Credit, the Child Tax Credit and legislated increases to the basic personal amount and the eligible dependent credit.

Over 30 per cent of the personal income tax relief provided by this Government in 2009 will go to Canadians with incomes under \$40,726, and nearly 45 per cent will go to those with taxable incomes between \$40,726 and \$81,452. In total, Canadians with incomes under \$81,452 will receive almost three-quarters of the tax relief.

Other Federal Investments to Support the Economic Security of Canadians

Seniors

Today, Canada's seniors are living longer, healthier lives and are more financially secure than previous generations. The Government of Canada's actions and investments are improving seniors' lives on many fronts, contributing to the fact that low-income rates for seniors are now at an historic low.

The federal government paid \$62.4 billion in Old Age Security (OAS) and Canada Pension Plan (CPP) benefits in 2008-09. This consisted of \$33.4 billion of OAS, including \$7.5 billion in Guaranteed Income Supplement (GIS) payments for low-income seniors, plus \$29 billion of CPP benefits. GIS benefits for low-income seniors will be increased by \$2.7 billion over five years as a result of increases in monthly benefits starting in 2006. Budget 2008 invested \$60 million per year to fully exempt the first \$3,500 of earned income from the GIS calculation to support seniors.

Persons with Disabilities

The Government of Canada also recognizes the importance of helping Canadians with disabilities maximize their potential and independence, and is committed to breaking down barriers that prevent Canadians from reaching their full potential through a wide range of effective policies, programs and services tailored to people with disabilities.

This includes the approximately \$2 billion invested annually in a range of initiatives, including the Labour Market Agreements for Persons with Disabilities, the Opportunities Fund and tax measures such as the Child Disability Benefit and the Disability Tax Credit (DTC). The DTC provides tax relief to individuals who, due to the effects of a severe and prolonged impairment, require extensive therapy to sustain a vital function or are markedly restricted in their ability to perform a basic activity of daily living as certified by a qualified medical practitioner.

In addition, the Canada Pension Plan Disability and Veterans Disability provide direct income support to persons with disabilities. The Employment Insurance Program also provides sickness benefits for workers who are unable to work due to an illness, injury, or quarantine, including short-term disabilities. The Government of Canada also offers a Registered Disability Savings Plan (RDSP).

These programs, tax credits, and supports are available to all Canadians who qualify, both urban and rural.

Finally, the Enabling Accessibility Fund (EAF) supports community-based projects across Canada that improve accessibility, reduce barriers, and enable Canadians, regardless of physical ability, to participate in and contribute to their community and the economy. In 2008, 45 per cent of all approved small projects were located in rural and remote communities.

Supporting Unemployed Canadians through the Employment Insurance Program and Skills Training

Budget 2009 delivers on the Government's commitment to helping Canadians navigate through tough economic times by strengthening EI benefits, enhancing the availability of training through the Canada Skills and Transition Strategy, and freezing EI premium rates for both 2009 and 2010. In addition to these measures, the Government very recently tabled legislation which will temporarily provide additional EI regular benefits, of up to 20 weeks, to unemployed long-tenured workers. Long-tenured workers are individuals who have worked and paid EI premiums for a significant period of time and have previously made limited use of EI regular benefits. Work-Sharing, an adjustment program designed to help employers and workers avoid temporary layoffs, is also available.

The Canada Skills and Transition Strategy introduced the Career Transition Assistance (CTA), which is a new initiative that will help thousands of long-tenured workers who need additional support for retraining to find a new job. Through this initiative, the Government has extended the duration of EI regular benefits for eligible workers for up to two years if they participate in longer-term training, and earlier access to EI regular benefits is allowed for eligible workers investing in their training by using all or part of their separation monies. This initiative is being implemented in partnership with provinces and territories. The federal government provides income support through EI regular benefits, and the provinces and territories are responsible for providing training support. By working with the provinces and the territories through this and other programs, the Government of Canada is providing Canadians easier access to training that is tailored to the needs of workers in our country's different regions.

Supporting Vulnerable Canadians through Social Assistance/Social Services

In Canada, social assistance and social services are administered by provincial and territorial governments. The federal government provides substantial funding to these areas through the Canada Social Transfer (CST). Federal cash transfers through the CST will be about \$10.9 billion in 2009-10, and will grow by 3 per cent annually.

The federal government also provides funding to First Nation band councils and organizations, which deliver income assistance programming to those ordinarily resident on reserve, in accordance with the eligibility criteria and rates of assistance established by the province of reference. As an exception, the Government of Canada delivers income assistance directly to First Nation members residing in the Yukon Territory. Both the Northwest Territories and Nunavut provide income assistance directly to Aboriginal Canadians within their jurisdictions.

Access to Tax Benefits (Recommendation 7-5)

To provide simplified access to tax benefits, the Canada Revenue Agency (CRA) provides a number of information services, outreach programs, and simplified options for tax filers. To inform Canadians as to the range of programs and tax benefits available, the CRA promotes its programs and benefits through print and broadcast media, Internet, cheque and notice inserts, as well as various outreach programs.

The CRA has introduced several measures to simplify the application process and automatically calculate benefit entitlements. Taxpayers that file their T1 Income Tax and Benefit Return are deemed to have applied for the GST/HST credit, even if they forget to tick the “Yes” box on the return. Of course, those that choose not to apply and tick “No” will not receive the benefit. The CRA deliveries of provincial and territorial programs harmonize a client’s application and filing requirements. By using child, family status and income information already collected at the federal level, recipients do not need to apply separately, nor are they required to submit any additional information to receive the provincial or territorial benefits.

The CRA targets its outreach and education towards specific vulnerable sectors, focusing on new entrants to the tax system and others at risk of not receiving entitlements and benefits, such as newcomers to Canada, First Nations People, youth, benefit recipients and lower income individuals, and families across the country.

During 2008-09, the CRA delivered over 3,600 information seminars, of which 1,500 were specifically designed to inform seniors, students, newcomers and immigrants, benefit recipients, Aboriginals and persons with disabilities. All together, these seminars reached almost 87,000 Canadians face-to-face. The CRA also provides a national benefit enquiries telephone network. Support to benefit recipients through this service channel is significant. In 2007-08 and 2008-09, the CRA answered 6.29 million and 6.79 million benefit program calls, respectively.

The CRA presently provides certain taxpayers with a simplified tax return package. This tax package is used by individuals whose return for the previous year indicates that a particular simplified package would be suitable. Clients who are eligible for this tax package will receive it

directly by mail. There are two simplified returns that are shortened to two pages in length. The T1S-A is designed for Canadian resident taxpayers 65 years of age or older. The T1S-C is specifically designed for individuals who do not have taxes payable, but are filing to obtain child and family benefits or federal/provincial/territorial credits.

The CRA has recently introduced the Automated Benefits Application (ABA) initiative, which is an integrated Canada Child Benefits Application registration option presented to an applicant in a participating province or territory during the birth registration process. Upon consent, the Provincial/Territorial Vital Statistics Agency registering the birth will send the applicant's registration information over a secure communication network to the CRA for eligibility determination. Two provinces have already implemented this program and the CRA is encouraged by the interest shown by the remaining provinces and territories.

Charitable Donations (Recommendation 7-6)

The Government of Canada supports the important role that charities, including food banks, play in assisting Canadians. Charities strengthen Canadians' sense of community and contribute to important projects in the cultural, education and social sectors.

The tax system already provides individuals with a tax credit for donations to registered charities and other qualified donees.

Corporations are allowed to deduct the fair market value of charitable donations (including bulk donations of food items and other gifts of inventory) up to a prescribed limit expressed as a percentage of the corporation's income for the year.

The federal government does not impose an excise tax on imported food goods. In addition, there is no Goods and Services Tax/Harmonized Sales Tax (GST/HST) on imports of basic groceries. The GST/HST is a broad based consumption tax which applies to most goods and services imported into or supplied in Canada with very few exceptions. One of these exceptions is basic groceries to which the GST/HST does not apply.

Accurately Measuring Low-Income (Recommendation 7-7)

The Government recognizes the importance of monitoring low-income in Canada, and also recognizes that average transportation costs are higher in rural areas compared to urban areas. STC produces three low-income lines at present. The Low-Income Cut-offs (LICO) and Low Income Measure (LIM) were developed by STC and have been produced since 1959 and 1991 respectively. The third low-income line, the Market Basket Measure (MBM) was developed by HRSDC in the late 1990s and is produced by Statistics Canada.

These low-income lines have relative strengths and utility. The LICO has been produced for over 45 years and the methodology has not changed in the past 35 years. As such, the real value of the LICO today is one of historical continuity in the context of a suite of low-income measures. Introducing changes to the LICO would have a negative impact on the stability and interpretability of the LICO. The LIM is a pure income measure that is relative and takes no costs into account, and is primarily used for international comparisons. Finally, the MBM is a

low-income measure based on a specified basket of good and services designed to reflect a modest, basic standard of living in the current Canadian context. In cities where public transit is available the cost of a bus pass is included in the basket where in other cities and rural areas the cost of a car is included. Thus the MBM takes into account the cost of transportation, including transportation in rural areas.

The Committee's concern that transportation costs be taken into account when estimating low-income can be addressed using the MBM without affecting the continuity of the LICO. Published MBM based estimates are available for years 2000-2007, and subsequent years will be published as the data becomes available. STC is capable of producing further MBM based estimates on a special request basis.

SUPPORT FOR AFFORDABLE HOUSING AND TO ADDRESS HOMELESSNESS

The vast majority of Canadians, approximately 80 per cent, are able to meet their housing needs in the private market without Government assistance. For these Canadians, the Government plays a significant role in sustaining healthy housing markets and supporting access to low-cost mortgage financing. Many other Canadians, however, require assistance because adequate and suitable housing is not available where they live at a price they can afford. While the incidence of households in core housing need dropped between 2001 and 2006 from 13.7 per cent to 12.7 per cent, there remain over 1.5 million Canadian households who cannot access acceptable housing.

Rural Canada differs from urban Canada in several ways with respect to housing. Most people in rural areas and small towns own their own homes - 79 per cent according to the 2006 Census - that compares to 66 per cent for urban households. In addition, 50 per cent of rural and small town homeowners are mortgage-free while only 40 per cent of urban owners can make that claim. Rural residents face unique housing challenges. Much of the rural stock, 18 per cent, consists of older buildings built before 1946, a higher percentage than in urban areas (12 per cent). Partly as a result, rural housing is more likely to be in need of major repair than urban housing (11 per cent vs. 7 per cent). Many small communities also suffer from very little new rental construction. In some cases, building is non-existent, which poses challenges for low-income households.

The Government of Canada helps to address these issues, in partnership with the provinces and territories, municipalities, First Nations, not-for-profit groups, and the private sector. It provides a broad continuum of programs across the country to improve housing quality, affordability and choice – from housing and supports for homeless and at-risk individuals and families, to subsidized housing for low-income households, to support for housing repairs to help preserve the quality of affordable housing.

Recent Investments and Future Directions

In September 2008, the Government of Canada committed more than \$1.9 billion over the next five years to improve and build new affordable housing and to help the homeless. This five-year funding commitment includes the renewal of funding for the Renovation Programs, the Affordable Housing Initiative (AHI) and the Homelessness Partnering Strategy (HPS) at current

levels for two years. Budget 2009 builds on this with a one-time investment of more than \$2 billion over two years to build new, and repair existing social housing. These investments will improve the quality of life for low-income households, Aboriginal Canadians, seniors and persons with disabilities while creating spin-off jobs in other industries.

Consultations were carried out during the fall of 2009 to seek the views of provinces and territories, community partners, and national and Aboriginal stakeholders on how the federal approach to housing and homelessness could be improved to better meet the needs of Canadians, and whether alternative delivery mechanisms should be considered in order to attain the desired outcomes. In light of the Government's five-year funding commitment for housing and homelessness, the results will inform the consideration of future investments, ensuring they continue to effectively respond to the needs of Canadians. The scope of the consultations is the use of federal funding for off-reserve housing and homelessness needs between 2011 and 2014. An evaluation of federal on-reserve housing initiatives is being conducted separately.

