

## Federal Budget 2021 Highlights

Minister of Finance Chrystia Freeland unveiled the government's first budget in over two years amid COVID-19 cases re-escalating across the country. This long-awaited budget is one of the most important budgets in recent history as many sectors of the economy are still reeling from the impacts of COVID-19, and provinces are navigating through new lockdowns and the vaccine roll-out. Budget 2021, which could double as a re-election pitch for the Liberals, provides the government's roadmap to Canada's economic recovery post-crisis and a plan to build a stronger and greener economy of the future.

Themes include support for the hardest-hit sectors, investments in green energy, and support for those who have been disproportionately impacted by COVID-19, including women, Indigenous peoples, young people and racialized Canadians, are recurring throughout the budget.

Budget 2021 largely attempts to balance the need of providing an ongoing rescue plan for the damaged economy while setting the stage for a stronger economic rebound. To help businesses and workers while the pandemic still rages, the government proposes to extend the Canada Emergency Wage Subsidy (CEWS) and Canada Emergency Rent Subsidy (CERS) until September, while also implementing a new program to temporarily subsidize new hiring, providing \$1,100 per month for every new employee. Overall, the budget proposes over \$100 billion in stimulus spending in various programs and investments, including \$30 billion in funding over five years for a national early learning and childcare system.

### The Fiscal Update

Last year's deficit came in at \$354.2 billion, lower than the \$400 billion deficit projected in the Fall Economic Statement. The deficit is projected to reach \$154.7 billion in 2021-2022 and \$59.7 billion in 2022-2023.

### Key Highlights for CIQS

- An investment of \$22.6 billion over four years starting in 2021-22 to conduct Canada's first ever National Infrastructure Assessment.
- An investment of \$1.9 billion over four years to recapitalize the National Trade Corridors Fund. The budget states that this funding could attract approximately \$2.7 billion from private and other public sector partners, resulting in total investments of \$4.6 billion.
- Budget 2021 proposes to provide \$500 million over two years, starting in 2021-22, to the regional development agencies for community infrastructure.
- The government will pursue reciprocal procurement policies to ensure that goods and services are only procured from countries that grant Canadian businesses a similar level of market access.
- The publication of a green bond framework in the coming months in advance of issuing its inaugural federal green bond in 2021-22, with an issuance target of \$5 billion, subject to market conditions. These green bonds could fund green infrastructure, clean tech innovations, nature conservation, and other efforts to address climate change and protect our environment.
- The proposed investment of \$2.5 billion over the next five years in Indigenous Early Learning and Child Care also includes \$420 million over three years, starting in 2023-24, and \$21 million ongoing, to build and maintain new centres in additional communities.
- An investment of \$11.7 billion over five years through Infrastructure Canada to renew the Standards to Support Resilience in Infrastructure Program, so that the Standards Council of Canada can continue updating standards and guidance in priority areas such as flood mapping and building in the North.
- \$4.3 billion over four years for the Indigenous Community Infrastructure Fund, a distinctions-based fund to support immediate demands, as prioritized by Indigenous partners, with shovel ready infrastructure projects in First Nations, including with modern treaty and self-governing First Nations, Inuit, and Métis Nation communities.
  - This includes \$1.7 billion over five years, starting in 2021-22, with \$388.9 million ongoing, to cover the operations and maintenance costs of community infrastructure in First Nations communities on reserve.
- Providing \$200 million over three years, starting in 2021-22, to Infrastructure Canada to establish a Natural Infrastructure Fund to support natural and hybrid infrastructure projects.

- Budget 2021 also proposed to create the Canada Water Agency with an investment of \$17.4 million over two years to support work with the provinces, territories, Indigenous peoples and key stakeholders on the scope of the agency's mandate, including identifying opportunities to build and support more resilient water and irrigation infrastructure.
- Budget 2021 also proposes to provide an additional \$1 billion over six years, starting in 2021-22, to the Universal Broadband Fund to support a more rapid rollout of broadband projects in collaboration with provinces and territories and other partners.