



Government of Canada
Gouvernement du Canada

Report of the President of the Treasury Board of Canada

CANADA'S PERFORMANCE

THE YEAR IN REVIEW

ANNUAL REPORT TO PARLIAMENT

2010–11



Canada

**Canada's Performance
2010–11**

The Year in Review

**Report of the President
of the Treasury Board of Canada**

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President's Message

I am pleased to present *Canada's Performance 2010–11*, the 11th annual report to Parliament on the federal government's fiscal contribution to Canadians' prosperity and social well-being.

The report is a snapshot of Canada today. Our country's economy has weathered the recent economic storm better than most. We are now in a crucial period of economic recovery, and so far, we have been doing well in a challenging environment for governments all over the world. *Canada's Performance 2010–11* reflects the extraordinary measures taken by the government on the road to ensuring our economic growth and prosperity.



This document provides an overview of government programs and initiatives that speak to the values, concerns and aspirations of our citizens. It highlights results achieved through government spending that benefit Canadians day-to-day.

As part of our commitment to open government, *Canada's Performance 2010–11* is more concise and is presented in a more readable format than its predecessors. It gives Canadians the opportunity to more easily access its important information. I am confident this will enable Canadians to find information that is of value to them and make use of it in innovative ways.

I believe all Canadians will take pride in our country's achievements and in its prospects for competitiveness and growth in the years to come.

Original Signed By

The Honourable Tony Clement,
President of the Treasury Board and Minister for FedNor

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Section I. Overview

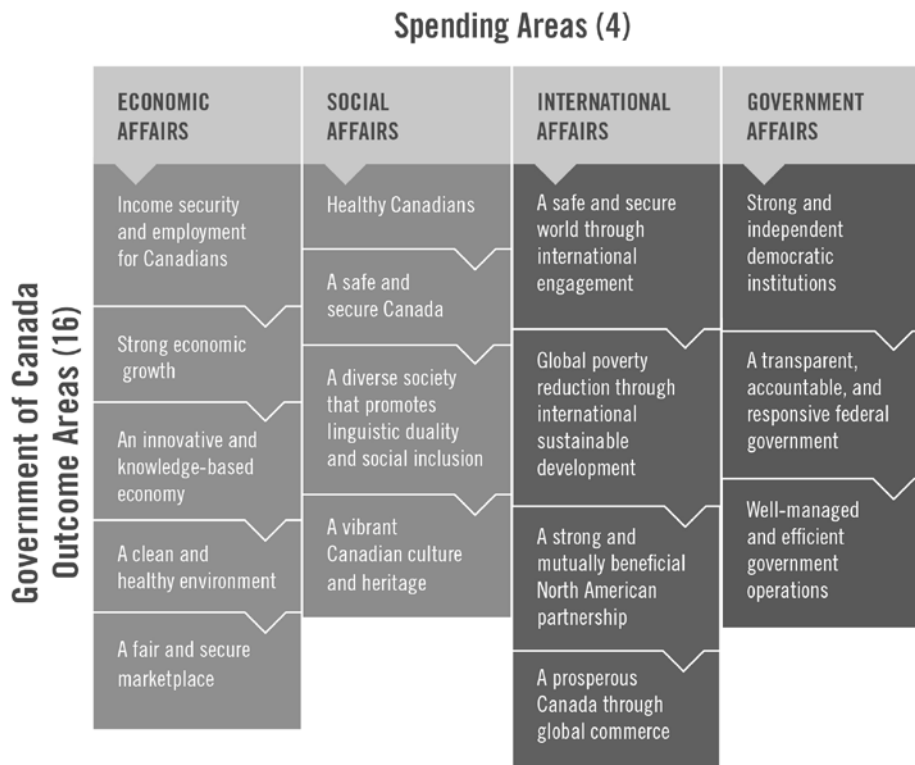
Report design

This is the 11th *Canada's Performance* report tabled in Parliament by the President of the Treasury Board. Based on the key findings and recommendations from consultations held in 2010, this year's report provides a snapshot of the government's contribution to the prosperity and well-being of Canadians in the 2010–11 fiscal year, with an emphasis on four broad issues. Section I of the report provides an overview of the Government of Canada's spending for fiscal year 2010–11 and the spending trend over the last five years. Section II of the report captures information by [spending area](#)ⁱ and positions Canada against international rankings using [Organisation for Economic Co-operation and Development](#)ⁱⁱ (OECD) indicators. Finally, Section III is structured around four key issues of importance to Canadians: demographic change, Northern potential, economic prosperity and domestic security.

The whole-of-government framework

As a complement to departmental performance measurement and reporting, the Government of Canada uses a [whole-of-government framework](#)ⁱⁱⁱ for reporting to Parliament. Section II uses this framework to report on planned and actual spending by aligning each departmental program activity to a set of high-level Government of Canada [outcome areas](#).^{iv} Figure 1.1 illustrates the whole-of-government framework, showing the four spending areas (Economic Affairs, Social Affairs, International Affairs, and Government Affairs) with their corresponding outcomes areas.

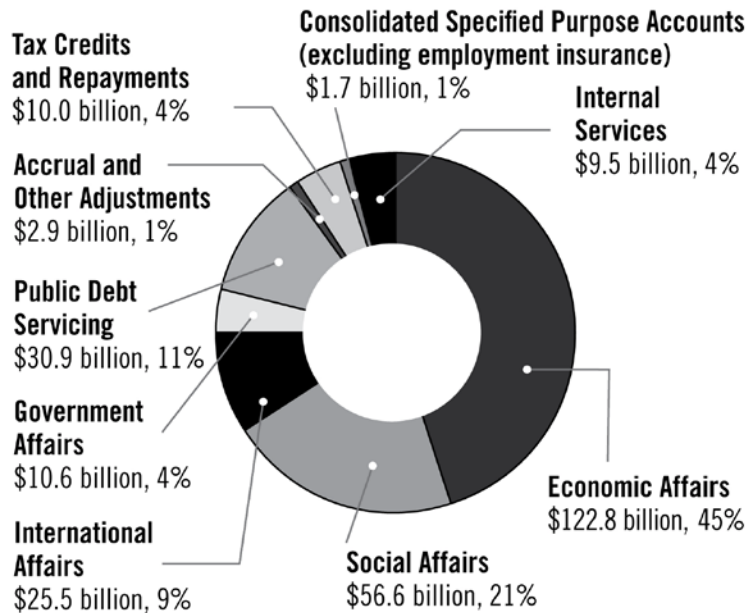
Figure 1.1. Whole-of-Government Framework



Overview of the Government of Canada's spending

In 2010–11, a total of 97 federal organizations contributed to the achievement of results for Canadians in the four spending areas depicted in Figure 1.1. Expenditures for the 2010–11 fiscal year, as presented in the *Public Accounts of Canada* for 2011 (Volume I, Section 2), totalled \$270.5 billion. Planned spending for 2010–11 was \$262.1 billion.

Figure 1.2. Overview of the Government of Canada’s Actual Spending for Fiscal Year 2010–11



Total Expenses—\$270.5 billion

Note: Due to rounding, numbers may not sum exactly to totals.

Actual spending for the Government of Canada included \$30.9 billion in public debt servicing related to, for example, unmaturing debt, and pensions and other employee benefits. Actual spending also included \$9.5 billion for [Internal Services](#),^v which are groups of related activities and resources administered to support the needs of an organization’s programs and other corporate obligations.¹

1. Under the *Policy on Management Resources and Results Structures*, federal organizations are not required to align their internal services to the whole-of-government framework.

Figure 1.3. Five-Year Spending Trend for the Government of Canada



From 2006-07 to 2009-10, Government of Canada spending increased by \$52.0 billion.

- ▶ In 2010-11, spending decreased by \$3.7 billion.
- ▶ Program spending had its most significant jump in growth between fiscal years 2008-09 and 2009-10, increasing from 13 per cent to 16 per cent of gross domestic product (GDP). During this period, through Canada's Economic Action Plan, the government invested in short- and long-term measures to counteract the effects of the global economic downturn.