Renovation and Repairs (Recommendation 9-1, 9-2, 9-3)

The Government of Canada undertakes a number of initiatives that support the need for housing renovations and repairs across the country, including in rural areas.

Through the Canada Mortgage and Housing Corporation (CMHC), the Government offers a suite of renovation programs, such as the Residential Rehabilitation Assistance Program (RRAP), that offer financial assistance to help preserve the quality of affordable housing for low-income Canadians, including seniors, persons with disabilities, and Aboriginal peoples. Funding is available to homeowners and landlords for repairs to address major deficiencies to a dwelling's structure and systems (electrical, heating, plumbing, fire safety), as well as for accessibility modifications and minor home adaptations to maintain seniors' independence. Funding is also available for the repair, acquisition, or construction of shelters and second-stage housing for victims of family violence.

CMHC's renovation programs are heavily used by those living in small communities and rural areas. For example, the Emergency Repair Program (ERP) is fully targeted to rural areas, and over 60 per cent of the beneficiaries of RRAP for homeowners live in small communities of less than 2,500 people. ERP is designed to help homeowners/occupants of existing units in rural areas with required urgent repairs to render them fit for human habitation. Between 2001 and 2007, through the ERP, approximately 20,335 low-income households benefited from more than \$52 million in financial assistance for repairs urgently required to make their houses safe. An evaluation of CMHC's renovation programs is currently underway. The last evaluation of the renovation programs in 2003 indicated that the programs are well targeted and effective in ensuring that the renovations address deficiencies in at least one of the following categories: structural, electrical, plumbing, heating or fire safety. These programs also contribute to neighbourhood improvement and homelessness prevention.

Federal investments through CMHC's existing suite of renovation programs, including RRAP, are allocated annually to provinces and territories based upon estimated annual spending for each year of the funding period. Every year, the budget is fully committed.

The Government's five-year funding commitment for housing and homelessness includes the renewal of funding for the renovation programs at current levels for two years.

To build new and support the repair of existing social housing, Budget 2009 provides a one-time investment of more than \$2 billion over two years. Of this, the Government will invest \$1 billion to renovate and energy retrofit social housing to help vulnerable Canadians with needed improvements to their homes while creating spin-off jobs in construction and other industries. The majority of funding is allocated by provincial and territorial governments to both rural and urban communities, depending on provincial and territorial priorities.

To support home renovations while stimulating the economy, the Government's temporary Home Renovation Tax Credit, part of Budget 2009, will reduce the cost of renovations for Canadians. Budget 2009 also builds upon the success of NRCan's ecoENERGY Retrofit program to support an estimated 200,000 additional home retrofits. The program provides home and property owners with grants of up to \$5,000 to offset the costs of making energy-efficiency improvements. These programs are available across Canada, including in rural areas.

To assist Canadians in all regions, CMHC effectively provides services to all areas of the country from five regional business centres and 14 points of service.

Affordable Housing (Recommendation 9-4)

To increase the supply of affordable housing, the federal government, through the AHI, provides contributions to increase the supply of affordable housing, in partnership with provinces and territories. Under bilateral agreements, the provinces and territories design and deliver the program within the context of national parameters, providing them with the flexibility to meet their respective affordable housing needs, including those in rural and remote areas. The Government's \$1.9 billion five-year commitment to housing and homelessness includes the renewal of the AHI at current levels for two years. An evaluation of the AHI is currently underway. The results will inform the consideration of improvements to ensure that programs continue to effectively respond to the needs of Canadians. Some \$952 million has been committed or announced under the AHI as of June 30, 2009, for the provision of over 43,000 units across Canada. Based on data provided by the provinces and territories, as of June 30, 2009, in rural Canada, over 6,000 affordable housing units had been committed in areas having a population of less than 10,000.

Budget 2009 also provides additional new social housing to help vulnerable groups, such as seniors, people with disabilities, and Northern households. The majority of these investments will be delivered through existing arrangements with provinces and territories, such as through the AHI. Budget 2009 also provides an additional \$2 billion in low-cost loans to municipalities to fund housing-related infrastructure across Canada, including in rural areas.

Co-operative Housing (Recommendation 9-5)

The flexibility provided to provinces and territories under the AHI allows for funding to be used to support the provision of affordable co-operative housing. Additionally, of the over \$2 billion in funding provided through Budget 2009, \$150 million is targeted to off-reserve federally

funded and administered social housing units, including co-operatives currently subject to an operating agreement under a *National Housing Act* social housing program. CMHC will work to encourage fair and equitable access to the available funds, and will consider reasonable geographic balance. Another \$850 million will be used for existing social housing projects administered by provinces and territories, which are in receipt of annual federal funding. Provinces and territories will distribute this funding according to their needs.

The Government of Canada, through AAFC's Co-operative Development Initiative (CDI), has supported a number of co-operative housing projects over the years. CDI was renewed in early 2009, and will run through to March 2013, extending the availability of assistance - financial and otherwise - to help create and develop new and existing co-operative projects, including those dedicated to housing.

Reverse Mortgages (Recommendation 9-7)

A reverse mortgage allows a borrower to withdraw equity from their home. As the borrower does not make periodic loan payments, traditional credit repayment capacity requirements, which can be a challenge for lower-income borrowers, do not apply. Instead, the loan becomes payable when the home is no longer occupied by the borrower. Depending on the length of time the mortgage is outstanding, compounding interest will erode the borrower's equity, significantly reducing any residual equity for the borrower or their estate after the reverse mortgage has been repaid. This feature also acts to limit the size of the loan available to the borrower, as the product design must reasonably ensure there is sufficient equity in the property to repay the reverse mortgage loan when it becomes due.

While reverse mortgages have their place in the continuum of financial products available in the Canadian market, they are not for everyone. Borrowers should determine which product responds best to their individual situation. The Government, through CMHC, will continue research and analyses on reverse mortgages and other housing options as part of its research mandate.

Housing in the North (Recommendation 9-8)

In recognition of the distinctive needs of the North, of the more than \$2 billion committed to new and existing social housing in Budget 2009, an investment of \$200 million over two years will be provided to the territories to support the renovation and construction of new housing units. This includes \$50 million each for the Yukon and the Northwest Territories, and \$100 million for Nunavut where the need for social housing is greatest.

Budget 2009 also provides the territories with \$12 million for programs to assist seniors and people with disabilities and to renovate and retrofit existing social housing. These investments will help create jobs, strengthen the economy and improve the quality of life for residents of Canada's North.

Since its inception, the AHI has supported the provision of affordable housing in the North. As of June 30, 2009, AHI funding for affordable housing commitments in the territories was at:

\$5.25 million for Nunavut; \$5.8 million for the Yukon; and \$7.95 million for the Northwest Territories.

Budget 2006 also provided for a one-time investment of \$1.4 billion towards helping Canadians find safe, adequate and affordable housing in all provinces and territories through three housing trusts, including the \$300 million Northern Housing Trust, \$800 million Affordable Housing Trust, and a \$300 million trust for off-reserve Aboriginal housing. Provinces and territories could draw from the trusts to meet their housing priorities. This funding expired on March 31, 2009.

The Government also supports the provision of shelters for victims of family violence in the North. To help women, youth, and victims of family violence, the Government's Shelter Enhancement Program (SEP) provides capital funding for repairing/rehabilitating/improving existing shelters, and to assist in the acquisition or construction of new shelters and second stage housing where needed. The funds are to bring the property to an acceptable standard of health, safety and security for occupants and accessibility for people with disabilities. In addition to repairs, in 2008, SEP funding assisted in the creation of 509 units available to women and children, youth or men as victims of family violence, and 11 of these were for First Nations communities. There are shelters funded through SEP in each of the three territories.

Budget 2009 also provides a \$400 million investment over two years for new housing and repairs to existing housing on-reserve. This support is over and above the federal government's investment of approximately \$270 million per year for on-reserve housing needs.

Northern Residents Deduction (Recommendation 6-6)

Budget 2008 increased the residency component of the Northern Residents Deduction by 10 per cent to further assist in drawing skilled labour to Northern and isolated communities. Starting in 2008, the maximum daily residency deduction was increased from \$15 to \$16.50. This increase brought the maximum annual amount of the residency deduction to \$6,022.50 from \$5,475 for residents of the Northern Zone (residents of the Intermediate zone qualify for one-half the amounts). The Northern and Intermediate Zones designate the geographic area where residents are eligible to claim the deduction.

When combined with the basic personal amount of \$10,320 and the Canada Employment Credit of \$1,044, a single resident of the Northern Zone will be able to earn up to \$17,386.50 tax free in 2009.

Homelessness (Recommendations 9-4 and 9-8)

The HPS takes a community-based approach to address the unique needs of individual communities. The community-based model allows communities to identify and support projects that are most appropriate for their circumstances. In addition to community-based projects, HPS funding also supports federal horizontal collaboration and research and data development.

The National Homelessness Initiative (NHI) was launched in 2000. The main component of the NHI, the Supporting Communities Partnership Initiative (SCPI), was initially designed to

address the needs of ten major urban centres most affected by homelessness; however, following consultations with provincial and territorial governments, SCPI funding was further distributed among an additional 51 smaller communities. When the Government of Canada renewed the NHI in 2003, it further addressed the concerns of smaller communities by introducing the Regional Homelessness Fund (RHF). In total, the RHF spent over \$14.6 million between 2003 and 2007 to address homelessness in smaller communities across Canada.

In 2007, the HPS replaced the NHI. Its Designated Communities funding stream funds the same 61 communities as SCPI, at the same funding levels. The RHF has been replaced by the Outreach Communities funding stream, which supports projects in smaller communities, rural and outlying areas as well as the North. The Aboriginal Communities funding stream also includes rural communities and the North, in contrast to its NHI counterpart which focused on urban Aboriginal communities.

To address homelessness in the North, Whitehorse, Yellowknife, and Iqaluit have been among the 61 designated communities under both the NHI and HPS. They are also allocated Aboriginal Communities funding under the HPS. Outreach Communities funding, while limited, is also available in the North.

SUPPORT TO ADDRESS CRIME AND JUSTICE IN RURAL CANADA

In 2005, overall crime rates, property crime, robbery, and motor vehicle theft were lower in rural than in urban communities. However, homicide rates were higher in rural areas and a larger proportion of homicides were committed with firearms. At the same time, residents of rural and urban communities were equally likely to report feeling satisfied about their safety from crime. Citizens living in small urban and rural communities were more likely to feel that the police were doing a good job compared to those living in large urban communities.

The responsibility for justice is divided between the federal government, under its constitutional authority for criminal law-making and criminal procedure, and provincial and territorial governments, under their constitutional authority for the administration of justice, including the delivery of legal aid in immigration and refugee matters. A federal, provincial and territorial collaborative relationship provides an efficient Canadian justice system.

Rural Crime and Policing (Recommendation 10-1)

The Government of Canada works closely with its partners including the provinces and territories to develop and implement legislative and non-legislative responses to address the varied threats that organized crime poses to the safety and security of Canadians and their communities. Bill C-14, *An Act to amend the Criminal Code* (organized crime and protection of justice system participants), S.C. 2009, c. 22, received Royal Assent on June 23, 2009 and amends the *Criminal Code* to, amongst other things, make all murders connected to organized crime automatically first degree, to create a new offence which targets drive-by and other reckless shootings, and to strengthen the gang peace bond provisions. Bill C-14 came into force on October 2, 2009. The Government has also tabled other important pieces of legislation targeting serious drug crimes, identity theft, auto theft and the trafficking in stolen property, all of which assists in the fight against organized crime.

