

Federal Budget 2021: “Finishing the Fight” and Beyond



Executive Summary

On Monday, April 19th the governing Liberals tabled the latest federal government budget. It was overdue by about two years but has finally been tabled by Finance Minister, Chrystia Freeland, for debate in parliament.

The deficit is projected at \$354 Billion for fiscal 2021, down approximately \$30 Billion since the last update. Five major areas have been detailed for

1. Finishing the Fight Against COVID-19
2. Creating Jobs and Growth
3. A Resilient and Inclusive Recovery
4. Fair and Responsible Government
5. Annexes describing financial details and supporting measures

Full details are contained in the [Budget Document in Full](#). As the sections of the published budget proposal describe, the government is committed to bringing the country medically, financially and fully to the end of the pandemic, and then positioning Canada for the future.

Unlike previous government financial statements which contained a series of often disjointed actions designed to propel the ruling party's objectives forward, this document integrates public health measures, government stimulus and social programs more than most budgets.

The proposed end of many programs is tied to the timing of the vaccination program, which is scheduled to conclude by the end of summer 2021.

What You Need to Know

Beyond battling and recovering from the pandemic, the federal Liberals have proposed their centrepiece at a cost of \$30 Billion over the next five years (and \$8.3 Billion each year after). They intend to launch a national \$10/day child-care program, which will require significant negotiations with provincial and territorial governments.

This summary focuses on the most current measures in the first sections of the budget, “Finishing the Fight Against COVID-19”, that continue or enhance existing measures to combat the pandemic. The two areas that attack the effects of the pandemic are:

1. Keeping Canadians Safe and Healthy, and
 2. Seeing Canadians and Businesses Through to Recovery.
- Keeping Canadians Safe the Healthy
 - Providing Access to Vaccines
 - Nearly 10 million doses have been received as of March 31st, a further 180 million doses of approved vaccines have been negotiated. An emergency \$1 Billion has been tabled to supply the provinces and territories with the resources to administer doses.

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- Protecting Our Seniors
 - \$3 Billion over the next 5 years has been ear-marked to improve long-term care and make permanent changes to keep seniors safe and improve their quality of life. \$41 million has been proposed to Statistics Canada to improve data infrastructure and collection in this area.
 - \$90 million has been set aside in the budget to facilitate a new “Age Well at Home” initiative to assist community-based organizations with practical support for low-income and vulnerable seniors.
- Strengthening Our Health System
 - In addition to the \$43 Billion in health transfers to provinces and territories the budget proposes an additional \$4 Billion one-time top-up. Additionally, a Territorial Health Investment Fund of \$54 Million would support Nunavut, the Yukon and the Northwest Territories.
- Supporting Mental Health
 - The more integrated approach displayed in the budget is demonstrated in the approach to addressing mental health measures to include direct treatment and indirect solutions.
 - \$45 million is proposed to allow the national health agencies to collaborate with the provinces and territories to establish mental health service standards.
 - A further \$212 Million will provide mental health interventions, support for post-traumatic stress disorder brought about by COVID-19, and tools to access mental health supports.
- Investing in Research and Science
 - \$2.2 Billion over seven years has been proposed to support bio-science development at post-secondary institutions and teaching hospitals, bio-medical research, company creation in life sciences, expand domestic vaccine development, and stem cell research.
- A Plan for the Safe Reopening of Our Borders
 - \$325 Million is proposed to support Transport Canada’s ability to administer COVID-19 tests and improve screening at 89 airports, acquire sanitation equipment, and provide employer support to offset costs associated with quarantining temporary foreign workers
- Seeing Canadians and Businesses Through to Recovery
 - Protecting Jobs and Supporting Businesses
 - The wage subsidy is proposed to continue until September 25, 2021 with a tapering of benefits to begin in July.
 - Publicly traded corporations that pay their executives more in 2021 than 2019 will have to repay the wage subsidies given to their workers.

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- The rent subsidy will also continue, if approved, until September 2021, with the total cost estimated at \$1.9 Billion.
- The Canada Emergency Business Account (CEBA) that has provided interest-free loans to nearly one million small businesses will have the application deadline extended to June 30th.
- Indigenous businesses will have additional funding, \$80 Million, and time to apply to the Community Futures Network.
- Supporting Affected Workers
 - The suspension of the mandatory one-week waiting period for Employment Insurance claims has been extended into September.
 - The Canada Recovery Benefit of \$500/week, tapering to \$300/week in July, is proposed to continue to September.
 - The Canada Recovery Caregiving Benefit may be extended by four weeks to a maximum of forty-two weeks at \$500/week.
 - The measures, above, are expected to cost \$2.5 Billion.
 - \$3.9 Billion is proposed to increase the flexibility and accessibility of Employment Insurance by lowering qualifying levels, supporting multiple job holders, paying recipients sooner, encouraging job-sharing
 - \$3 Billion over five years is proposed to extend and enhance government sickness benefits.
 - \$100 Million may be set aside for seasonal workers over three years.

The other major areas of the budget can be found online on the federal government’s website and the link has been shared in the Executive Summary of this document.

Bottom Line

In order to recover from the pandemic, position Canadians for post-pandemic success the Liberals have proposed a \$354 Billion deficit. Interest on the deficit, which will eventually add to its cost, remains low, but will not indefinitely.

Debate has already begun in the House of Commons to approve the budget, and in the popular press on the electioneering contained in the budget. Almost every geography and group, both specifically and generally, can recognize direct benefits of the proposed budget. The measures contained in it will be paid for many years by Canadians.