Section II. Spending Analysis

1. Economic affairs

The Government of Canada continued to undertake initiatives aimed at strengthening Canada's economic position and improving the economic well-being of Canadians. Measures included creating the right climate for business, investing in key sectors of the Canadian economy and in innovation, and managing the environment to support our economy into the future. The government also continued to help Canada's regions and communities thrive, and provided employment opportunities and income support for marginalized groups.

Table 1. Summary of Expenditures for Economic Affairs (in \$billions)

Outcome Areas	2010–11 Planned Spending	2010–11 Actual Spending
Income security and employment for Canadians ^{vi}	62.1	63.3
Strong economic growth ^{vii}	20.2	19.6
An innovative and knowledge-based economy ^{viii}	7.5	6.5
A clean and healthy environment ^{ix}	4.9	3.7
A fair and secure marketplace ^x	0.7	0.5
Other expenditures	29.1	29.2
Total for Economic Affairs	124.4	122.8

Note: Due to rounding, numbers may not sum exactly to totals.

Highlights of the year:

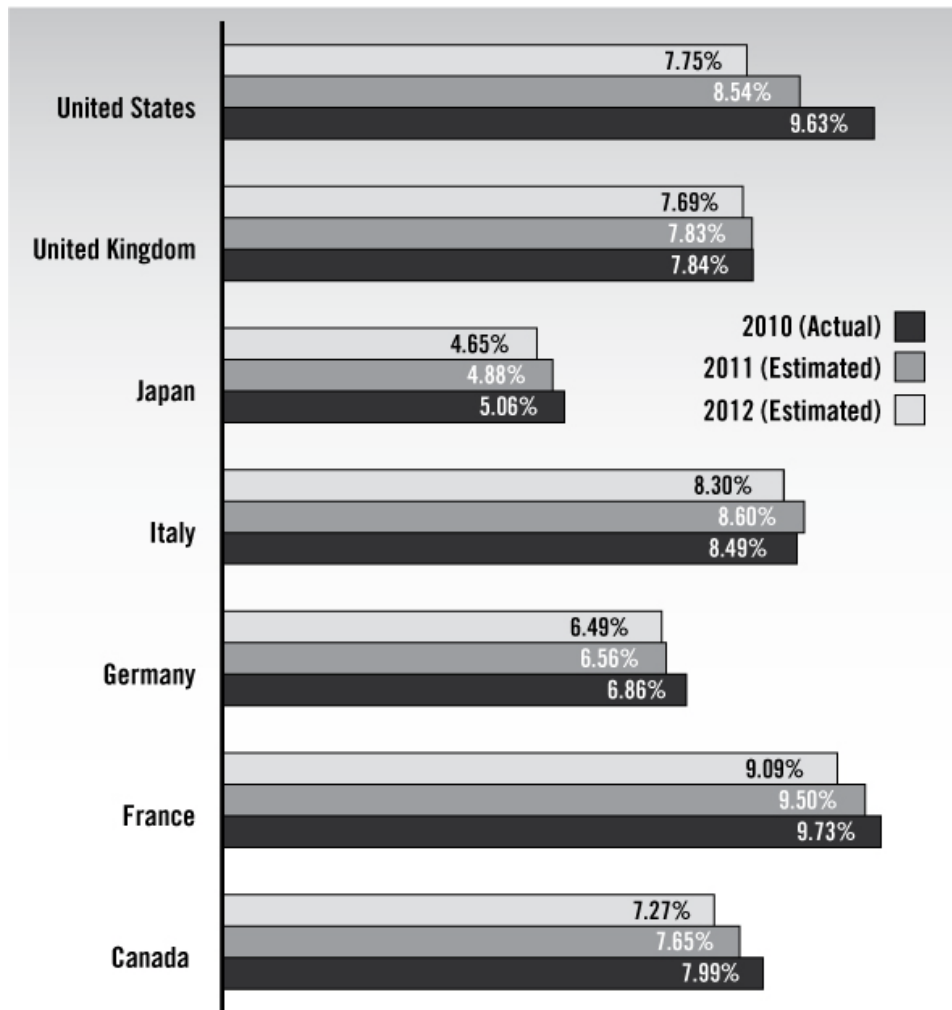
- ▶ In 2010–11, 47 federal organizations invested \$122.8 billion in Economic Affairs, which accounted for 45 per cent of total government expenditures.
- ▶ Two critical expenditures—employment insurance at \$19.8 billion and transfers to provinces and territories (excluding the Canada Health Transfer^{xi}) at \$29.2 billion—accounted for 40 per cent of the total spending in this area.

- ▶ The implementation of Canada's Economic Action Plan continued into 2010–11. Approximately \$25 billion to support economic recovery was delivered in 2010–11. As of March 2011, more than 28,500 Economic Action Plan projects had been completed or were underway across Canada. The [Next Phase of Canada's Economic Action Plan](#)^{xii} is mainly focused on investing in the key drivers of economic growth, such as innovation, investment, education and training. It will seek to foster an environment in which all Canadians contribute to and benefit from a stronger economy.
- ▶ Cross-border trade is vital to Canada's economic health. In 2010–11, Canada Border Services Agency processed over 92 million travellers and over 13 million commercial releases.

International comparison

Unemployment rate: In 2009, Canada's unemployment rate was 8.3 per cent, the same rate as the Organisation for Economic Co-operation and Development (OECD) average. This was an increase of 2.2 percentage points over the 2008 rate of 6.1 per cent. According to the [International Monetary Fund World Economic Outlook Database, April 2011](#),^{xiii} Canada's unemployment rate for 2010 decreased to approximately 8 per cent. The graph in Figure 2.1 shows 2010 unemployment rates across G7 countries and estimates unemployment rate levels for 2011 and 2012.

Figure 2.1. Unemployment Rate Across G7 Countries 2010–12



General government financial balances: Government revenues and expenditures illustrate the financial account balance position of the government. For Canada, government revenues, based on 2008 figures, were valued at 39.8 per cent of overall gross domestic product (GDP); government expenditures were valued at 39.7 per cent of GDP. For the United States, by comparison, government revenues were valued at 32.3 per cent of GDP, and government expenditures were valued at 38.8 per cent of GDP. The OECD average for revenues as a percentage of GDP remains at 37.9 per cent; for government expenditures, it is at 41.4 per cent (see [OECD Country Statistical Profile: Canada 2010^{xiv}](#)).

GDP growth: GDP in Canada increased at a rate of 3.1 per cent for 2010. By comparison, the real GDP growth rate for the United Kingdom stands at 1.3 per cent; for the United States, it stands at 2.9 per cent. For OECD countries overall, the real GDP growth rate averages at 2.9 per cent (see [OECD Country Statistical Profile: Canada 2010^{xv}](#)), making Canada's rate of growth comparatively strong.

2. Social affairs

The Government of Canada plays a critical role in making Canadians among the healthiest people in the world through modern and effective regulatory systems, innovative partnerships, and leadership in health system renewal, health promotion and disease prevention. The government is also committed to strengthening the justice system by reinforcing Canada's capacity to prevent and combat crime, and it plays an active role in promoting Canada's core values: linguistic duality, ethnic diversity, art, heritage, culture and active citizenship. Other social affairs initiatives include policies and programs that promote sport and physical activity, protect disadvantaged groups, and foster integration and social inclusion.

Table 2. Summary of Expenditures for Social Affairs (in \$billions)

Outcome Areas	2010–11 Planned Spending	2010–11 Actual Spending
Healthy Canadians^{xvi}	31.8	32.6
A diverse society that promotes linguistic duality and social inclusion^{xvii}	9.1	9.4
A safe and secure Canada^{xviii}	12.6	11.2
A vibrant Canadian culture and heritage^{xix}	3.1	3.4
Total for Social Affairs	56.5	56.6

Note: Due to rounding, numbers may not sum exactly to totals.