Strong laws, however, are only part of the solution. The National Crime Prevention Strategy, administered by Public Safety Canada, is an integral component of the Government of Canada's action plan to tackle crime and building stronger, healthier communities. This strategy, which was renewed in 2008 with an ongoing funding budget of \$63 million per year, provides a policy framework for implementing crime prevention interventions in Canada. The strategy currently provides \$18 million in support of 15 multi-year crime prevention projects in rural/isolated areas aimed at providing at-risk children, youth and young adults with alternatives to a life of crime, and providing professionals in this field with the tools required to enhance community safety. The National Anti Drug Strategy is an example of how the Government of Canada supports law enforcement efforts to target the drug trade, which is closely linked to organized crime.

The Government of Canada will continue to work with its partners on ways to improve its responses to organized crime through information sharing, research and training.

Domestic Violence in Rural Canada (Recommendation 10-2)

The Public Health Agency of Canada, through its Family Violence Prevention Unit, Centre for Health Promotion, leads the federal Family Violence Initiative (FVI), an inter-sectoral collaboration of 15 federal departments, agencies and Crown corporations. The FVI has worked extensively with family violence stakeholders and external partners to both broaden and deepen the knowledge base about family violence and translate knowledge into practice. Much of the knowledge generated, as well as practical tools and resources to address family violence is widely accessed through the National Clearinghouse on Family Violence which is a key resource for family violence information.

As an example, the Department of Justice component of the federal Family Violence Initiative (FVI) supports the development, implementation, testing and assessment of models, strategies to improve the justice system's response to family violence, including in rural Canada. It also supports projects that raise public awareness of the issue and encourage public involvement in responding to family violence. Since 2000, approximately \$700,000 has been made available to non-governmental and community-based organizations. Some examples of funded projects specific to family violence in rural or remote communities include: the Development of a National Mobile Training Module for Shelter Workers in Inuit communities; the Yellowknife Family Violence Protocol; Inter-personal Relationship Abuse and Violence Prevention Initiative for Aboriginal Communities; Inuuqatigiitsiarniq: A Territorial Strategy to Stop Violence against Women; Just Between You and Me: A Peer Public Legal Education and Information Programme for Women in Family Violence Situations in rural or remote communities; and the Rankin Inlet Spousal Assault Counselling Programme. Department of Justice has also funded a number of reports on family violence in rural communities including "Understanding Family Violence and Sexual Assault in the Territories, First Nations, Inuit and Métis Peoples" by Anna Paletta (2008). As part of its general activities, the FVI may explore opportunities for regional forums on appropriate responses to family violence in rural areas.

Legal Aid in the North (Recommendation 10-3)

With respect to the Access to Justice Services Agreements, the objective is to improve access to

justice in the territories by supporting the delivery of at least a minimum level of access to justice services (being Legal Aid, Aboriginal Courtwork and Public Legal Education and Information services). As well, the structure of these contribution agreements recognizes the unique territorial needs and circumstances with respect to flexibility in financial, administrative and program accountability requirements.

Budget 2007 made interim funding of \$30 million (\$10 million since 2001 and \$20 million since 2003) for criminal and youth justice legal aid permanent, thereby raising ongoing federal contributions to \$111.9 million annually, an increase of over 36 per cent. With respect to the Access to Justice Services Agreements in fiscal years 2007-08 and 2008-09 the Government of Canada provided the territories with \$5.2 million annually which included an increase in those fiscal years recognizing the pressures the territories face in providing access to justice services.

Provinces and territories are responsible for the design and delivery of civil legal aid programs. As of 2004, federal support for civil legal aid is primarily provided through the CST. Administered by Finance Canada, the CST is a block transfer that provides federal support for post-secondary education, children's programs, as well as social assistance and social services, including civil legal aid. The nature of a block transfer allows provinces and territories the flexibility to allocate funding to the supported areas, according to their respective needs and priorities.

Budget 2007 increased the CST cash level by \$687 million for a total of \$9.5 billion and moved the CST to an equal per capita cash allocation, starting in 2007-08. Including increased funding for post-secondary education and child care, total CST support is projected to be \$10.9 billion in 2009-10, and this funding will increase to \$12.2 billion by 2013-14. Jurisdictions are currently seeking new and dedicated funding for civil legal aid outside of the CST, and have developed a civil legal aid business case which they presented to Ministers Responsible for Justice in September 2008.

SUPPORT FOR HEALTH AND HEALTH CARE

There are differences in income, education, lifestyles, health status, and health behaviours between rural and urban Canadians. For example, smoking and obesity are more prevalent in rural communities compared to urban areas. Practices such as poor eating habits, and lack of physical activity, also contribute to poor health outcomes for those in rural areas. Circulatory diseases, injuries, poisonings, and suicide contribute to higher overall mortality rates in rural areas and small towns. However, cancer mortality rates are slightly lower in rural communities. Other rural health advantages include a greater sense of community belonging and lower stress levels.

Distance has been one of the leading challenges for health care delivery in rural Canada. As rural health care facilities close, people are required to travel greater distances to access basic services. This problem is compounded by the difficulty in attracting and retaining medical professionals to rural communities. Technology is presenting a new dimension to increasing accessibility to health care in rural and remote areas of Canada, and the implementation of telehealth has helped to address issues related to access to health care. However, the restricted

access to broadband Internet hinders the universal applicability of telehealth to people in remote communities.

The federal government, the ten provinces, and the three territories have key roles to play in the health care system in Canada. Health Canada's mandate is to help Canadians maintain and improve their health. Among other activities, Health Canada's responsibilities for health care include setting and administering national principles for the health care system through the *Canada Health Act* and delivering health care services to specific groups. Health Canada, through the First Nations and Inuit Health Branch (FNIHB), funds and delivers health promotion and public health programs for First Nations on-reserve, as well as primary care services on-reserve in remote and isolated areas where provincial services are not readily available. The FNIHB supports health promotion programs in Inuit communities across four regions. As well, Health Canada is also responsible for the Non-Insured Health Benefits Program that provides a limited range of health benefits, not otherwise available through public or private programs, for all registered First Nations and recognized Inuit. Working in partnership with provinces and territories, Health Canada also supports the health care system through initiatives in areas such as health human resources planning, adoption of new technologies, mental health and patient safety.

The Government of Canada recognizes the importance of rural health issues and continues to address these issues on an ongoing basis through already existing mechanisms within the Health Portfolio. For example, rural health issues are considered and addressed through existing work on telehealth, health human resources and health research in rural Canada.

Health Care Providers (Recommendations 12-2 and 12-3)

The Government is supporting provinces, territories and key partners (including the Canadian Medical Association, the Canadian Nurses Association, the Canadian Pharmacists Association, the College of Family Physicians of Canada, the Medical Council of Canada, and the Royal College of Physicians and Surgeons of Canada) to increase the supply of health care providers in rural and remote areas.

The Government invested \$800 million in the Primary Health Care Transition Fund (2000-2006) to support transitional primary health care renewal initiatives across Canada, including several that were designed to address health care needs in rural and remote areas. While the Fund itself has ended, the initiatives supported by it, which included support for primary health care teams, new curricula, training programs, telephone advisory lines and telehealth technologies, have had a long-term impact across all segments of the population, and continue to be further developed by provincial/territorial governments.

In Budget 2003, the Government allocated \$85 million over five years (2003-08, with \$20 million each year ongoing) to address national health human resource challenges through the implementation of the Pan-Canadian Health Human Resource Strategy. The recruitment and retention activities within the overall strategy were designed to help provinces, territories and health stakeholders address health human resource shortages through the support of projects that would increase the supply of health care providers and improve their utilization and distribution. Projects include:

- Funding over three years (2005-08) to Memorial University in Newfoundland and Labrador to deliver a continuing inter-professional education program, focusing on collaborative practice in rural mental health care, to members of primary health teams located in rural communities across Newfoundland and Labrador.
- Funding to the Society of Rural Physicians of Canada to look at strategies for recruitment and retention of rural physicians, develop appropriate educational programs for rural physicians throughout their career cycle, and to develop new models for access to rural surgical care. Key successes of this project include the development of a Canadian Rural and Regional Health Professional Recruitment Inventory to facilitate communication on methods of recruitment, retention and support for rural health providers; the production of a Manual of Rural Practice; and the expansion of rural critical care courses.
- Funding to Memorial University to develop a geographic database on physicians during all stages of education and practice in Newfoundland and Labrador. This will allow researchers to examine the extent that geographic origin and location of learning affect where physicians establish practices, with a particular focus on rural and remote areas. Researchers will build on this work in a national context and the approach developed will have the potential for use in other jurisdictions.

The Government recognizes that the development of health human resources is an important issue, particularly the shortage of health care workers in rural areas where many First Nations and Inuit communities are located. At the September 2004 First Ministers Meeting, the federal Government announced that it would be allocating \$100 million over 2005-10 to support an Aboriginal Health Human Resources Initiative (AHHRI). The AHHRI builds on the work already underway through the Pan-Canadian Health Human Resources Strategy.

The AHHRI has three main areas of focus: increase the number of Aboriginal people working in health careers; adapt health care educational curricula to support the development of cultural competencies; and improve the retention of health care workers in Aboriginal communities.

Health Canada (HC) works with Aboriginal, federal, provincial, territorial and health professional associations as well as educational institutions to develop and implement the AHHRI, and the Initiative continues to have a positive impact on retention and recruitment of health professionals in First Nations communities.

As part of the National Anti-Drug Strategy, announced in 2007, the Government of Canada committed \$30.5 million over 5 years (\$9.1 million ongoing) for First Nations and Inuit communities to enhance the quality, effectiveness and accessibility of addiction services. This includes an investment of \$4.2 million over 5 years (\$1.1 million ongoing) for Mental Wellness Team pilot projects in First Nations and Inuit communities.

Health Canada has allocated \$190 million over five years for the Aboriginal Diabetes Initiative (ADI), starting in 2005, to support community-based initiatives to prevent diabetes and provide better care to those with the disease. ADI activities are delivered by trained community diabetes workers and health providers. The ADI's capacity building and training component has supported training for community workers and health professionals and para-professionals working in communities. Approximately 300 community-based prevention workers will be trained by March 2010.

Health Canada's Maternal Child Health (MCH) Program provides an investment of \$110 million over five years (2005-2010) and provides home visiting by nurses and family visitors for pregnant women and families with young children in First Nations communities on reserve. In the North, funding is provided to enhance the health promotion programs that Health Canada already supports for pregnant women and families with young children to complement services from the province or territory in which they live. Training is a key component of the MCH program and contributes to human resource capacity to deliver programming in communities. For example, in 2006-07, 169 staff received home visiting orientation training, while 176 participated in continuing education sessions and, in 2007-08, these numbers increased to approximately 200 and 220, respectively.

Telehealth Activities (Recommendations 12-1 and 12-4)

The Government of Canada has supported telehealth activities across Canada through investments in Canada Health Infoway, an independent, not-for-profit corporation established in 2001 to accelerate the development of health information and communication technologies on a pan-Canadian basis. Its members are the 14 federal, provincial and territorial Deputy Ministers of Health. Telehealth strategic plans are in place in most jurisdictions and, in 2008-09, Infoway approved \$20.6 million in new telehealth projects, bringing cumulative telehealth project approvals to \$97.6 million.

Health Canada, in partnership with First Nations and provinces, has undertaken substantial efforts over the past five years to deploy telehealth services to improve access to community-level health care and services in a fully integrated fashion. Specifically, Health Canada has over 200 existing telehealth/videoconferencing sites at the community level and is in the implementation stages for an additional 69 sites. A wide range of services is presently being offered including: tele-visitation for family members; tele-education for workers and community members, offering specialties such as tele-diabetes and tele-mental health. It is expected that more clinical services will be provided to communities over the coming months and years.

Budget 2009 outlined \$500 million for Canada Health Infoway to support the goal of having 50 per cent of Canadians with an electronic health record by 2010. In addition, this funding is meant to be used to speed up the implementation of electronic medical record systems for physicians and integrated points of service for hospitals, pharmacies, community care facilities and patients.

As indicated in the September 2009 Economic Action Plan update, due diligence on the \$500 million allocation to Canada Health Infoway will not be completed prior to the start of fiscal year 2010-11.

