



**CITY OF KINGSTON**  
**INFORMATION REPORT TO COUNCIL**

**Report No.: 12-133**

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**TO:** Mayor and Members of Council  
**FROM:** Gerard Hunt, Chief Administrative Officer  
**RESOURCE STAFF:** Holly Wilson, Manager, Intergovernmental Relations  
**DATE OF MEETING:** April 3, 2012  
**SUBJECT:** Federal Budget of March 29, 2012

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**EXECUTIVE SUMMARY:**

On Thursday March 29<sup>th</sup> 2012 Mayor Gerretsen and Holly Wilson, Manager of Intergovernmental Relations attended the reading of the 2012 federal budget bill in Ottawa.

Similar to the 2012 Ontario provincial budget bill announced on Tuesday March 27, 2012, the 2012 federal budget does not represent a lot of new spending. It primarily focuses on balancing its budget by 2015-2016.

There are a few areas that could have relevance to the City of Kingston, such as infrastructure investments, changes to immigration policy, affordable housing, potential public service reductions and culture investments in Sir John A Macdonald's 200<sup>th</sup> Anniversary but it is unclear at this point what the impact will be.

City staff will continue to review the 2012 federal budget document, monitor developments and work with their federal counterparts as more information becomes available in the coming weeks.

**RECOMMENDATION:**

There is no recommendation as this report is provided for information only.

April 3, 2012

- Page 2 -

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**AUTHORIZING SIGNATURES:**

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER  Gerard Hunt, Chief Administrative Officer
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**CONSULTATION WITH THE FOLLOWING COMMISSIONERS:**

Cynthia Beach, <i>Sustainability &amp; Growth</i>	N/R
Lanie Hurdle, <i>Community Services</i>	N/R
Denis Leger, <i>Transportation, Properties &amp; Emergency Services</i>	N/R
Jim Keech, <i>President and CEO, Utilities Kingston</i>	N/R

***(N/R indicates consultation not required)***

April 3, 2012

- Page 3 -

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**OPTIONS/DISCUSSION:****Highlights of the 2012 federal budget bill document:****Infrastructure spending**

- The government will continue investments of \$8.8 billion under the Building Canada Fund, of which \$5 billion will continue to flow beyond 2011–12 to municipalities, provinces and territories to reflect project timelines.
- The \$2 billion annual allocation under the Gas Tax Fund is a permanent legislated measure.
- The government will propose \$150 million over two years to support repairs and improvements to existing small public infrastructure facilities through the new Community Infrastructure Improvement Fund.
- The Fund will be delivered by the regional development agencies and support projects on a cost-shared basis in partnership with municipalities, community organizations and not-for-profit entities. Projects will be selected on the basis of their readiness to proceed and the anticipated economic benefits, including job creation.
- The government has committed to taking steps to deliver on its commitment to work with provinces, territories, the Federation of Canadian Municipalities (FCM) and other stakeholders on the development of a long-term plan for public infrastructure that extends beyond the expiry of the Building Canada plan in 2014.

**Changes to Old Age Security (OAS)**

- The government plans to increase the age of eligibility for Old Age Security (OAS) and Guaranteed Income Supplement benefits from 65 to 67. This change will start in April 2023, with full implementation by January 2029. This will not affect anyone 54 years of age or older as of March 31, 2012.
- Canadians can also choose to defer take-up of their OAS benefits and receive higher annual benefits.

**The Penny**

- The Government will introduce legislation to modernize Canada's currency by eliminating the penny. The Government will no longer distribute pennies as of Fall 2012. However, the penny will retain its value and can continue to be used in payments.

**Citizenship and Immigration**

- Citizenship and Immigration Canada will continue to take steps to more efficiently process immigration applications by centralizing part of its visa processing to reduce

April 3, 2012

- Page 4 -

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duplication and overlap, and allow in-Canada applicants to be processed in Canada. Changes include:

- Realigning the Temporary Foreign Worker Program to better meet labour market demands. Supporting further improvements to foreign credential recognition and identify the next set of target occupations beyond 2012. Moving to an increasingly fast and flexible immigration system where priority focus is on meeting Canada's labour market needs.
  - Returning applications and fees to certain federal skilled worker applicants who have been waiting for processing to be completed.
- As the City develops its immigration strategy there may be an opportunity to better align its framework with that of the provincial and federal governments as they move to develop their policies.

#### **Commemorations for the Bicentennial of the War of 1812**

- The government will invest in commemorations for the 200th anniversary of the War of 1812. The 200th anniversary of the War of 1812 is just one of many events bringing Canadians together as the country moves closer to Canada's 150th anniversary in 2017, which will also include celebrations around the Queen's Diamond Jubilee.

#### **Cross border shopping**

- The government will increase the value of goods imported duty and tax free by Canadian residents returning from abroad after a 24-hour and 48-hour absence to \$200 and \$800, harmonizing them with U.S. levels.

#### **Reduced spending**

- The government will scale back spending by \$5.2 billion over the next three years. The government will run a \$21 billion budget deficit in the 2012-13 fiscal year, with overall spending set at \$276 billion. The government expects to balance its budget by 2015-2016.
- The government plans to eliminate 19,200 federal government jobs, with most cuts in Ottawa. The budget contained few details on specific programs or services that would be affected.

#### **Affordable housing**

The 2012 budget bill does not outline a strategy for funding affordable housing.

#### **Research and Development and Grants**

- The government is proposing an overhaul to the way they fund research and development. This will include:
  - Increasing funding for research and development by small and medium-sized companies.

April 3, 2012

- Page 5 -

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- Promoting linkages and collaborations, including funding internships and connecting private sector innovators to procurement opportunities in the federal government.
- Refocusing the National Research Council on research that helps Canadian businesses develop innovative products and services.
- Enhancing access to venture capital financing by high-growth companies so that they have the capital they need to create jobs and grow.
- Streamlining and improving the Scientific Research and Experimental Development tax incentive program, including shifting from indirect tax incentives to more direct support for innovative private sector businesses.
- Supporting research, education and training with new funding for universities, granting councils and leading research institutions.

**EXISTING POLICY/BY LAW:**

There is no existing policy/by law.

**NOTICE PROVISIONS:**

There are no notice provisions with this report.

**ACCESSIBILITY CONSIDERATIONS:**

There are no accessibility considerations with this report.

**FINANCIAL CONSIDERATIONS:**

As noted in the report, there are a few areas that could have relevance to the City of Kingston, such as infrastructure investments, changes to immigration policy, affordable housing, potential public service reductions and culture investments in Sir John A Macdonald's 200<sup>th</sup> Anniversary but it is unclear at this point what the impact will be.

**CONTACTS:**

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**OTHER CITY OF KINGSTON STAFF CONSULTED:**

Not applicable.

**EXHIBITS ATTACHED:**

Not applicable.