Highlights of the year:

- ▶ In 2010–11, 64 federal organizations invested \$56.6 billion in Social Affairs, which accounted for 21 per cent of total government expenditures.
- ▶ [Budget 2011^{xx}](#) announced new measures to improve the quality of life and opportunities of older Canadians and to support culture and communities, including Aboriginal people. It also introduced a new [Family Caregiver Tax Credit^{xxi}](#), which will apply beginning in 2012.
- ▶ Food-borne illness outbreaks associated with widely distributed foods cross local, provincial, territorial and international boundaries. In response to the [Report of the Independent Investigator into the 2008 Listeriosis Outbreak^{xxii}](#), the Public Health Agency of Canada led the development of [Canada's Foodborne Illness Outbreak Response Protocol \(FIORP\) 2010^{xxiii}](#) in consultation with provinces, territories, Health Canada and the Canadian Food

Inspection Agency. Endorsed by the federal, provincial and territorial Deputy Ministers of Health and Agriculture in 2010–11, FIORP sets out the guiding principles and operating procedures for the identification of, and effective and timely response to, food-borne illness affecting more than one province or territory.

International comparison

Public expenditure on health: According to the [OECD](#),^{xxiv} total health spending accounted for 11.4 per cent of Canada's GDP in 2009 compared with an average of 9.5 per cent across OECD countries. Canada's spending on health per person at \$4,363 US dollars in 2009 (adjusted for purchasing power parity) was also higher than the OECD average of \$3,223 US dollars. Per capita health spending from 2000–09 grew in real terms by 3.7 per cent per year, slightly less than the OECD average of 4.0 per cent (see [OECD Health Data 2011: How Does Canada Compare](#)^{xxv}).

Life expectancy at birth: In 2009, Canada's life expectancy at birth was 81.2 years, above the OECD average of 79.5 years. Canada's life expectancy at birth is above that of the United States (78.2 years in 2009) and of the United Kingdom (80.4 years in 2009).

Poverty rate: Canada's poverty rate² was recorded most recently at 11.4 per cent; the poverty rate of France, Japan and the United States, its G7 partners, was recorded at 7.2 per cent, 15.7 per cent, and 17.3 per cent, respectively. The average poverty rate for OECD countries is 11.1 per cent (see [Society at a Glance 2011 - OECD Social Indicators](#)^{xxvi}).

3. International affairs

As the host of the G8 Muskoka Summit and the G20 Toronto Summit, Canada played an important role in shaping global actions on the economy and international security in 2010–11. At the G20 Summit, the major economies agreed on the steps needed to reform and strengthen financial systems, and to create strong, sustainable and balanced global growth. The government also supported a number of new initiatives that build upon private sector ideas and resources to address global priorities such as poverty reduction, where Canada is at the forefront of efforts to promote private sector participation.

Working with its allies and the Government of Afghanistan, Canada successfully met its benchmarks for stabilization; the Canadian Forces ended their participation in the combat mission and began the transition to a new training mission. The Canadian Forces' withdrawal from Kandahar Province will be completed by the end of December 2011. The government's

2. The OECD defines the poverty rate as the percentage of individuals living with less than 50 per cent of median equivalized household income.

newly mandated participation in the North Atlantic Treaty Organization (NATO) Training Mission—Afghanistan (Operation ATTENTION) was a key aspect of planning during 2010–11. The Theatre Activation Team for Operation ATTENTION was deployed; use of Operation ATHENA equipment minimized the acquisition of equipment from Canada. The incremental [cost of the current mission in Afghanistan](#)^{xxvii} to the Government of Canada from 2001 to 2011 is estimated at \$11.3 billion

Table 3. Summary of Expenditures for International Affairs (in \$billions)

Outcome Areas	2010–11 Planned Spending	2010–11 Actual Spending
A safe and secure world through international engagement ^{xxviii}	21.4	20.5
Global poverty reduction through international sustainable development ^{xxix}	3.7	4.1
A strong and mutually beneficial North American partnership ^{xxx}	0.5	0.5
A prosperous Canada through global commerce ^{xxxi}	0.5	0.4
Total for International Affairs	26.1	25.5

Note: Due to rounding, numbers may not sum exactly to totals.

Highlights of the year:

- ▶ In 2010–11, 18 federal organizations invested \$25.5 billion in International Affairs, which accounted for 9 per cent of total government expenditures.
- ▶ Following the Muskoka Summit, Prime Minister Stephen Harper announced that the total Canadian contribution for [maternal, newborn and child health initiatives](#)^{xxxii} will be \$2.9 billion over five years. In addition to \$1.1 billion in new spending, the government will renew existing funding of \$1.8 billion over the next five years for what will be a long-term commitment.
- ▶ On February 4, 2011, Canada and the United States announced [Beyond the Border: a shared vision for perimeter security and economic competitiveness](#).^{xxxiii} This initiative will strengthen Canada's security, trade and regulatory cooperation with the United States; secure the border; and ensure that people and goods can flow freely and safely between the two countries.
- ▶ Funded at \$178 million in 2010–11, Foreign Affairs and International Trade Canada's [Global Peace and Security Fund](#)^{xxxiv} facilitated timely and effective whole-of-government responses to crises and post-conflict situations. These included recent events in the Middle East and North Africa, and natural disasters in Japan, New Zealand and Pakistan.

International comparison

Foreign direct investment (FDI): Direct investment inside and outside the country is a strong indicator of economic well-being. In 2010, FDI in Canada increased by 2.6 per cent to \$561.6 billion Canadian dollars, while Canadian direct investment abroad decreased by 0.7 per cent to \$616.7 billion Canadian dollars.³ For OECD countries in general, FDI inflows averaged \$159.2 billion US dollars in 2010, and outflows averaged \$253.8 billion US dollars.

Developmental aid: The United Nations and the OECD both expect that countries will contribute a portion of their gross national income (GNI) in the form of official development assistance (ODA). Total net ODA from [Developmental Assistance Committee \(DAC\) donors](#)^{xxxv} totalled \$129 billion US dollars in 2010, the highest level achieved and an increase of 6.5 per cent over 2009. This represents about 0.3 per cent of the combined GNI of DAC member countries. Canada's ODA contribution as a percentage of GNI in 2010 was 0.3 per cent compared with the United States at 0.2 per cent, the United Kingdom at 0.6 per cent, Australia at 0.3 per cent and Japan at 0.2 per cent.

4. Government affairs

Several federal organizations contribute to Government Affairs by maintaining strong and independent democratic institutions; by creating a federal government that is transparent, accountable, and responsive to its citizens; and by ensuring that government operations are well-managed and efficient. The Government of Canada is also committed to strengthening integrity and accountability in government and political activity.

Table 4. Summary of Expenditures for Government Affairs (in \$billions)

Outcome Areas	2010–11 Planned Spending	2010–11 Actual Spending
Well-managed and efficient government operations ^{xxxvi}	7.4	7.6
A transparent, accountable and responsive federal government ^{xxxvii}	2.9	1.8
Strong and independent democratic institutions ^{xxxviii}	1.2	1.2
Total for Government Affairs	11.5	10.6

Note: Due to rounding, numbers may not sum exactly to totals.

3. The decrease in Canadian direct investment abroad is mainly due to the revaluation effect of an appreciating Canadian dollar.

Highlights of the year:

- ▶ In 2010–11, 37 federal organizations invested \$10.6 billion in Government Affairs, which accounted for 4 per cent of total government expenditures.
- ▶ Delivering on the commitment announced in Budget 2010, the Government of Canada created the [Red Tape Reduction Commission](#).^{xxxix} The Commission will help find effective and lasting solutions to reduce red tape for Canadian small and medium-sized businesses. In the fall of 2011, the Commission will make recommendations to the government to address regulatory irritants and provide options for lasting reforms, while protecting the health, safety and security of Canadians.