Health Research (Recommendation 12-5)

The Canadian Institutes of Health Research (CIHR) is the Government's agency responsible for funding health research in Canada. The CIHR consists of 13 "virtual" institutes. These innovative institutes bring together all partners in the research process - the people who fund research, those who carry it out and those who use its results - to share ideas and focus on what

Canadians need: good health and the means to prevent disease and fight it when it happens. Each institute supports a broad spectrum of research in its topic areas and, in consultation with its stakeholders, sets priorities for research in those areas. CIHR currently supports more than 13,000 health researchers.

CIHR recognizes the importance of rural and remote health research and has a long history of supporting important research initiatives that seek to improve the lives of Canadians living in rural and remote areas. To date, CIHR has provided approximately \$39 million in funding for over 170 rural and remote health related research projects with a number of CIHR Institutes having initiated several research projects that address rural and remote health issues. As such, the Institute of Aboriginal Peoples' Health (IAPH) has been at the forefront of tackling issues that deal with Aboriginal communities living in remote areas and their challenges of accessing adequate health care services. For example, IAPH recently provided a grant towards a series of meetings involving British Columbia Aboriginal health researchers and stakeholders studying the challenges of proving access to palliative care in rural and remote Aboriginal communities. Other Institutes such as the Institute of Population and Public Health (IPPH) and the Institute of Health Services and Policy Research (IHSPR) have also been very supportive of a number of research initiatives related to rural health. For example, IPPH and IHSPR supported a summer institute for doctoral and post-doctoral students on Rural and Remote Health Research: Rhetoric and Reality.

In addition, IPPH has so far provided more than \$2 million for a research study (2002-2015) which seeks to better understand the impacts of rural-based industries such as mining, petroleum, forestry and others on the health and wellness of inhabitants of the global rural ecosystem. CIHR's commitment to rural and remote health is reflected in the recently launched 2009-2014 Strategic Plan that includes four strategic directions including addressing health and health system research priorities.

SUPPORT FOR LEARNING, SKILLS DEVELOPMENT, AND POST-SECONDARY EDUCATION

In Canada, federal, provincial and territorial governments play different roles in early learning and childcare, elementary and secondary education, and post-secondary education.

While the provinces and territories have jurisdiction over the majority of programs and services for families with young children, the Government of Canada plays an enabling role and invests in a wide range of initiatives to support early learning and child care. This includes direct support to parents and transfers to the provinces and territories through the CST.

Elementary/secondary school services is an area that is under the jurisdictional responsibilities of provinces and territories, with the exception of education services for First Nation students living on-reserve, where the Government has responsibility under the *Indian Act*.

The Government of Canada recognizes the important role post-secondary education plays in supporting our country's economy and enriching the lives of Canadians. In recent budgets, the Government has taken steps to strengthen post-secondary education, and make it more affordable and accessible for Canadian students and families.

Early Learning and Child Care (Recommendation 8-1)

The Government of Canada invests in a wide range of initiatives to support early learning and child care including direct support to parents; transfers to the provinces and territories to support them in improving and expanding their programs and services for families with young children including those living in rural areas; programs and services for Aboriginal communities on and off reserve; and community-based programs focused on families and children at risk.

All together, the federal government will provide over \$19 billion in 2009-2010 in supports for families with children. This includes transfers to provinces and territories to support early childhood development and early learning and child care, direct spending, and tax relief. In 2006, the Government began providing support for families through the Universal Child Care Plan, which includes the UCCB and the Child Care Spaces Initiative. The aim of the Plan is to provide choice in child care to all parents of young children, whether they work in the paid labour force or stay at home with their children, or live in a small town, rural community or large urban area.

The UCCB provides \$100 per month for each child under the age of six. All families with children under the age of six receive the Benefit, no matter where they live, which they can use for child care costs. This benefit provides 1.5 million Canadian families with approximately \$2.5 billion annually in addition to other supports.

In addition, Budget 2007 announced a 25 per cent investment tax credit to businesses that create new child care spaces in the workplace to a maximum of \$10,000 per space created.

Recognizing that provincial and territorial governments are best placed to determine how to design child care programs and services that meet the needs of their citizens, including those living in rural areas, in 2007 the federal government began transferring an additional \$250 million each year to help support the creation of new child care spaces across the country. Together with funding already provided through the CST in support of the F/P/T Early Childhood Development Agreement and Multilateral Framework on Early Learning and Child Care¹, the Government is transferring over \$1.13 billion in 2009-10, growing to almost \$1.3 billion by 2013-14, in support of families with children.

The federal government will continue to work with provincial and territorial governments to support early learning and child care, based on a clear understanding of and respect for the roles and responsibilities of parents, rural and urban communities, and each other.

¹ While the Government of Quebec supports the general principles of the *Early Childhood Development Agreement* and the *Multilateral Framework on Early Learning and Child Care*, it did not participate in developing these initiatives because it intends to preserve its sole responsibility on social matters. However, Quebec receives its share of federal funding and the Government of Quebec is making major investments in programs and services for families and children.

Elementary and Secondary School (Recommendation 8-3)

The provision of elementary/secondary school services is an area of provincial and territorial jurisdiction, with the exception of elementary/secondary education for First Nation students living on-reserve, where the Government has responsibility under the *Indian Act*.

First Nations Students On-Reserve

While INAC provides funding for education, it is the First Nations or their regional organizations that have responsibility for managing and delivering education programs and services in schools on-reserve. Their responsibility also includes developing tuition agreements with provincial or territorial governments since approximately 40 per cent of First Nation students living on-reserve attend schools off-reserve. The Government of Canada, however, is responsible for managing and delivering education services in the seven remaining federal schools.

To support on-reserve First Nation elementary/secondary students, INAC has undertaken several initiatives. In December 2008, INAC launched the Reforming First Nation Education Initiative, which is setting the foundation for long-term improvements in education. The initiative includes two programs: the First Nation Student Success Program and the Education Partnerships Program. The two new programs include total investments of \$268 million over five years and \$75 million in ongoing funding nationally in both urban and rural communities.

Official Languages Education

To support official languages, the Government provides funding to support the development and the operations of official language minority school systems in each province and territory. Half of these schools (453) are located in rural or isolated communities. In 2008-09, over \$166 million was spent in support of official language minority education by Canadian Heritage.

Skills Development for Rural Youth (Recommendation 8-2)

The Government of Canada recognizes the important role that skills development plays in long-term economic wellbeing, and contributes to several programs that promote skills development for rural youth.

Maison Familiale Rurale (MFR) is a rural socio-economic development initiative that encourages young people to complete their secondary education and learn a skill. It helps keep young people in rural communities while addressing local workforce needs. Between 2004 and 2008, the Government of Canada invested \$700,000 through AAFC's Rural Secretariat's Models program to enable the MFR in Quebec to work with partners in Quebec, Ontario and Alberta to establish and evaluate new MFR sites. The Rural Secretariat is currently evaluating the results and impacts of the Models program and developing lessons learned on specific models, including the MFR. The resulting information will be distributed to all levels of government, through Rural Teams², the Rural Development Network³ and other mechanisms, to be used when developing programs and services regarding rural Canada.

² Rural Teams engage federal, provincial and territorial officials and, sometimes, sectoral stakeholders in each province and territory. They are coordinated by the Rural Secretariat.

AAFC provides support that assists Canadian youth and producers in accessing skill development opportunities. Under the F/P/T *Growing Forward* framework agreement, AAFC is funding cost-shared provincial and territorial Business Development programming related to agriculture business management practices and skills development which can provide for enhanced participation by young or new entrants.

AAFC provides financial support to national organizations that develop programs, tools and activities in support of young and beginning farmers. They include the Canadian Young Farmers' Forum, the Canadian Farm Business Management Council, Canada's Outstanding Young Farmers' Program and Canadian 4-H Council.

NRCan provides funding to Aboriginal Junior Forest Ranger programs through the First Nations Forestry Program (FNFP). From 2003-2009, the FNFP contributed more than \$635,000 toward 31 Junior Forest Ranger projects across Canada. The FNFP, which provides funding and support to improve the capacity of First Nations to develop and sustainably manage their forest resources, supported a total of 85 youth initiatives during that time period. During 2007-2009, NRCan's Forest Communities Program also provided more than \$336,000 toward 29 projects focused on youth engagement and education.

The Government of Canada will continue to work with provinces and territories to improve learning information in order to support Canadians making choices about learning and career options and to inform the development and improvement of learning programs.

Literacy and Essential Skills (Recommendation 8-6)

Improving Canadians' literacy and essential skills is a key part of the Government's commitment to build a highly skilled, adaptable and competitive workforce. To this end, the Government of Canada is collaborating with provinces and territories, industry, business organizations and community organizations to support initiatives focused on developing the literacy and essential skills both urban and rural Canadians need to find and keep jobs, to adapt and prosper in a changing economy, and to contribute to their communities and families.

The Government of Canada created the Office of Literacy and Essential Skills (OLES) with a mission to become an acknowledged centre of expertise on "what works" in increasing the literacy and essential skills of adult Canadians. Using this expertise, OLES plays an indirect role by influencing the policies and activities of others and leveraging funding to improve opportunities for adults to increase their literacy and essential skills.

The Government of Canada has also created a Literacy and Essential Skills Toolkit that offers free and easy to use approaches to help address different literacy and essential skills challenges. The toolkit provides users with assessment opportunities, learning materials, and training resources. Over 375,000 tools were ordered in hard copy or downloaded during the 2008-09

³ The Rural Development Network is an interdepartmental network of federal officials established to share the growing base of knowledge and research on rural issues and impacts.

fiscal year. These tools are accessible and applicable to Canadians across the country, in both rural and urban settings.

The Government of Canada also promotes numeracy through statistical skills development. Specifically, Statistics Canada's Education Outreach program enables the agency to play an active role in improving the statistical literacy (statistics and data management) of Canadian students. Opportunities available through this program include many online resources.

As well, since 1999, over 1,500 participants of Inuit, Métis and First Nations communities across Canada have benefited from the Aboriginal Statistical Training program. This program provides access to statistical knowledge and training to communities and organizations that would not otherwise have the opportunity.

Funding Post Secondary Education (Recommendation 8-4)

The Government of Canada helps Canadians access and pay for post-secondary education through the provision of financial assistance and savings incentives to students and their families.

To assist with the cost of post-secondary education, new federal student financial assistance measures announced in Budget 2008 became available to students beginning in August 2009 to provide more upfront and non-repayable money through the Canada Student Grants Program (CSGP) for people who are entering post-secondary studies. This assistance is available to all students who qualify, including rural Canadians. Eligible students can also obtain financial assistance in the form of loans through the Canada Student Loans Program (CSLP).

In Budget 2008, the federal government allocated \$350 million rising to \$430 million over 4 years for the implementation of the CSGP. The new CSGP contains grants that will provide targeted support to low and middle income Canadians to reduce the financial barriers these individuals face in accessing post-secondary education. These new grants are expected to reach an additional 245,000 Canadians a year including rural students.

Another \$123 million was allocated for the modernization and streamlining of the CSLP to include new repayment assistance measures to assist borrowers who are experiencing difficulties in repayment.

The increased costs that rural students face to access post-secondary education are assessed and included in the calculation of a student's need. This includes allowances made for transportation as well as living costs providing rural students with greater access to financial assistance for post-secondary education.

The Government also supports access to post-secondary education through the Canada Learning Bond (CLB) and through Registered Education Savings Plans (RESP). The CLB was introduced in 2004 to help lower-income families to start saving early through the RESP for their children's future post-secondary education. The lifetime maximum of the CLB is \$2,000 per child and since its inception, over \$98 million in CLB has been provided to over 140,000 low-income children across Canada.

Infrastructure and Capacity Building (Recommendation 8-5)

To support capacity at the provincial and territorial level, Budget 2007 increased the portion of the CST earmarked for post-secondary education by \$800 million, and provided for predictable growth in this transfer over the coming years. This funding enables provinces and territories, which are responsible for Canada's universities and colleges, to improve the quality of teaching and learning, renew institutional capacity, provide better access to education, and make the post-secondary system more responsive to learners' needs.