International comparison

Government effectiveness: The quality of public services, the civil service, and policy formulation and implementation; the credibility of the government's commitment to policy; and the degree of civil service independence from political pressures all contribute to measuring government effectiveness. Canada's percentile ranking in government effectiveness vis-à-vis other members of the OECD increased from 95.7 in 2008 to 96.7 in 2009.

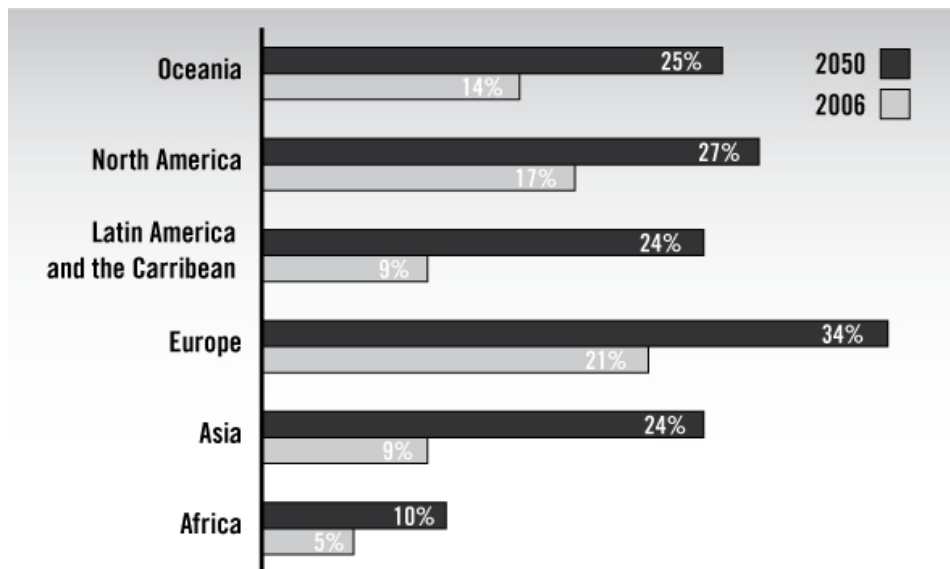
Section III. Key Issues

1. Demographic change

The Canadian population is in transition. Like many other countries, Canada's population is aging. According to Statistics Canada:

- ▶ Canada's median age is expected to rise to 43.3 by 2026 (up from 38.8 in 2006).
- ▶ The number of seniors⁴ in Canada is projected to increase from 4.2 million to 9.8 million by 2036, representing 24.5 per cent of the total population.
- ▶ The age group from 0 to 9 is projected to decline by 4 per cent to 20 per cent of the population by 2056.

Figure 3.1. Percentage of World Population Aged 60 or Older by Region in 2006 and 2050



Canada is not alone in facing the demands of an aging population. The demographic shift is a growing global trend, affecting both developed and developing countries. The challenges and opportunities presented by this phenomenon span jurisdictions, sectors and levels of government; addressing the challenges will require broad, sustained participation and effort on a number of fronts, including the following:

- ▶ Economic—labour force participation rates among older workers and the effect on economic growth, succession planning, pension reform and taxation;

4. Statistics Canada defines “senior” as age 65 and older.

- ▶ Social—housing, the need for health care services and counteracting ageism; and
- ▶ Democratic—voting patterns, political representation and social participation.

This section focuses on the themes of economic growth and labour force participation, health promotion and care, and immigration and diversity.

Economic growth and labour force participation

As the number of seniors increases, the working-age population is expected to continue to decline. As of March 31, 2010, 11.7 per cent of public service employees were eligible to retire. In the past year, the actual retirement rate was 22.1 per cent of this total, which means that only a fifth of those eligible to retire actually did so. The majority of recent retirees were recruited at a young age and enjoyed a long career in the public service. In 2009–10, 59 per cent of retired employees had 30 or more pensionable years of service, compared with only 28 per cent of retired employees in 1982–83.

The potential effects of this trend include diminished economic growth and difficulties in succession planning. A growing proportion of seniors will also place greater strain on the health and pension systems: not only will the number of recipients increase, but recipients will live and receive pensions longer. At the same time, there is the challenge of reintegrating long-tenured workers into the workforce—individuals who lose their job after a prolonged period of attachment to the labour market, but who are not necessarily eligible for retirement.

To address the challenges presented by an aging population in the context of ensuring continued economic growth, the Government of Canada is delivering a variety of programs aimed at supporting older workers who wish to re-enter or stay in the workforce. In this way, workers remain contributors to productivity and growth. The government is also offering programs to engage youth in the labour market. By providing additional support to integrate young people into the workforce and gain employable skills, the government will help develop the workforce and fill the gaps created by an aging population.

Key government achievements in this area for 2010–11 include the following:

- ▶ The [Targeted Initiative for Older Workers](#)^{x1} (TIOW) addresses the needs of older workers, aged 55–65, in communities that have a population of 250,000 or less affected by downsizing, closures, and/or high unemployment. It provides opportunities to upgrade skills and employment assistance support to help older workers increase their employability and re-enter the workforce. As part of Canada's Economic Action Plan, the initiative received additional funds of \$60 million over three years (2009–12), allowing the program to reach a greater number of eligible workers. Budget 2011 provided an additional \$50 million over two years to extend TIOW until 2013–14.

-
- ▶ An evaluation released in October 2010 showed that 75 per cent of participants surveyed had found employment during or after their participation in TIOW. Projects were also successful in matching participants with local economic development opportunities in their area. Since its establishment in 2006, TIOW has targeted over 15,000 workers on 300 approved projects.

The aging of the population is not uniform across Canada. Fertility rates are higher among Aboriginal people, with growth rates in this segment of the population exceeding the general population by double. Between 2001 and 2026, over 600,000 Aboriginal youth are expected to reach working age. Policies that provide employment incentives and other training opportunities for this growing segment of the population may not only provide enduring benefits for Aboriginal communities, but also contribute to Canada's future economic growth and labour force.

Key government achievements in this area for 2010–11 include the following:

- ▶ The [Aboriginal Skills and Training Strategic Investment Fund](#)^{xlii} (ASTSIF) received \$75 million in new funding through Canada's Economic Action Plan in fiscal years 2009–11. ASTSIF supported regional and national short-term initiatives designed to help Aboriginal people develop the skills required to benefit from economic opportunities. A total of 86 projects were funded with over 9,000 clients served, including over 2,200 clients employed and 1,500 returning to school.

Health promotion and care

It is often assumed that an aging population will place increased strain on the health care system. While health care costs do rise with age, the average cost per individual in older age brackets is expected to decline over time; people are not only living longer, they are staying healthier longer.⁵ Also, it is important to consider that the health care needs of an aging population differ from those of a younger population (i.e., increased demand for chronic care versus acute care services).

Key government achievements in this area for 2010–11 include the following:

- ▶ The [Public Health Agency of Canada](#)^{xlii} (PHAC) is a major federal contributor in enhancing the health and quality of life of seniors. PHAC is involved in making Canada a more age-friendly society through such projects as the [Age-Friendly Communities Initiative](#).^{xliii} The goal of this project, part of the World Health Organization's (WHO's) [age-friendly cities initiative](#),^{xliiv} is to make Canadian communities safer and healthier places for seniors to live in. Thirty-five cities across the world currently participate in the WHO initiative. In 2010–11,

5. See Tracey Strange and Anne Bayley, *Sustainable Development: Linking Economy, Society, Environment*, 2008.

PHAC played a leading role in creating friendly environments for seniors, engaging 400 communities and 7 provinces. PHAC also released *Age-Friendly Communication: Facts, Tips and Ideas*^{xlv} and *On the Road to Age-Friendly Communities*,^{xlvi} and developed an implementation and evaluation guide for distribution in 2011 to assist communities in establishing the age-friendly communities model consistently across Canada.

- ▶ The **Aboriginal Head Start in Urban and Northern Communities**^{xlvii} program provides \$33.1 million in funding for community-based programs that benefit the health, well-being and social development of First Nations, Inuit and Métis children and their families living in urban and northern settings. In 2010–11, PHAC supported the delivery of comprehensive, culturally appropriate early childhood development programming to approximately 4,800 children and their families at 129 sites across Canada. Recent evaluations have noted improvements in physical development; health, personal and social development; school readiness; language; literacy; and mathematical thinking.
- ▶ Concurrently, the **Aboriginal Head Start on Reserve (AHSOR)**^{xlviii} program invests \$59 million annually to support the healthy growth of First Nations children and their families on reserve by funding community-based early childhood intervention programming that addresses the developmental needs of children. In 2010–11, Health Canada supported over 9,000 children aged 0–6 in over 300 First Nations communities across Canada, representing approximately 18 per cent of eligible children. Recent evaluations and surveys of AHSOR have noted improvements in nutrition, immunization, social development, educational achievement, ability to speak a First Nations language and parental involvement.

Immigration and diversity

The Canadian population is not only aging, but becoming increasingly diverse. Over the last ten years, the net migration rate into Canada has been double that of the US, one of the highest increases among comparable OECD countries. As Canada's population continues to age, immigration will become an increasingly important factor in maintaining Canadian population growth; integrating skilled immigrants into the labour force quickly and effectively will become a key priority for Canadian policy-makers. A major barrier facing skilled immigrants entering the Canadian labour market is the difficulty in obtaining recognition for foreign credentials and experience. This contributes to higher rates of unemployment and underemployment among immigrants, especially for those who intend to work in regulated occupations.

Key government achievements in this area for 2010–11 include the following:

- ▶ The **Foreign Credential Recognition (FCR)**^{xlix} program is an initiative that facilitates the timely recognition of international qualifications so that immigrants can find meaningful work experience in their chosen profession and contribute to Canada's economy and society. Through Canada's Economic Action Plan, \$50 million was invested in Human Resources and

Skills Development Canada's (HRSDC's) FCR program and in Citizenship and Immigration Canada's (CIC's) Foreign Credentials Referral Office in order to develop a Pan-Canadian Framework for the Assessment and Recognition of Foreign Qualifications.

- ▶ Over 2010–11, it was confirmed that the Pan-Canadian Framework's initial eight target occupations⁶ are meeting the one-year commitment to timely service. HRSDC provided support to all of the eight target occupations in 2010, and CIC expanded its provision of overseas orientation services to the United Kingdom.

2. Northern potential

Strengthening Canada's presence in the Arctic was a federal government priority in fiscal year 2010–11. The government is taking decisive action in the North in four key areas: sovereignty, economic and social development, environmental sustainability and protection, and governance. These four areas are interrelated and present a number of issues and policy challenges, as well as significant opportunities for growth.

Canada is only one of several polar countries that have laid legal claim⁷ to Northern offshore oil and gas deposits, which by some estimates could contain as much as a quarter of the planet's untapped oil and gas deposits. These and other natural resource caches in the Arctic regions represent valuable investment and development opportunities for Canada and its Arctic communities; yet development activities must be undertaken in a sustainable manner that does not irrevocably harm the natural environment and endanger fragile Arctic ecosystems.

Climate change in the North is proceeding at an accelerated pace with far-reaching impacts. It is contributing to the degradation of the environment and the loss of critical plant and animal species; Aboriginal communities, in particular, depend upon these species for their livelihoods. Climate change is also opening up access to the development of natural resources. Engaging Aboriginal communities in managing natural resources and in developing options for self-government will be crucial as the government moves forward in implementing [Canada's Northern Strategy](#).¹

Sovereignty

Canada exercises its sovereignty in the Arctic by exerting a strong military presence in the region. In addition to the establishment of permanent military bases such as the base at Alert, Nunavut, annual military exercises are conducted in the region. The Canadian Forces conduct

6. The eight target occupations are financial auditors and accountants, engineers, architects, medical laboratory technologists, occupational therapists, physiotherapists, pharmacists and registered nurses.

7. The issue of legal rights to these deposits is currently being decided before a United Nations tribunal.

three major sovereignty operations annually in the North. Operation [NANOOK](#)^{li} is a large-scale exercise that takes place on Baffin and Ellesmere Islands and involves troops from Denmark and the United States. Operations [NUNALIVUT](#)^{lii} and [NUNAKPUT](#)^{liii} are two other joint Canadian Forces operations conducted annually.

Key government achievements in this area for 2010–11 include the following:

- ▶ Operation NUNALIVUT 10 took place in April 2010 and included the first landing of a CC-177 Globemaster III⁸ at Canadian Forces Station (CFS) Alert and the establishment of a Canadian Ranger Patrol Group ice camp 90 kilometres north of CFS Alert, the furthest north that Canadian Rangers have ever conducted patrols (see the National Defence backgrounder, “[The Canadian Forces in the North](#)”^{liv}).
- ▶ Operation NUNAKPUT 10 ran in the western Arctic from June to September 2010, during which time the Canadian Rangers participated in a ground Search and Rescue exercise led by the RCMP in the Mackenzie delta.
- ▶ An interdepartmental partnership for the development of a new multipurpose Arctic Training Centre at Resolute Bay for military training and operations was finalized with Natural Resources Canada in December 2010. An initial \$6 million has been set aside for fiscal year 2011–12, with construction beginning in the summer of 2011 and expected to be completed in the summer of 2013. Meanwhile, interim capability has been achieved through the use of Natural Resources Canada’s newly expanded existing facility. This partnership approach will achieve approximately \$45 million in savings.

Economic and social development

The government is committed to realizing the economic potential of the North, from the development of mineral, petroleum, hydro and ocean resources to the expansion of the emerging tourism industry. To this end, it is improving Northern regulatory systems and investing in critical infrastructure to attract investors and developers, and encourage future exploration and development. These plans are coupled with strategies for ensuring that the natural environment does not suffer adverse effects from expanded resource development in the region.⁹

To support healthy Northern communities, the government is taking action on a number of fronts. One important area is the improvement of critical infrastructure, which is necessary to ensure the swift and cost-effective movement of goods to and from the Arctic regions. To support the well-being of Northerners, the government has been working to prevent and control

8. Aircraft such as the CC-177 Globemaster III fly support missions in the North and provide capability to conduct search and rescue as required.

9. This issue is covered in greater detail in the following section.

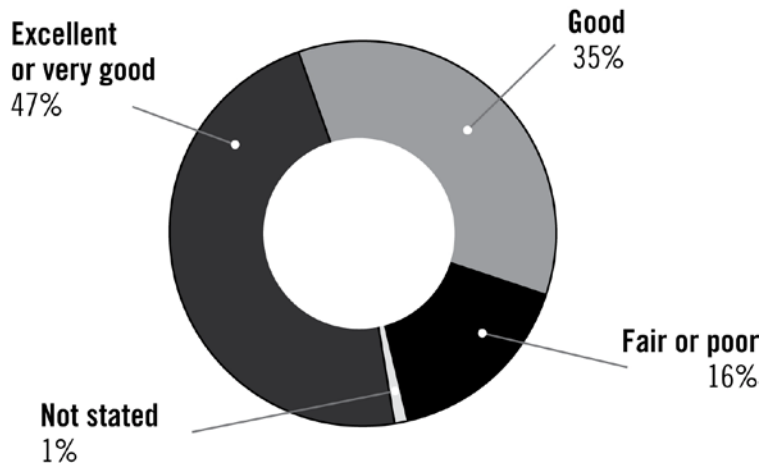
disease and promote improved health outcomes. Through public health services and field epidemiology placements, it is helping to build the capacity to address local public health challenges and threats. The government also provides annual unconditional funding of almost \$2.5 billion to the territories through Territorial Formula Financing, which supports a variety of territorial government initiatives such as hospitals, schools and social services.