To improve infrastructure, the Government of Canada also invests in post-secondary education infrastructure and capacity through investments in university-based research and programs such as the Knowledge Infrastructure Program (KIP). An important component of Budget 2009, the KIP will provide up to \$2 billion to support infrastructure enhancements at universities and colleges across Canada, including projects to support distance education and infrastructure improvements at campuses that serve the rural population.

To support broadband capacity for distance education, the Government of Canada has provided investments through both FedNor and the Building Canada Fund. FedNor has been an active partner in initiatives targeted at capacity building through the college and university systems in Northern Ontario. Through previous investments and current initiatives such as the Building Canada Fund, the Government of Canada funds projects which support economic growth, including projects which improve connectivity and broadband in communities.

INVESTMENTS AND PARTNERSHIPS **TO RE-VITALIZE RURAL COMMUNITIES**

SUPPORT FOR WELCOMING COMMUNITIES

Age-Friendly Communities (Recommendation 9-6)

Rural communities have both challenges and opportunities arising from the mobility of the population as they seek to address changing economic and demographic realities. Many urban retirees are choosing to move to rural communities for quality of life. As the Standing Committee report indicates, Elliott Lake and other rural communities have had success in building on this trend as a community development opportunity by developing activities, services and infrastructure to engage and attract retirees and seniors. The Government of Canada supports a number of initiatives that benefit rural communities and seniors, including those that facilitate the active engagement of seniors. These initiatives include:

- **Age-Friendly Rural and Remote Communities: A Guide** – The Guide is a practical document that can be used in rural and remote communities across Canada by individuals and groups such as local and provincial governments, voluntary organizations and the private sector, who are interested in making their community more age-friendly.
- **New Horizons for Seniors Program (NHSP)** – The NHSP, through HRSDC, funds projects that help improve the quality of life for seniors and their communities. These projects

involve seniors in a wide range of communities - large and small, rural and remote. Seniors are sharing their knowledge, bridging generations and transferring their skills as volunteers, mentors and leaders in their communities. In 2008-09, NHSP supported 337 projects in rural communities across the country.

- The National Seniors Council (NSC) – The NSC was created by the Government of Canada in 2007 to advise the federal government on all matters related to the well-being and quality of life of seniors. The NSC’s current priorities are volunteering among seniors and positive and active aging. To examine these issues, the NSC held regional roundtables across Canada in 2009. The Council’s work will add to the Government of Canada’s growing understanding of what it takes for seniors to stay active, remain engaged and continue contributing to society.
- Interdepartmental Committee on Seniors – Research – The Interdepartmental Committee (IDC) on Seniors, led by HRSDC, is a horizontal committee of federal government departments and agencies whose responsibilities contribute to advancing federal interests in seniors and/or older adults’ issues. The IDC has formed a Research Sub-Committee to advance knowledge and foster interdepartmental collaboration on issues affecting seniors and an aging population, and to provide the evidence base needed to support federal initiatives. The Rural Secretariat of AAFC participates in the IDC and will consider the recommended research in the development of collaborative research projects.

Immigrant Settlement (Recommendations 11-1, 11-2 and 11-5)

Immigration is a critical demographic factor for Canada. National projections based on the current birth rate suggest that without immigration population growth will be in decline by approximately 2030. The 2006 Census of Population identified immigrants as accounting for 19.8 per cent of Canada’s total population but only 5.1 per cent of Canada’s rural population. Of the 1.1 million immigrants who arrived between 2001 and 2006, only 2.8 per cent settled in rural Canada.

For rural and small town Canada, the ability to attract and retain migrants from other parts of Canada or immigrants is very important. Labour needs in some rural areas of British Columbia, Alberta and Manitoba, combined with successful immigration programs and extensive recruitment activities resulted in a handful of rural census divisions being in the top 20 destinations for new immigrants between 2001 and 2006.

The Government of Canada is committed to working with provincial and territorial governments and other stakeholders to encourage immigration that can address rural labour market needs and to distribute the economic, social and cultural benefits of immigration more generally across the country.

The Provincial Nominee Program (PNP) gives provinces and territories an active role in the immigration process, as these jurisdictions may nominate for permanent residence those who meet their specific labour market and community development needs. Some provinces, such as Ontario and British Columbia, have streams that favour employers who are outside particular urban areas or that encourage business persons to settle outside particular urban areas. Others, such as Alberta, Manitoba and Saskatchewan, have streams specially aimed at attracting farmers. In 2008, Canada welcomed over 22,000 immigrants through the PNP.

The self-employed immigration category specifically targets persons with farm management experience and the intention and ability to become self-employed farmers in Canada. Although the self-employed program is relatively small compared to other immigration programs – self-employed persons and their dependents accounted for 505 new arrivals in 2008 – almost one quarter of this movement over the past five years has been farmers and farm managers.

While a higher proportion of settlement programming is offered in urban centres, settlement services are also offered in rural communities. Citizenship and Immigration Canada's (CIC) Settlement Program provides newcomers to Canada with information and orientation services, language training, and other supports to help them make informed decisions and build networks in their new communities. Community members can also engage in the program to welcome newcomers and help them adjust to life in their community. Services under the Settlement Program are delivered through an array of community-based service provider organizations.

Working in partnership with Ontario, CIC supports Local Immigration Partnerships (LIP) in municipalities to help communities put immigration on their planning agenda so that they may benefit from the successful social and economic integration of newcomers. The project also aims to improve access to and coordination of immigrant integration services in regional communities and improve local labour market outcomes for immigrants. In addition to existing LIPs, CIC is working with the Ontario Ministry of Agriculture, Food and Rural Affairs as it implements case studies in two LIP communities as part of the Community Immigrant Retention in Rural Ontario project.

On a regional basis, ACOA is addressing the regional labour market challenge through collaborative efforts with provincial governments and other federal departments. An important joint approach is the Atlantic Population Initiative, a three-year collaborative effort designed to better attract skilled immigrants to Atlantic Canada; retain more Atlantic Canadians, youth and recent immigrants; improve labour market integration of immigrants; and engage stakeholders to create alternative work and business opportunities in the region. Also, FedNor provides support to communities and other organizations in support of immigration initiatives through contributions to individual projects that qualify under the Northern Ontario Development Program, where appropriate.

The Government also undertakes a number of different initiatives in partnership with not-for-profit organizations and communities to promote diversity and combat racism. The Multiculturalism Program (transferred to CIC from the Department of Canadian Heritage in 2008) draws its mandate from the *Canadian Multiculturalism Act* and provides financial support to projects that address issues related to Canada's diversity. In 2008, the Government established new priorities for the program to promote socio-economic integration, build bridges between communities, and address challenges experienced by at-risk cultural youth. Furthermore, CIC's Welcoming Communities Initiative supports anti-racism efforts that foster more welcoming and inclusive communities and promote the strengthened participation of new immigrants in Canadian society.

The Government of Canada also provides funding to provinces and territories to help these jurisdictions develop and maintain immigration web portals. The goal of the Going to Canada

Immigration Portal Initiative is to help prepare prospective immigrants and current newcomers for living, working, and studying in Canada.

Through the Strategic Plan to Foster Immigration to Francophone Minority Communities, the Government is working with provinces and territories to improve the capacity of official language minority communities to receive francophone newcomers and to ensure their economic, social, and cultural integration. This initiative supports rural communities through local organizations, such as Les carrefours d'immigration rurale de Saint-Léonard in New Brunswick, the region of Evangeline in Prince Edward Island, the Federation acadienne de la Nouvelle-Écosse in Nova Scotia, and the Franco-Yukonnaise Association in the Yukon.

The Government also recognizes the need for evidence-based, policy-relevant research on diversity and social inclusion in small and rural communities. In 2007, the Multiculturalism Program partnered with the Metropolis Project to produce a special issue of the quarterly publication *Our Diverse Cities* that focused specifically on smaller Canadian communities and their experiences with diversity. ACOA, CED-Q, FedNor and the Rural Secretariat of AAFC also recognize the need for policy-relevant research and are partnering to support the Metropolis Project in order to address issues around attracting and retaining new immigrants to rural and remote areas as they affect regional and rural economic development.

Allocations to provinces and territories for settlement services are determined using several factors. These include the number of newcomers in each jurisdiction, averaged over a three-year period and weighted to account for the unique settlement needs of refugees. Allocations also include an amount for capacity-building, which recognizes that jurisdictions – and areas within them – are at different places with respect to the provision of settlement services. Providing a capacity-building amount supports lower-intake jurisdictions in their effort to initiate or expand services, including into rural areas, and allows higher-intake jurisdictions to address regional, including rural, settlement needs.

Since 2006, the Government of Canada has made a significant investment – \$1.4 billion over five years – to enhance settlement programming across the country. Funding for settlement services is distributed through a call for proposal process. Projects that support settlement activities are chosen for funding according to a range of criteria, including how they align with identified priorities and needs, their potential for success, and their cost-effectiveness. As part of this process, the needs of rural areas – including the higher costs they often experience – are considered and assessed.

Recruitment of Skilled Workers (Recommendations 11-3 and 11-4)

Success in attracting highly skilled and experienced individuals in a competitive global marketplace requires that Canada offer diverse opportunities. In this marketplace, supply responds to demand and a significant amount of Canada's economic activity occurs in large and medium-sized cities and urban areas. While the Government acknowledges that these factors strongly influence the settlement pattern of immigrants, they reflect the reality faced by highly urbanized, diversified, and complex economies and not an inherent bias against immigration destined to rural areas.

The economic component of Canada's immigration program offers a number of different avenues that enable foreign nationals from diverse backgrounds to become economically established and contribute to our nation's prosperity. Various programs – ranging from those designed to facilitate the arrival of entrepreneurs, investors, and the self-employed to the Federal Skilled Worker Program (FSWP) – ensure that immigrants with diverse skills and experiences can find a way to settle permanently in Canada. The creation of the Canadian Experience Class (CEC) in 2008 was a way of providing an avenue to those skilled tradespersons who had demonstrated their ability to be attached to the Canadian labour market for two years.

The FSWP and the CEC are economic immigration programs designed to meet national goals. The PNP responds to more specific regional and sectoral needs. Provincial and territorial governments have been using the PNP to recruit and retain immigrants to rural areas.

Budget 2009 committed \$50 million to support provinces and territories in developing a common approach to Foreign Qualifications Recognition to address barriers faced by immigrants entering the Canadian labour force.

SUPPORT FOR HEALTHIER SMALL BUSINESS AND NOT-FOR-PROFIT SECTORS

Small businesses are important to the health of rural communities and to the economy of rural Canada as a whole. Rural-based SMEs represented 28 per cent of the estimated 1.4 million SMEs in Canada in 2004, a proportion well above rural Canada's share of the overall population (i.e., about 20 per cent). This is likely due in part to the important role of local resource-based economic activities (agriculture, forestry, fisheries, and mining) as well as to the entrepreneurial spirit demonstrated by rural Canadians. Six per cent of rural Canadians own SMEs, as compared to 4 per cent of urban Canadians. Eighty-six per cent of rural SMEs fall into the category of micro-business (i.e. firms that employ fewer than five employees).

Budget 2009 emphasizes the Government's commitment to supporting the growth of small businesses 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 enhancing financing under the Canada Small Business Financing Program and from the Business Development Bank of Canada;
- Providing \$30 million over two years for the Canada Business Network and \$10 million to the Canadian Youth Business Foundation; and
- Allocating \$200 million over two years to the National Research Council's IRAP to enable it to temporarily expand its initiatives for small- and medium-sized businesses.

Social Economy Enterprises (Recommendation 13-1)

The Government acknowledges the role that social economy enterprises play in developing new business-based approaches to address Canada's social, environmental and economic concerns, while also providing an important stream of revenue for not-for-profit organizations and the communities they serve.

Recognizing the role of the social economy, the terms and conditions of the Community Futures Program (CFP) were amended to specifically include social enterprises as eligible applicants. The CFP enables communities to address their socio-economic challenges and maximize development opportunities in their respective areas. The program is managed by RDAs and FedNor and is delivered locally through independent community economic development organizations known variously as Community Futures Development Corporations (CFDC), Community Futures (CF) organizations and Community Business Development Corporations (CBDC). More than 250 CFDCs, CFs and CBDCs throughout Canada provide community economic development assistance to communities and community organizations as well as advisory services and repayable financing to local small and medium businesses. In addition, RDAs provide funding support to not-for-profit organizations including social enterprises, either directly or indirectly.

The support of the Government of Canada for the social economy also includes the development of research, knowledge and policy expertise. The Social Sciences and Humanities Research Council is funding the Social Economy Initiative, an ongoing 5-year research initiative to better understand the role, contributions, and challenges of social enterprises and other social economy organizations in Canada.

HRSDC is developing research and knowledge on various aspects of the social economy and the not-for-profit sector, including social innovation, social enterprise, and social finance. This work is enabling the department to better understand the opportunities for strengthening investments in social infrastructure and services, and to address the financing needs of the not-for-profit sector. HRSDC is also undertaking policy research in order to identify potential legal and regulatory barriers to social enterprises in Canada, and is examining possible enabling mechanisms that could support a more entrepreneurial not-for-profit sector.

Micro-Credit Services (Recommendations 13-2 and 13-3)

WD supports a number of initiatives that provide access to credit and business services for rural Western Canadians through the Western Canada Business Service Network. This network of more than 100 offices across the West includes:

- CF organizations offer a variety of services to rural entrepreneurs, including business counselling and loan programs targeted to SMEs including youth and entrepreneurs with disabilities. There are seven Aboriginal CFs; in 2008-09, over 20 per cent of the clients served by Western Canadian CFs were Aboriginal;
- Women's Enterprise Initiative offices provide loans, business counselling and skills training specifically for women entrepreneurs, including in rural areas; and
- Francophone Economic Development Organizations provide enhanced services to Francophones, including training, access to capital, information services, networking and marketing advice, including in rural areas.

In Atlantic Canada, Canada Business Development Centres (called CFDCs elsewhere) provide small-scale loans through a local volunteer board, which is similar to the micro-credit concept.

CED-Q does not directly intervene in micro-credit. However, in pursuit of the same objective, CED-Q has implemented the Youth Strategy Program for business projects in collaboration with the network of CF organizations. The Strategy, administered by the CFDCs, aims to slow the out-migration of youth to large urban centres, to promote access to capital and new business start-ups.

In Ontario, the CFP provides financial support to SMEs, including micro-enterprises, through a network of 61 CFDCs. The program is administered in Northern Ontario by FedNor, which is responsible for 24 CFDCs and in Southern Ontario by FedDev Ontario, which is responsible for 37 CFDCs. This network provides financing in the form of loans, loan guarantees and equity as well as business counselling and technical advice throughout all of Ontario. Approximately 1,130 loans totalling almost \$56 million were provided during the 2008-09 fiscal year. Of the 61 CFDCs, 5 are Aboriginal specific and 18 provide services in both official languages. In addition, FedNor provides financial support to two micro-lending organizations within Northern Ontario, one of which deals specifically with women.

Credit Unions (Recommendation 13-4)

All credit unions and caisses populaires are provincially incorporated as their activities do not extend beyond their respective provincial borders. Consequently, the sector is primarily regulated at the provincial level. The Government supports the credit union movement through legislative measures and small business financing programs including the following:

- Federal Financial Services Legislation – The *Cooperative Credit Associations Act* was amended in 2006, providing the credit union system with new opportunities and business powers intended to strengthen the credit union sector and foster greater domestic competition in the financial services industry. As well, in 2008, the Ministers of Finance for Canada and Quebec reached an agreement to make Caisses central Desjardins eligible to participate in the Canadian Lenders Assurance Facility.
- *Small Business Financing Act* – The Canada Small Business Financing Program (CSBFP) encourages financial institutions, including credit unions, to make their financing available to small businesses. Canadian credit unions issue a significant number of loans under the CSBFP and the credit union share of the CSBFP portfolio nearly doubled between 1999 and 2006. In Budget 2009, the Government increased the maximum eligible loan amount a small business can access under the CSBFP in order to encourage increased lending to small businesses.
- INAC Loan Loss Reserve Program – In April 2009, the Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians, announced innovative partnerships with Affinity Credit Union in Saskatchewan and Assiniboine Credit Union in Manitoba to provide debt financing to First Nation businesses with assets on a reserve. INAC will contribute funds to the two credit unions to be used as collateral to finance loans to medium and large First Nation businesses in Saskatchewan and Manitoba with the assets needed to secure the loan located on a reserve.

Succession Planning (Recommendation 13-5)

In the face of declining populations in rural and remote areas, the issue of business succession is particularly pressing. Core businesses such as corner stores or gas stations are often the sole providers of many goods and services for an entire community.

CED-Q supported two pilot projects in 2007-08: the Risk Capital Fund for the start-up of regional businesses and the Business Succession Capitalization Fund. These funds were available to create a business or to transfer a business that, lacking a buyer, would otherwise have closed. More than 40 projects were financed of which 28 targeted the transfer of existing properties enabling the creation and maintenance of more than 2,000 jobs in Quebec's rural communities. Based on these results, CED-Q has implemented a new initiative in order to support business start-up and succession with a view to ensuring the creation and maintenance of jobs in rural regions. The Fund of \$12 million will operate until September 2010. The results of the CED-Q succession planning projects have been communicated to other RDAs who will consider their applicability within their own areas of responsibility.

The Government of Canada recognizes the potential for the co-operative model as a viable option to maintain and develop economic activities and provide essential goods and services, and has in the past supported innovative applications of the co-operative model of business through the Co-operative Development Initiative (CDI) of AAFC. Collaboration with the co-operative sector (the Canadian Co-operative Association, the Conseil Canadien de la Coopération et de la Mutualité and their affiliates) on a co-operative response to business succession generated a number of approaches to support local communities and their enterprises. Based on a stronger partnership with the co-operative sector, the CDI continues its support to rural economic development and business succession activities by investing more resources in the provision of advisory services and by providing financial assistance to local communities who are testing innovative applications of the co-operative model.

The Co-operatives Secretariat and the Co-operative Development Initiative (Recommendation 13-6)

In May 2009, the Government of Canada announced that funding for CDI had been renewed and enhanced through to March 31, 2013 with a \$19.1 million investment. Through the Co-operatives Secretariat, the Government has partnered with the co-operative sector to implement CDI. In addition to investing in the delivery of advisory services and innovative co-operative projects as described above, the program supports new and applied research to support co-operative development.

Since its establishment in 2003, CDI has supported over 1,500 co-op projects and helped to create over 200 new co-operatives, many in rural areas. The Agricultural component of CDI, put in place in 2006, provided support to more than 60 new and emerging value-added agricultural co-ops.

Rural Volunteerism (Recommendations 14-3 and 14-4)

The Government recognizes the important contribution that Canada's volunteers make to the lives of Canadians, their communities and the economy on a daily basis. In 2007, nearly 12.5 million or 46 per cent of Canadians volunteered their time to charitable and not-for-profit organizations, contributing over 2.1 billion volunteer hours, the equivalent of almost 1.1 million full-time jobs. Canada's not-for-profit sector also relies heavily on the contributions of volunteers, with over half (54 per cent) of charitable and not-for-profit organizations relying solely on volunteers to carry out their missions and objectives.

The Government supports volunteerism through grants and contribution programs, through awards, and through research and knowledge development. Through the Canada Survey of Giving, Volunteering and Participating and the Satellite Account of Not-For-Profit Institutions and Volunteering, the Government supports and encourages ongoing work to develop relevant and accurate data on volunteers and the not-for-profit sector's contribution to the lives of Canadians, their communities and the economy.

Through its Community Participation and Leadership component, the NHSP encourages seniors to contribute to their communities by sharing their knowledge and transferring their skills as volunteers. The Thérèse Casgrain Volunteer Award of HRSDC is presented annually to two extraordinary Canadians who have demonstrated lifelong commitment to volunteering. The Building Communities through Arts and Heritage Program of Canadian Heritage provides funds to encourage community engagement.

The important role of emergency service volunteers is recognized in the *Income Tax Act*. Where public authorities provide honoraria to emergency service volunteers, the first \$1,000 is not included in income. This measure is meant to recognize the contribution of emergency service volunteers, and enables public authorities to provide small amounts of compensation to these individuals without the administrative burden of having to prepare tax information slips. The exemption was increased in Budget 1998 from \$500 to \$1,000, and was extended beyond firefighters to include other emergency service volunteers. Out-of-pocket expenses incurred by emergency service volunteers in the course of their duties may also be fully reimbursed on a non-taxable basis.

With regard to the legal and regulatory barriers that inhibit volunteer activity in Canada, the majority of these fall under provincial and municipal jurisdiction. HRSDC has been conducting policy research on the federal legal and regulatory barriers facing not-for-profit organizations.

Not-For-Profit Sector (Recommendation 14-2)

The Government recognizes the contribution the not-for-profit sector makes to improve the lives of Canadians. In 2005, the value added or GDP of the core not-for-profit sector (excluding hospitals and universities) amounted to \$31 billion, accounting for 2.4 per cent of the total Canadian economy. To help enable not-for-profit development, the Government is committed to supporting a legislative and regulatory environment in which donors are able to invest with confidence and sustainable and effective not-for-profit organizations can thrive.

To this end, HRSDC is undertaking research to understand the regulatory and legislative framework governing the funding practices of not-for-profit organizations. As well, the Government of Canada has taken specific measures to facilitate charitable donations. For example, beginning in the fall of 2009, the CRA will launch the pilot of Charities Information Webinars as part of their Small and Rural Charities initiative. The one year pilot project, available through high-speed or dial-up Internet, will provide a convenient interactive forum for registered charities to access information to comply with the rules of the *Income Tax Act*.

SUPPORT FOR CAPACITY AND LEADERSHIP DEVELOPMENT

Capacity Development (Recommendation 14-1)

The ability of rural communities to build on their assets and realize their full potential is critical to their viability and sustainability. The Government has supported several initiatives to help expand the development capacity of rural communities and organizations. For example:

- Foundation for Rural Living's Rural Development Officer (RDO) program: The purpose of the RDO program is to support organizations in enhancing their rural philanthropy and fund development knowledge and skills. The program enables the training and placement of rural development officers in rural not-for-profit and voluntary organizations. With funding from AAFC's Rural Secretariat Models program and other sources, the RDO program has been expanded to offer training, coaching and mentoring to not-for-profit organizations.
- Community Futures: The CFP enables communities to address their socio-economic challenges and maximize development opportunities in their respective areas.
- Réseaux de développement économique et d'employabilité (RDÉE) and Community Economic Development Committees (CEDEC): RDÉEs and CEDECs receive funding from HRSDC's Enabling Fund for Official Language Minority Communities. RDÉE Canada is a not-for-profit organization, which collaborates with provincial and territorial organizations (12 RDÉE) to enhance the vitality and support the development of Francophone minority communities. Each organization provides services in the areas of employability and/or economic and business development. The network takes steps to develop the skills of leaders, youth, other stakeholders and rural communities in general and to foster rural development based on the growth and diversification of the rural economy. CEDECs are volunteer organizations in Quebec formed to support Anglophone minority language communities through strategic planning, building partnerships, sharing community successes and promoting entrepreneurship and employability as important elements of community economic development.

Leadership Training (Recommendation 15-1)

The Government agrees that innovative and informed local leadership is an important element in enabling rural communities to build on their assets and realize their full potential. In Canada, rural leadership development and training is most often offered on a provincial/territorial, regional or local basis by non-government organizations. Governments at all levels provide funding for such initiatives.