Key government achievements in this area for 2010–11 include the following:

- ▶ The Nutrition North Canada program, announced in May 2010 and officially launched in April 2011, ensures that healthy foods are more accessible to Canadians living in isolated northern communities.
- ▶ Financial support was provided for targeted research to address gaps in regional data and in the information required for regulatory decision making in Beaufort Sea oil and gas exploration and development.
- ▶ The Northern Regulatory Improvement Initiative has streamlined the approval process for development projects. The purpose of the initiative is to improve the current regulatory regime, a system with shared decision-making responsibilities among federal, territorial, and Aboriginal stakeholders.
- ▶ The Taima¹⁰ TB (tuberculosis) project is an innovative partnership between the Government of Canada, the University of Ottawa, the Government of Nunavut and the community of Iqaluit to address escalating rates of TB in Nunavut. The project brings together community leaders, youth, public health officials and elders to determine the best way to reach out and test for active TB. The group aims to build trust, promote awareness of what TB is and is not, allay past fears and confront past history.

10. “Taima” TB means “stop” TB in Inuktitut.

Figure 3.2. Self-Rated Health Status of Inuit Adults Aged 15 and Older, Inuit Nunaat 2006¹¹



Environmental sustainability and protection

Canada's comprehensive approach to protecting environmentally sensitive lands and waters in the North is based on the principles of conservation, sound science and careful assessment. To support this approach, the government has enhanced the legislation for preventing pollution in Arctic waters and is making important progress in cleaning up abandoned mine sites across the North. Furthermore, Canada has protected large areas from development through land withdrawals and has established three new [National Wildlife Areas](#)^{lv} on Baffin Island to protect local species and habitat.

Studies have shown that climate change affects Aboriginal and Northern communities more than the general population because individuals in these communities often rely on land, water and other resources for their income. A warming northern climate may jeopardize the survival of Arctic wildlife due to loss of ice cover and rising ocean temperatures, among other things. In this context, protecting these natural resources will become increasingly important—not only to support the sustainability of Northern communities, but also to secure a clean and healthy future for all Canadians.

11. The term "Inuit Nunaat" refers to the following four regions: Nunatsiavut in northern Labrador, Nunavik in Northern Quebec, the territory of Nunavut, and the Inuvialuit region in the Northwest Territories. The data source is Statistics Canada, Aboriginal Peoples Survey, 2006.

Key government achievements in this area for 2010–11 include the following:

- ▶ Canada provided \$156 million, the largest initial investment of a single country, for [International Polar Year](#)^{lvi} (IPY) research. The scientific research focused on two priorities: climate change impacts and adaptation, and the health and well-being of Northerners and Northern communities.
- ▶ As part of the [Action Plan to Improve Northern Regulatory Regimes](#),^{lvii} the Nunavut Planning and Project Assessment Act (Bill C-25) was introduced, and consultations began on a new Nunavut Waters and Nunavut Surface Rights Act, amendments to the *Mackenzie Valley Resource Management Act*, and several regulations, notably for mining, land use and water—all to improve the certainty and predictability of the resource management regime in the North.
- ▶ The [Beaufort Regional Environmental Assessment](#)^{lviii} was initiated to assist in preparing all parties, including regulators, industry and local communities, to respond to new investments in oil and gas in previously unexplored areas of the Beaufort Sea.

Governance

Through ongoing negotiations on devolution and self-government, Canada continues to work with all partners to create practical, innovative and efficient governance models in the North. Progress to date includes devolving control over lands and resource management to the Government of Yukon in 2003, signing a devolution agreement-in-principle with the Northwest Territories, and continuing engagement with Nunavut. As well as helping to achieve key economic and social objectives, the extension of governance rights to the Northern governments is another way that Canada exercises its sovereignty in the North. Furthermore, a variety of land claims agreements have been signed across the three territories that recognize Aboriginal peoples' right to manage their lands and resources.

One of the key forums in which Northern partners participate is the Canadian Arctic Council Advisory Committee. Through this forum, Northern governments and Indigenous Permanent Participant organizations have the opportunity to influence Canadian policy on Arctic issues. Another important “made in Canada” governance solution for fostering Aboriginal participation in the North’s developing economy is the [Aboriginal Pipeline Group](#)^{lix} (APG), a consortium that has acquired the right to own one third of the Mackenzie Valley natural gas pipeline. The members of the APG represent the Inuvialuit, the Gwich’in and the Sahtu nations.

Key government achievements in this area for 2010–11 include the following:

- ▶ The Government of Canada, the Government of the Northwest Territories and the Inuvialuit Regional Corporation signed an agreement-in-principle in January 2011; the Northwest Territory Métis Nation signed an agreement-in-principle in February 2011. The parties have commenced planning for the devolution process and the negotiation of the final devolution agreement.

3. Economic prosperity

The global economy shows signs of recovering from the deepest and most synchronized recession since the 1930s, though international debt levels continue to challenge recovery stability. Sovereign debt concerns in Europe and relatively slow growth in the United States reflect the weaker-than-expected growth in the first quarter of 2011 and the ongoing uncertainty over the fiscal situation in some countries.

The Canadian recovery is well under way, reflecting the extraordinary measures implemented through [Canada's Economic Action Plan](#),^{lx} as well as Canada's solid economic foundation. Canada's recent economic performance stands out among advanced countries. Since 2009, Canada has one of the strongest employment growth rates in the G7, and more Canadians are working today than before the recession. In fact, Canada's fiscal situation remains among the strongest in the industrialized world.

Responsible planning and budgeting

Strong fiscal management will continue to be the cornerstone of the government's economic policy. The International Monetary Fund expects that Canada will return to a balanced budget by 2016, one of only two G7 countries expected to do so; it also considers Canada's fiscal prospects to be among the best in the G20. Maintaining a focus on balanced budgets and debt reduction will allow the government to keep taxes low, foster long-term growth and create well-paying jobs for Canadians.

Key government achievements in this area for 2010–11 include the following:

- ▶ The [2010 round of strategic reviews](#)^{lxi} delivered over \$500 million in new ongoing savings. Strategic reviews ensure that programs are achieving their intended results, are effectively managed, and are appropriately aligned with the priorities of Canadians and federal responsibilities. The 2010 round of strategic reviews, including the review of National Defence spending as mandated in Budget 2010, identified savings of close to \$1.6 billion in 2013–14. Combined with the three previous rounds of reviews, the strategic review process has provided more than \$2.8 billion in ongoing savings to date.

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- ▶ The Government of Canada also remains committed to [balancing the budget](#)^{lxii} by 2014–15. It will achieve this by reducing expenditures through the Strategic and Operating Review, a process that will examine direct program spending as appropriated by Parliament. About \$80 billion of this spending will be reviewed with the objective of achieving at least \$4 billion in ongoing annual savings by 2014–15. The review will place particular emphasis on generating savings from operating expenses and the improvement of productivity, while examining the relevance and effectiveness of programs.

Economic recovery and job creation

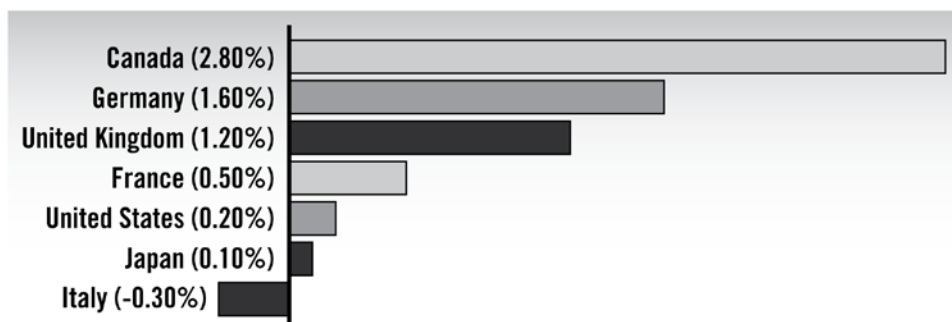
In 2010–11, the Government of Canada continued to promote job creation and sustainable economic growth by building on its record of improving Canada’s business environment and by branding Canada as a premier destination for business investment. Its objective continues to be the creation of a more productive economy that generates well-paid jobs and continued prosperity for Canadians.

Key government achievements in this area for 2010–11 include the following:

- ▶ The [Infrastructure Stimulus Fund](#)^{lxiii} supports provincial, territorial and municipal infrastructure projects, as well as projects submitted by not-for-profit and for-profit entities. Funding has been approved by Infrastructure Canada for over 4,100 projects. Areas of eligible investment include water, wastewater, public transit, solid waste management, highways, roads, railways and ports, culture, community centres and services, infrastructure for temporary housing and shelters, and parks and trails. The total value of these projects is approximately \$10 billion.
- ▶ As part of Canada’s Economic Action Plan, the Knowledge Infrastructure Program (KIP) aims to stimulate economies in local communities by accelerating repairs and maintenance and undertaking new construction at post-secondary institutions. KIP provided over \$1.7 billion in federal funding by the end of fiscal year 2010–11. These projects provided a boost to job creation and economic activity in communities across Canada. Provinces, territories and institutions have reported that more than 300 projects were substantially completed as of March 31, 2011.
- ▶ During the Year of the Entrepreneur (2011), the Government of Canada maintained its \$3.5-million investment in the [Small Business Internship Program](#)^{lxiv} (SBIP), creating 400 student internships across Canada for post-secondary students. Each intern will assist small and medium-sized businesses in adopting information and communication technologies to increase productivity and competitiveness. Industry Canada has selected 17 organizations from across Canada to act as delivery agencies for the SBIP. The program provides financial support to qualified small and medium-sized businesses so that they may hire a student intern for a 12-week period.

- ▶ In 2010–11, Public Works and Government Services Canada continued to successfully manage the [Accelerated Infrastructure Program](#)^{lxv} as part of the Government of Canada's Economic Action Plan announced in Budget 2009. In 2010–11, the Department invested close to \$193 million in its buildings and bridges and on cleaning up federal contaminated sites. Over the two-year period of the Economic Action Plan, the Department accelerated the repairs and renovation of 300 buildings, made 194 buildings more accessible to Canadians, rehabilitated four bridges and improved the condition of the Alaska Highway.

Figure 3.3. Employment Growth from June 2009 to March 2011



Canada's role in the global economy

Canada's long-term prosperity depends on its ability to engage in the global economy; an open, strong and resilient global economy creates trade and investment opportunities for Canadian businesses.

Key government achievements in this area for 2010–11 include the following:

- ▶ Over the last five years, Canada has concluded new trade agreements with 8 countries; negotiations covering 50 additional countries are in progress, including ongoing negotiations with the European Union for a Comprehensive Economic and Trade Agreement. The Government of Canada concluded a joint study with India on the feasibility of a [Comprehensive Economic Partnership Agreement](#),^{lxvi} and negotiations were launched in November 2010. Trade with various countries represents about 60 per cent of the Canadian economy; strengthening and increasing trade and investment with [growing and emerging markets such as India](#)^{lxvii} is vital to the recovery of the Canadian economy.
- ▶ As chair of the G7 process and co-chair of the G20 Leaders' Summit, the Government of Canada played an important role in developing the agenda for international economic cooperation in 2010. This provided an opportunity to raise issues that are of critical importance to the country and the rest of the world. The government worked with other G20 countries to address the causes of the international financial crisis, determine actions to

support financial markets and growth, and reform the global economic and financial system to prevent the reoccurrence of a similar crisis.

Moving toward a digital economy

In the summer of 2010, the Government of Canada launched a [digital economy strategy website](#)^{lxviii} for online public consultation to seek the views of stakeholders on how Canada can build a globally competitive digital economy by 2020. More than 2,000 Canadian individuals and organizations registered to share their views on the goals of a Canadian digital economy strategy; the concrete steps needed to reach these goals; and how governments, the private and not-for-profit sectors can best collaborate to create a strategy for future success.

To prosper in the global digital economy, Canada aims to build on its many strengths, seize new opportunities and regain its digital leadership. In the [June 2011 Speech from the Throne](#),^{lxix} the Government of Canada committed to releasing and implementing a digital economy strategy that will contribute to enhancing digital infrastructure and encourage Canadian businesses to adopt digital technologies and provide training for their employees. Developing and implementing a digital economy strategy will require the active engagement of all stakeholders, including producers, consumers, researchers, teachers and users of information and communications technologies.

Digital economy is the term used to describe the network of suppliers and users of digital content and technologies that enable everyday life. Digital content and technologies are ubiquitous and critical to almost every activity in our economy and society. These applications enable businesses to be innovative and productive; help governments to provide services; and allow citizens to interact, to transmit and to share information and knowledge.

Improving Canada's Digital Advantage, Strategies for Sustainable Prosperity—Industry Canada 2010

Key government achievements in this area for 2010–11 include the following:

- ▶ The ability of Canadians to effectively use new digital technologies will be crucial to Canada's success in the global digital economy. Budget 2011 announced that [Human Resources and Skills Development Canada](#)^{lxx} will reallocate \$60 million in funding over the next three years to promote enrolment in key disciplines related to the digital economy, such as science, technology, engineering and mathematics.
- ▶ As part of [Canada's Economic Action Plan](#),^{lxxi} funding was provided to Industry Canada over three years to develop and implement a strategy to extend broadband coverage to as many unserved and underserved households as possible. Once completed, the [Broadband Canada: Connecting Rural Canadians](#)^{lxxii} program will have contributed to more than 98 per cent of Canadians having access to broadband services. Broadband Internet access is viewed as an essential infrastructure for participating in today's economy; it enables citizens, businesses

and institutions to access information, services and opportunities that could otherwise be out of reach.

- ▶ On December 15, 2010, the Government of Canada passed [Bill C-28](#),^{lxxiii} Canada's anti-spam legislation. This legislation is a critical element in the development of a digital economy strategy. Its intent is to protect Canada from the most damaging and deceptive forms of spam, such as identity theft, phishing and spyware, and to help drive out spammers. The law addresses the legislative recommendations of Industry Canada's Task Force on Spam, which brought together industry, consumers and academic experts to design a comprehensive package of measures to combat threats to the digital economy. The government also studied successful legislative models in other countries and used their experience to help develop a focused plan for addressing spam and related online threats.

4. Domestic security

Building a safe and secure Canada involves maintaining the security of Canadian citizens through crime prevention, law enforcement, managing custody and correctional facilities, and keeping Canada's borders secure. Responsible and proactive security measures not only protect Canada domestically, but also support Canada's efforts to maintain a safe and secure international community. The federal government has been diligent in developing processes that address the evolving nature of security threats and best protect Canadians. The [2010 Speech from the Throne](#)^{lxxiv} acknowledged the real, significant and shifting threats that face Canada. Federal government responsibilities for domestic security also involve building capacity for emergency preparedness and risk management, including security and public health threats, and the safe management of nuclear installations.

It is important that Canada maintain its global leadership in sophisticated and proactive security and threat management. In 2010–11, Canada continued its cooperation with the United States and other NATO allies on international security and the mission in Afghanistan. Foreign Affairs and International Trade Canada's [Global Partnership Program](#)^{lxxv} delivered \$98.9 million internationally for threat reduction and the dismantling of weapons and materials of mass destruction. In addition, Canada organized and hosted both the G8 and G20 summits, affirming its commitment to global governance and international security.

As Canada adapts to the changing realities of domestic security and its related fields, there are both opportunities and challenges. Migration trends, climate change and cyber-security threats all pose potential domestic security issues that will require new ways of working together across government departments. Traditional security concerns around border protection, risk management and infrastructure protection, and community safeguarding remain a priority in developing security policy.