At the federal level, the Government funds the CFP, RDÉEs and CEDEC. Based on their assessments of regional needs and priorities, these organizations may provide leadership training and other leadership support in terms of assistance with community engagement, visioning, strategic planning and other aspects of the community development process. Through the First Nations Infrastructure Fund, the Government funds community planning and skills development initiatives in First Nations communities.

AAFC invests in the development of rural leadership models, tools and services. Through AAFC's Rural Secretariat's Models program, five projects which addressed community leadership development received a total of \$3.9 million in funding between 2004 and 2008. These projects included the development of a community-based leadership curriculum; youth leadership development; the passing on of cultural leadership from community elders; and community succession planning to attract young leaders back to rural communities. The Rural Secretariat is currently evaluating the results and impacts of the Models program, and developing lessons learned on specific models. The resulting information, including lessons on rural leadership development, will be distributed to all levels of government, through Rural Teams, the Rural Development Network and other mechanisms, to be used when developing programs and services regarding rural Canada. Currently, the Rural Secretariat is working with government and non-government organizations to help equip rural leaders and their communities to develop new economic opportunities.

AAFC also funds other initiatives to enhance agricultural and rural leadership including the following:

- The Steps to Leadership project is a partnership project of the Centre for Rural Leadership, 4-H Ontario, the Ontario Rural Council, and the Foundation for Rural Living designed to develop and deliver new programming and resources aimed at significantly boosting leadership skills and capacity for agricultural and rural organizations and communities across Ontario. AAFC has invested \$1.1 million in the project through the Agricultural Adaptation Council.
- The Atlantic Agricultural Leadership Program develops emerging agricultural leaders for the Atlantic and Canadian rural and agricultural sectors through workshops, seminars and study tours delivered over an 18-month period. AAFC has provided funding of \$260,000 through the Advancing Canadian Agriculture and Agri-Food Program (now the Canadian Agricultural Adaptation Program).

CONCLUSION

Rural communities across Canada, such as forestry, mining, farming, fishing, agricultural and manufacturing communities, are the foundation of the Canadian economy.

The Government of Canada has made substantial commitments and investments to improve the well-being of rural citizens, and will continue to work on many fronts for a strong national economy which will benefit rural Canada. The Government will also work in partnership with other levels of government and with non-governmental organizations and stakeholders in an

effort to provide rural Canada with the programs and services critical for its growth and prosperity.

One of the particular strengths of the report *Beyond Freefall: Halting Rural Poverty* is its emphasis on the importance of rural Canada to the Canadian social fabric and to its economy. The Government of Canada appreciates the outstanding work of the Standing Senate Committee on Agriculture and Forestry, and expresses gratitude for having provided the Government of Canada with an opportunity to respond to and comment on the recommendations of the Committee.

Appendix A to the Government Response

RECOMMENDATIONS **BEYOND FREEFALL: HALTING RURAL POVERTY**

Recommendation 1-1:

The committee recommends that the federal government adopt the explicit and precise initiatives discussed in this report aimed at reducing rural poverty and reversing rural decline such that a generation from now, rural Canada is a place where, as a whole, population decline in absolute terms, and as a proportion of the total Canadian population, has been halted if not reversed and where, on a range of socio-economic indicators – health status, educational attainment, and per capita income, rural Canada has closed the gap with urban Canada.

Recommendation 2-1:

The committee recommends the federal Government create a new Department of Rural Affairs which would assume and expand on the responsibilities currently assigned to the Rural Secretariat. In the meantime, the committee recommends that all memoranda to Cabinet include the Rural Secretariat's analysis of the policy or program's likely impact on rural Canada, as well as the sponsoring department's response to that analysis.

Recommendation 2-2:

The committee recommends that FedNor's mandate be broadened to include the entire province and that it be given agency status. Moreover, the committee recommends that FedNor's name be changed to reflect this new, broader mandate.

Recommendation 2-3:

The committee recommends that the federal government work with provincial, territorial and municipal governments to identify ways in which a range of existing and new services might be delivered through existing rural infrastructure points such as rural post offices.

Recommendation 2-4:

The committee recommends that the federal government move at least 10% of its existing large urban centre employees to regional centres in rural Canada.

Recommendation 3-1:

The committee recommends that the federal government reintroduce the Canadian Farm Families Options Program with modifications that take into account feedback from farmers. The program should operate for at least another three years, at which point a full analysis of the outcomes should be conducted to determine the extent to which the program helped address farm poverty by making low-income farms more profitable and sustainable.

Recommendation 3-2:

The committee recommends that the federal government eliminate the tax on capital gains on the disposition of qualifying farm property of an active farming business to a child (as defined in the *Income Tax Act*) who commits to engage in an active farming business. The committee also recommends that the federal government re-examine and enhance existing tax measures such as the ten year capital gain reserve and other related tax measures to facilitate the transfer of farm property to the next generation. It should also increase the amount of support given to farmers to encourage and help with farm succession planning.

Recommendation 3-3:

The committee recommends that, as part of the proposed long-term farm policy framework, the federal government introduce direct payments in recognition of the ecological goods and services provided by farmers and rural landowners.

Recommendation 3-4:

The committee recommends that the federal government should, through a coordinated effort by Environment Canada, the federal regional development agencies and the proposed Department of Rural Affairs, help organize and fund efforts to develop watershed agreements between urban communities and major stakeholders in relevant rural communities. These agreements should ensure that rural communities, including rural private property owners, are adequately compensated for their efforts to protect watersheds.

Recommendation 3-5:

The committee recommends that the federal government provide stable funding to Environment Canada's Habitat Stewardship Program for Species at Risk over a five-year period.

Recommendation 3-6:

The committee recommends that the federal government reintroduce PERRL or similar programs to study the impact that a Canadian carbon credit emission trading system may have on agriculture and other sectors.

Recommendation 3-7:

The committee recommends that Agriculture and Agri-Food Canada along with key producers conduct a thorough assessment of the impacts on the rural economy of the various government supports to the biofuels industry. Existing biofuel support and encouragement policies must be maintained until the assessment is complete. Key elements of this study would include but not be limited to:

- a review of the positive and negative effects of biofuels development on the rural economy (including the livestock sector);
- an analysis of risks versus rewards for rural communities and farmers regarding investments in bio-refineries (in particular, the study should attempt to determine whether first-generation bio-refineries are a sustainable business model); and

- an examination of the opportunity costs to the rural economy of government supports to the biofuels sector (i.e., if the goal is to maximize benefits to the rural economy, would this money be better spent on sectors other than biofuels?)

Recommendation 3-8:

The committee recommends that the federal government, with the provinces and territories, change food inspection regulations to ease the entry of local producers and organic growers into the market, while increasing the scrutiny of foreign packaged produce and food products to ensure a level playing field for Canadian producers.

Recommendation 4-1:

The committee recommends that the federal government immediately convene a national summit with all relevant stakeholders on forestry with the aim of developing a national forestry strategy.

Recommendation 4-2:

The committee recommends that the federal government provide incentives for sustainable forestry management practices on private woodlots through the *Income Tax Act*.

Recommendation 5-1:

The committee recommends that the federal government, through the Canadian Tourism Commission (CTC) and the proposed Department of Rural Affairs, create a promotional program that specifically markets rural Canada as a tourist destination to international and Canadian travellers.

Recommendation 6-1:

The committee recommends that the federal government simplify its application process and/or provide financial and technical assistance to help small rural communities apply for government infrastructure funding.

Recommendation 6-2:

The committee recommends that the federal government set targets for achieving rural broadband connections and commit long term funding to meet these targets and further, that the Canadian Radio-television and Telecommunications Commission (CRTC) be directed by cabinet to impose a regulatory obligation on all suppliers, as a condition of license, to provide a minimum of high speed Internet services to rural communities. The funding should help cover the cost of broadband infrastructure and ongoing operating expenditures.

Recommendation 6-3:

The committee recommends that the federal government provide long-term, stable funding to the Community Access Program and expand the program to include funding for continuous technology upgrades.)

Recommendation 6-4:

The committee recommends that the federal government commit to 50-50 capital funding for new rural transportation infrastructure. The federal government should also study how to coordinate existing rural transportation services into a flexible network in which they would complement each other and provide extra transportation services to rural citizens.

Recommendation 6-5:

The committee recommends that the federal government, through the proposed Department of Rural Affairs, fund research into regionalization and governance best practices in Canada and abroad. To further assist in these efforts, the committee recommends that the federal government, through the proposed Department of Rural Affairs, fund research that would map actual transportation use in rural regions of the country.

Recommendation 6-6:

The committee recommends that the federal government periodically increase the Northern Residents Deduction to reflect increases in the cost of living in Canada's North.

Recommendation 6-7:

The committee recommends that the federal government, through the Department of Fisheries and Ocean's Small Craft Harbours Branch, increase capital funding for small craft harbours and its support of Harbour Authorities in rural and remote communities.

Recommendation 7-1:

The committee recommends that the federal government, in consultation with the provinces/territories, devise a national poverty reduction strategy that is sensitive to rural/urban differences. As part of its deliberations, the federal government should pay special attention to the antipoverty strategies already in place in Québec and Newfoundland and Labrador.

Recommendation 7-2:

The committee recommends that the federal government commission a Green Paper to study the costs and benefits of introducing a guaranteed annual income. The Green Paper should serve as a starting point for a national discussion involving the provinces and territories about reforming the country's income support system so that it is more generous, less punitive, less stigmatizing and more consistently applied across provinces and territories.

Recommendation 7-3:

The committee recommends that as funding permits, the federal government adapt its working income tax benefit to conform to the proposed working income supplement outlined in the May 2006 report of the Task Force on Modernizing Income Security for Working-Age Adults.

Recommendation 7-4:

The committee recommends that the federal government phase in increases to the maximum Canada Child Tax Benefit (CCTB) to \$5,000 as funding permits. Initially, the increases could be funded eliminating the Universal Child Care Benefit (UCCB) and the non-refundable Child Tax Credit.

Recommendation 7-5:

The committee recommends that the Canada Revenue Agency and Services Canada undertake to inform clients about the full range of programmes and tax benefits to which they may be eligible, regardless of which program(s) they applied for. The Canada Revenue Agency should also consider preparing a simplified, one-page tax form for low-income individuals with relatively simple tax situations. Finally, the Canada Revenue Agency should also, where feasible, automatically calculate an individual's eligibility for existing and future tax benefits based on available income and personal data.

Recommendation 7-6:

The committee recommends that the federal government extend eligibility for its charitable income tax credit to bulk donations of food items. The federal government should also revise relevant legislation in order to offer excise tax rebates on imported food which is subsequently donated to food banks.

Recommendation 7-7:

The committee recommends that Statistics Canada include some measure of transportation costs in its low-income cut-off (LICO) statistics.

Recommendation 8-1:

The committee recommends that the federal government work with the provinces and territories to introduce an early learning and child care program that is sensitive to the needs of rural Canada.

Recommendation 8-2:

The committee recommends that the federal government direct the proposed Department of Rural Affairs to begin talks with provincial/territorial governments to fund additional Maison Familiale Rurale projects in rural areas across Canada. As part of this funding, the federal government should provide financial assistance to low-income Canadians, rural or urban, who want to attend MFR schools.

Recommendation 8-3:

The committee recommends that the proposed Department of Rural Affairs study any existing and potential rural-urban school partnerships, shared schooling services among rural communities, and options for using rural schools to their full potential. This information should be shared with provincial and territorial ministries of education.

Recommendation 8-4:

The committee recommends that, in designing the new Canada Student Grant Program and Canada Student Loan Program, the federal government structure the funding

formulas to fully account for the costs faced by rural youth. The objective should be to level the playing field between rural and urban youth.

Recommendation 8-5:

The committee recommends that the proposed Department of Rural Affairs work with relevant government departments and agencies to spearhead a strategy aimed at expanding the range of college and university programs available in rural Canada through physical facilities and distance learning approaches.

Recommendation 8-6:

The committee recommends that the federal government restore and increase funding to promote literacy and numeracy across Canada, with special emphasis on funding literacy services in rural Canada.

Recommendation 9-1:

The committee recommends that the Canada Mortgage and Housing Corporation (CMHC) investigate and correct any administrative barriers that may be preventing it from spending its full Parliamentary appropriations on its housing repair and improvement programs.

Recommendation 9-2:

The committee recommends that the federal government make a five-year funding commitment to its housing repair and improvement programs. The funding commitment in the first year should be set at \$251 million, which represents the parliamentary appropriations for 2006–2007, and should be increased in subsequent years to reflect inflation and population growth.

Recommendation 9-3:

The committee recommends that the Canada Mortgage and Housing Corporation (CMHC) measure and report on the extent to which low income rural Canadians are making use of its housing repair and improvement programs, and that CMHC use this information to adjust the programs to better suit the needs of rural Canadians. The committee also recommends that CMHC expand its presence in rural Canada.

Recommendation 9-4:

The committee recommends that the proposed Department of Rural Affairs review and assess the National Homelessness Initiative and its successor, the Homelessness Partnering Strategy, as well as the Affordable Housing Initiative, to determine the extent to which they have served and (where applicable) continue to serve the needs of rural Canadians.

Recommendation 9-5:

The committee recommends that the federal government restore its co-operative housing program and designate 20% of funding (rural Canada's share of the national population) under the restored program to rural Canada.

Recommendation 9-6:

The committee recommends that the proposed Department of Rural Affairs, in cooperation with the regional development agencies conduct comprehensive research on efforts to encourage retirees and seniors to stay and/or settle in rural Canada.

Recommendation 9-7:

The committee recommends that the federal government direct the Canada Mortgage and Housing Corporation (CMHC) to study the possibility of creating a reverse mortgage program aimed at extending availability of this financial product to rural Canada. As part of this program, CMHC could consider a range of policy options, including (a) introducing a program to insure against market, property and life-expectancy risks in order to broaden private-sector involvement; (b) devising and managing a reverse mortgage program of its own; or (c) some combination of (a) and (b).

Recommendation 9-8:

The committee recommends that the Canada Mortgage and Housing Corporation (CMHC) review and assess the National Homelessness Initiative and its successor, the Homelessness Partnering Strategy, as well as the Affordable Housing Initiative, to determine the extent to which they have served and (where applicable) continue to serve the needs of the North and are sensitive to the particular challenges faced by women in the North. This research should form the basis of the next generation of homelessness and affordable housing initiatives.

Recommendation 10-1:

The committee recommends that the federal government implement the recommendations contained in the RCMP study entitled *Organized Crime and Policing in Rural and Remote Canadian Communities* and that the RCMP, along with the proposed Department of Rural Affairs, fund additional research into rural crime and rural policing.

Recommendation 10-2:

The committee recommends that the federal government fund academic and community-based action-oriented research into the causes of, and response to, domestic violence in rural Canada. Applying this research, the federal government should take a leadership role, through its Family Violence Initiative, and support regional forums that bring together federal, provincial/territorial and community leaders, non-governmental organizations, front-line service providers, and survivors of domestic violence in order to develop appropriate responses to family violence in rural areas.

Recommendation 10-3:

The committee recommends that the federal government increase funding under its Access to Justice Agreements in order to clear the backlog of legal aid-related cases in the North. It further recommends that the federal government increase funding for criminal and civil legal aid services. Funding for civil legal aid services should be provided on the same basis as criminal legal aid.

Recommendation 11-1:

The committee recommends that the Department of Citizenship and Immigration Canada and the proposed Department of Rural Affairs work with the provinces and territories to explore ways of increasing assistance to communities that have identified a need and a desire to recruit immigrants and integrate them into their communities.

Recommendation 11-2:

The committee recommends that Citizenship and Immigration, in conjunction with the proposed Department of Rural Affairs, employ where feasible the Scottish example to increase immigrant settlement in rural Canada.

Recommendation 11-3:

The committee recommends that the federal government direct Citizenship and Immigration Canada to study the possibility that its focus on attracting economic immigrants may contain an inherent bias in favour of recruiting urban residents at the expense of rural people who might be more inclined to settle and stay in rural Canada.

Recommendation 11-4:

The committee recommends that the federal government review its points system to award additional points to immigrants from rural areas with specialized skills in the trades or in the kind of artisanal, entrepreneurial production that can do well in rural Canada.

Recommendation 11-5:

The committee recommends that Citizenship and Immigration Canada and the proposed Department of Rural Affairs along with the provinces and territories collaborate on a review of CIC's settlement services funding formula in order to better assist rural communities that have a well developed plan to attract immigrants to their areas.

Recommendation 12-1:

The committee recommends that the federal government restore the Office of Rural Health within Health Canada; that Health Canada, through its Office of Rural Health, develop and implement a long-term National Rural Health Strategy in consultation with the provinces and territories; and that the National Rural Health Strategy encompass initiatives related to telehealth, health human resources and health research in rural Canada.

Recommendation 12-2:

The committee recommends that, as part of its National Rural Health Strategy, Health Canada's Office of Rural Health implement a Rural Health Human Resources Initiative to address shortages of health care providers in rural and remote communities; and that the Rural Health Human Resources Initiative be made permanent and provided with dedicated federal funding.

Recommendation 12-3:

The committee recommends that Health Canada, through its Office of Rural Health, work with its provincial and territorial counterparts and with regional development agencies to

fund proposals for new health educational programs and facilities in rural parts of Canada.

Recommendation 12-4:

The committee recommends that, as part of its National Rural Health Strategy, Health Canada's Office of Rural Health invest in cost-effective telehealth applications that will enhance access to care and improve the quality of health services in rural and remote communities.

Recommendation 12-5:

The committee recommends that the Canadian Institutes of Health Research, in collaboration with Health Canada's Office of Rural Health, make a long-term investment through dedicated funding in strategic initiatives in rural and remote health research.

Recommendation 13-1:

The committee recommends that the federal government restore funding to the Social Economy Initiative and direct its regional development agencies to immediately begin work on creating patient capital funds similar to La Fiducie du Chantier de l'économie sociale in Quebec.

Recommendation 13-2:

The committee recommends that the proposed Department of Rural Affairs coordinate an effort by Canada's regional development agencies to expand the range and availability of micro-credit programs in rural Canada. The programs should especially target traditionally disadvantaged groups such as rural women, Aboriginal people, immigrants and Francophones.

Recommendation 13-3:

The committee recommends that the federal government reaffirm its long-term commitment to the Community Futures program. The proposed Department of Rural Affairs should also conduct a study of the program to assess the potential of expanding the size of loans that the program makes available.

Recommendation 13-4:

The committee recommends that the proposed Department of Rural Affairs explore ways in which the federal government might help the credit union movement retain and possibly expand rural credit union locations.

Recommendation 13-5:

The committee recommends that, conditional upon a review of CED-Q's succession planning pilot project, the federal government expand this concept to its other regional development agencies. The committee further recommends that the federal government explore ways of helping the cooperative sector develop and expand its succession planning project.

Recommendation 13-6:

The committee recommends that the federal government provide stable, long-term funding to the Co-operatives Secretariat and the Co-operative Development Initiative.

Recommendation 14-1:

The committee recommends that, conditional on a positive evaluation of the Rural Development Officer (RDO) program, the federal government should help the Foundation for Rural Living expand its RDO program to every province and territory. The program should be reviewed after three years to assess its success in generating additional investment in Rural Canada's non-profit sector.

Recommendation 14-2:

The committee recommends that the federal government create a national foundation dedicated to supporting community-related activities in rural Canada. The federal government should contribute \$1 per Canadian (2006 Census population: 31.6 million) to the foundation. The endowment should be used to leverage additional contributions from private sector and foundation donations.

Recommendation 14-3:

The committee recommends that the federal government immediately create a tax credit to recognize and reward volunteer work, especially for emergency service personnel.

Recommendation 14-4:

The committee recommends that the proposed Department of Rural Affairs investigate the extent to which federal and provincial regulations and laws may be inhibiting volunteer activity in rural Canada.

Recommendation 15-1:

The committee recommends that the proposed Department of Rural Affairs develop and implement a leadership training program for rural communities.

Appendix B to the Government Response

ACRONYMS

AAFC	Agriculture and Agri-Food Canada
ABA	Automated Benefits Application
ACOA	Atlantic Canada Opportunities Agency
AFF	Agricultural Flexibility Fund
AHHRI	Aboriginal Health Human Resources Initiative
AHI	Affordable Housing Initiative
AIF	Atlantic Innovation Fund
BRM	Business Risk Management
CAF	Community Adjustment Fund
CALA	<i>Canadian Agricultural Loans Act</i>
CanNor	Canadian Northern Economic Development Agency
CBDC	Community Business Development Corporations
CCTB	Canada Child Tax Benefit
CDI	Co-operative Development Initiative
CDT	Community Development Trust
CEC	Canadian Experience Class
CEDEC	Community Economic Development Committees
CED-Q	Canada Economic Development for Quebec Regions
CF	Community Futures
CFP	Community Futures Program
CFDC	Community Futures Development Corporations
CFFOP	Canadian Farm Families Options Program
CIC	Citizenship and Immigration Canada
CIHR	Canadian Institutes of Health Research
CLB	Canada Learning Bond
CMHC	Canada Mortgage and Housing Corporation
CRA	Canada Revenue Agency
CRTC	Canadian Radio-television and Telecommunications Commission
CSBFP	Canada Small Business Financing Program
CSGP	Canada Student Grants Program
CSLP	Canada Student Loans Program
CST	Canada Social Transfer
CTC	Child Tax Credit
DTC	Disability Tax Credit
EAF	Enabling Accessibility Fund
EC	Environment Canada
EI	Employment Insurance
ERP	Emergency Repair Program
FCC	Farm Credit Canada
FedDev Ontario	Federal Economic Development Agency for Southern Ontario

FedNor	Federal Economic Development Initiative in Northern Ontario
FNFP	First Nations Forest Program
FNHIB	First Nations and Inuit Health Branch
F/P/T	Federal/Provincial/Territorial
FSWP	Federal Skilled Worker Program
FVI	Federal Family Violence Initiative
GAI	Guaranteed Annual Income
GDP	Gross Domestic Product
GIS	Guaranteed Income Supplement
GTF	Gas Tax Fund
HC	Health Canada
HPS	Homelessness Partnering Strategy
HSP	Habitat Stewardship Program
IAPH	Institute of Aboriginal Peoples' Health
IHSPR	Institute of Health Services and Policy Research
INAC	Indian and Northern Affairs Canada
IC	Industry Canada
IDC	Interdepartmental Committee
IPPH	Institute of Population and Public Health
IRAP	Industrial Research Assistance Program
HRSDC	Human Resources and Skills Development Canada
KIP	Knowledge Infrastructure Program
LCGE	Lifetime Capital Gains Exemption
LICO	Low-Income Cut-Off
LIM	Low Income Measure
LIP	Local Immigration Partnerships
MBM	Market Basket measure
NCBS	National Child Benefit Supplement
NHI	National Homelessness Initiative
NHSP	New Horizons for Seniors Program
NRCan	Natural Resources Canada
NSC	National Seniors Council
OECD	Organization for Economic Co-operation and Development
OLEs	Office of Literacy and Essential Skills
PNP	Provincial Nominee Program
P/T	Provincial/Territorial
RDAs	Regional Development Agencies
RDÉE	Réseaux de développement économique et d'employabilité
RDO	Rural Development Officer
RDSP	Registered Disability Savings Plan
RESP	Registered Education Savings Plans
RHF	Regional Homelessness Fund
RRAP	Residential Rehabilitation Assistance Program
SC	Service Canada
SCPI	Supporting Communities Partnership Initiative

SEP	Shelter Enhancement Program
SMEs	Small and Medium-sized Enterprises
STC	Statistics Canada
UCCB	Universal Child Care Benefit
WD	Western Economic Diversification Canada
WITB	Working Income Tax Benefit