Border security and trade

Border security and trade facilitation are the collective responsibility of many government organizations. Innovative border security and well-developed trade arrangements sustain economic prosperity, with the United States–Canada border processing \$2 billion daily in cross-border trade. Because of its strong trade agreements and security stability, Canada is well positioned to reap the economic opportunities of trade. The [2010 Speech from the Throne](#)^{lxxvi} outlined the government’s commitment to expand investment in key markets and diversify opportunities for Canadian business through bilateral trade agreements. Furthermore, the Speech emphasized the continuation of trade negotiations between Canada and the European Union, India, the Republic of Korea, the Caribbean community and other countries of the Americas. The federal government and its institutions must remain effective in promoting Canada’s trade interests, especially given the fragile recovery of Canada’s major trading partners and global financial uncertainties.

Key government achievements in this area for 2010–11 include the following:

- ▶ The Canada Border Services Agency (CBSA) implemented the third phase of its [Advanced Commercial Information](#)^{lxxvii} program called [eManifest](#),^{lxxviii} which is aimed at improving CBSA’s ability to detect shipments that pose a high or unknown risk to the safety and security of Canadians. Phase III builds on the success of the first two phases (air and marine modes) by implementing an electronic data interchange for highway carriers that enables carriers to transmit their pre-arrival cargo and conveyance data to CBSA before arriving at the border. This advance information allows border services officers to detect potential health, safety and security risks before goods reach Canada. It also allows low-risk, legitimate goods to cross the border more efficiently.
- ▶ The RCMP provide policing, law enforcement and investigative services to federal government departments and agencies for a safe and secure border. In August 2010, a cargo ship carrying 492 migrants from Sri Lanka operated by a criminal network of organized human smugglers was intercepted by the RCMP in partnership with CBSA and the Canadian Forces. The RCMP has since deployed liaison officers to Southeast Asia as a means to prevent future human smuggling vessels from departing for Canada.
- ▶ Furthermore, the RCMP and its partners have developed new and innovative approaches to strengthen border security. This includes the pursuit of integrated cross-border law enforcement models, such as [Shiprider](#)^{lxxix} in the marine environment; the deployment of an intelligence-led pilot project to increase uniformed police presence between the ports of entry in the Lacolle region of Quebec;^{lxxx} the development of a solution to binational radio interoperability^{lxxxi} between Canadian and US border enforcement personnel; and a whole-of-

government joint intelligence initiative to collate and analyze information in relation to the prevention of organized human smuggling, nationally and internationally.

- ▶ National Defence and the Canadian Forces helped keep Canadians safe at home by assisting domestic law enforcement agencies in their efforts to secure major international events and address illegal migration on the west coast. In 2010–11, the Canadian Forces assisted Canadians in need when the Government of Newfoundland and Labrador requested help in dealing with the aftermath of Hurricane Igor. They also continued to support multinational drug interdiction operations in the Caribbean and east Pacific, helping disrupt the flow of illicit drugs to Canadian communities.

Critical infrastructure protection

Protecting critical infrastructure (i.e., pipelines, electricity grids, financial systems and transportation systems) is essential to Canada's economic stability and national security. The interconnected nature of critical infrastructure (e.g., an electricity disruption would impact several sectors) requires that governments, the private sector, international allies and first responders take a coordinated approach. The federal government and its partners faced significant concerns in 2010–11, including climate change, pandemics and cyber terrorism. The [2010 Speech from the Throne](#)^{lxxxii} committed the federal government to work with the provinces, territories, and the private sector to implement an intergovernmental cyber-security strategy for the protection of digital infrastructure.

Key government achievements in this area for 2010–11 include the following:

- ▶ On May 13, 2010, the Minister of Public Safety and provincial and territorial partners released the [National Strategy and Action Plan for Critical Infrastructure](#)^{lxxxiii}. The strategy aims to build a safer, more secure and more resilient Canada by calling for public and private sector partners to identify risks, develop plans to address these risks, and conduct exercises to ensure that these plans are effective in an emergency. Implementation of this strategy will enhance awareness of the risks confronting critical infrastructure and improve response and recovery efforts when disruptions occur.
- ▶ As part of its mandate to protect Canada's critical infrastructure, the RCMP created a Critical Infrastructure Intelligence Team (CIIT). Since its inception in 2008, the CIIT has developed subject-matter expertise and fostered expanding partnerships with key stakeholders in the Transportation, Finance, and Energy and Utilities sectors. The RCMP is currently establishing a new [Cyber Crime Fusion Centre](#),^{lxxxiv} (CCFC) of specialized, technical resources. The CCFC will produce ongoing strategic reports on cyber crime in Canada. These reports will focus on domestic actors and emerging trends to improve our national situational awareness of evolving threats. Under its current mandate, the CCFC will have a strict strategic focus rather than a traditional operational policing role.

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- ▶ On October 3, 2010, the Minister of Public Safety announced [Canada's Cyber Security Strategy](#)^{lxxxv} to enhance protection from cyber threats for Canadian governments, industries and families. Implementation of this strategy will strengthen the security of Government of Canada systems and support partnerships with other governments and industry to ensure that the systems vital to Canadian security, economic prosperity and quality of life are protected. The strategy also calls for measures to raise awareness of the steps Canadians can take to protect their digital information.

Safe and healthy communities

Security and community safekeeping require the collaborative effort of many federal government organizations. The [RCMP](#)^{lxxxvi} is involved in front-line policing to the provinces, territories, municipalities and First Nations communities. The RCMP committed \$347.1 million for 2010–11 to [Protective Policing Services](#)^{lxxxvii} under the larger federal government outcome area of [a safe and secure Canada](#),^{lxxxviii} where the RCMP is taking a multi-faceted approach to promote safe communities through outreach and awareness, prevention, strategic analysis, information and intelligence sharing, and enforcement. [Correctional Service Canada](#)^{lxxxix} and the [National Parole Board](#)^{xc} work to safely reintegrate offenders into Canadian communities through rehabilitation and personal case management strategies, lowering recidivism rates.

In 2010–11, PHAC supported the RCMP's Integrated Security Unit by playing a lead role in mitigating the risks to public health during the G8 and G20 summits. PHAC's Microbiological Emergency Response Teams and their mobile lab-truck and lab-trailer were deployed to support onsite biosafety and biosecurity. The National Emergency Stockpile System mini-clinics for triage and minor surgical procedures also demonstrated their ability to meet the needs of the provinces and territories at major events.

Safe communities necessitate accessible and affordable housing and living arrangements. [Canada Mortgage and Housing Corporation](#)^{xc} (CHMC) has invested in a variety of programs to ensure affordable housing for the Canadians who need it most through the Economic Action Plan.

Key government achievements in this area for 2010–11 include the following:

- ▶ The [Economic Action Plan](#)^{xcii} made available \$2 billion for CMHC to allocate toward social housing construction and renovation, along with up to \$2 billion in low-cost loans to help finance housing-related municipal infrastructure over two years. CMHC completed the delivery of funding for social housing programs of close to \$2 billion. Also, as part of the Economic Action Plan, it provided \$2 billion in low-cost loans to municipalities to fund upgrades to existing housing-related infrastructure. Ongoing federal subsidies for the existing social housing portfolio totalled \$1.7 billion, which helped house almost 615,000 low-to-moderate income families.
- ▶ CMHC works closely with the provinces and territories to develop new affordable housing. At the end of 2010, 5,040 units were facilitated through the Affordable Housing Initiative^{xciii} and some 18,158 units were renovated through CMHC renovation programs both on and off reserve. Working with First Nations, 766 new units were developed for First Nation families on reserve.

Section IV. Summary

A growing and aging population, increased international and domestic interest in Northern resources, continued economic instability and uncertainty, and constantly evolving threats to domestic security are just a few of the key issues that will continue to shape our country and government policies in the coming years. The Government of Canada took action on these and other challenges in 2010–11 and built on the opportunities they presented. The government continued to lead Canada toward economic recovery through policies designed to boost growth and prosperity. A variety of programs and initiatives were undertaken to help us adapt to the needs of a shifting Canadian population. Progress was made to secure our interests in the North and ensuring that First Nations communities are an integral part of the policy discussion. Improvements were also made to enhance the safety and security of Canadian communities and the country as a whole.

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