

## FEDERAL BUDGET 2021: A RECOVERY PLAN FOR JOBS, GROWTH AND RESILIENCE

Date: April 19, 2021

### 1. BUDGET AND RELATED DOCUMENTS

[2021 Federal Budget](#), [Budget News Release](#)

### 2. FEDERAL BUDGET 2021 PRIORITIES

The 2021 budget stresses a number of themes:

- Conquer COVID
- Punch our way out of the COVID recession
- Build a better, fairer, more prosperous, more innovative future (p. 13)

### 3. MUNICIPAL HIGHLIGHTS

#### INFRASTRUCTURE

- As previously announced, \$14.9B over eight years for public transit projects, with \$3B per year ongoing beginning in 2026/27 (p. 210).
- \$1B increase over six years in the Universal Broadband Fund (p. 153).
- \$22.6M over four years to conduct Canada's first ever National Infrastructure Assessment, intended to help all orders of government prioritize investments that will have the greatest benefits for all communities (pp. 211, 530).
- \$30B over the next 5 years and \$8.3B ongoing for early learning and childcare and Indigenous early learning and childcare. The goal is to reduce average daily childcare rate by 50% in 2022 and to \$10 per day within the next five years (p. 101). This includes:
  - \$27.2B over five years to bring federal/provincial cost share to 50/50 (p. 102);
  - \$29.2M over two years to create accessible childcare spaces (p. 104);
  - \$1.4B over five years and \$385M ongoing to create more childcare spaces in Indigenous communities (p.104);
  - \$515M over five years and \$112M ongoing for before and after care in Indigenous communities (p. 105);
  - \$264M over four years, starting in 2022/23, and \$24M ongoing for maintenance and repair of childcare centres in Indigenous communities (p.105);
  - \$420M over three years, starting in 2023/24, and \$21M ongoing to build and maintain new centres in Indigenous communities (p.105); and,

- Indexing ongoing support for Indigenous childcare at 3% growth starting in 2027/28 (p. 105).

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#### LOCAL AND REGIONAL DEVELOPMENT

- \$700M over three years for the regional development agencies to support business financing (p. 214).
- The federal government will work to make FedNor a standalone regional development agency and strengthen the economic development of Northern Ontario (p. 214).
- \$500M over two years to the regional development agencies for community infrastructure (p. 215).
- \$300M, on a cash basis, over two years, to Fisheries and Oceans Canada to repair, renew, and replace small craft harbours (p. 216).
- \$101M over two years, starting in 2022/23, to support wineries in adapting to ongoing and emerging challenges, in line with Canada's trade obligations (p. 217).
- \$292.5M over seven years for a Processor Investment Fund to support private investment in food processing plants (p. 218).

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#### EMPLOYMENT

- Establishing a \$15/hour federal minimum wage for the federally regulated private sector, which will rise with inflation (p. 116).
- \$239.8M in the Student Work Placement Program increasing the wage subsidy available for employers to 75 percent up to \$7,500 per student (p. 110).
- \$109.3M in 2022/23 for the Youth Employment and Skills Strategy to better meet the needs of vulnerable youth facing multiple barriers to employment (p. 111).
- \$371.8M in new funding for Canada Summer Jobs in 2022/23 (p. 111).
- \$960M over three years to develop a Sectoral Workforce Solutions Program, designed to develop and deliver sector-specific training programs for small and medium sized businesses (p. 112).
- \$470M over three years to develop Apprenticeship Service to connect first-year apprentices with skilled trades training with small and medium-sized employers (p. 113).
- \$298M over three years to develop Skills for Success program to help improve foundational and transferable skills (p. 113).
- \$55M over three years to develop Community Workforce Development Program designed to develop localized plans to identify the skills and training needs of high-growth potential organizations (p. 114).
- \$250M over three years to help scale up industry led initiatives to upskill and redeploy workers (p. 114).
- Extend the \$1,600 adult learner top-up to the Canada Student Grant for an additional two years until July 2023 (p. 115).
- \$8.9B over six years and \$1.7B ongoing to expand the Canada Workers Benefit raising the qualifying income level and covering more low wage earners (pp. 118-120).

- \$16.2M over five years and \$3.3M ongoing to eliminate the 6.82% deduction applied to all Wage Earner Protection Program payments to support those owed wages by an insolvent employer (p. 122).
- \$708M over five years to Mitacs (a non-profit org. connecting young workers with innovative research and training opportunities) to create at least 85,000 work-integrated learning placements that provide on-the-job learning and provide businesses with support to develop talent and grow (p. 130).

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## HOUSING

- Additional \$2.5B over seven years to the Canada Mortgage and Housing Corporation (CMHC), including:
  - \$1.5B for the Rapid Housing Initiative in 2021/22 to add a minimum of 4,500 new affordable housing units (p. 194)
  - \$600M over seven years to renew and expand the Affordable Housing Innovation Fund supporting the creation of 12,700 additional units (p. 195)
  - \$315.4M over seven years to increase the Canada Housing Benefit for low-income women and children fleeing violence (p. 195)
  - \$118.2M over seven years to support community housing providers that deliver long-term housing to the most vulnerable (p. 195).
- Advance \$750M in funding to 2021/22 and 2022/23, under the National Housing Co-Investment Fund, to accelerate the creation of 3,400 new units, and the repair of 13,700 units (p. 195).
- Reallocate \$250M to support the construction, repair, and operating costs of an estimated 560 units of transitional housing and shelter spaces for women and children fleeing violence (p. 195).
- Reallocate \$300M to support the conversion of vacant commercial property into 800 units of market-based rental housing (p. 195).
- \$567M over two years in additional funding for the Reaching Home program (p. 198).
- \$45M over two years, beginning in 2022/23, for a pilot program aimed at reducing veteran homelessness (p. 198).

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## COVID-19 VACCINATION

- As previously announced, \$1B in funding to provinces and territories on an equal per capita basis for vaccine rollout. Provinces and territories, with the support of municipalities, will be able to use these funds for a variety of vaccine-related costs, such as recruit and train immunizers, establish mass vaccination clinics, set up mobile vaccination units, and more (p. 63).

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*TOURISM, ARTS, CULTURE AND SPORTS*

- \$200M through the regional development agencies to support major festivals (p. 200).
- \$200M through Canadian Heritage to support local festivals, community cultural events, outdoor theatre performances, heritage celebrations, local museums, amateur sport events, and more (p. 201).
- Establishing a \$500M Tourism Relief Fund, administered by the regional development agencies, to support local tourism businesses (p. 201).
- \$80M over two years to remove barriers to participation in sports programming and to help community organizations kick-start local organized sports that are accessible to all (p. 201).
- \$300M over two years to establish a Recovery Fund for Heritage, Arts, Culture, Heritage and Sport Sectors (p. 203).
- \$49.6M over three years to Canadian Heritage for the Building Communities Through Arts and Heritage Program (\$14M), the Canada Arts Presentation Fund (\$16M), and the Celebration and Commemoration Program (\$19.6M) (p. 203).
- \$70M over three years for the Canada Music Fund, this includes up to \$50M in 2021/22 to help the live music sector weather the pandemic (p. 203).
- \$15M for the Canada Cultural Spaces Funds (p. 203).
- \$6M over two years to the National Arts Centre to support collaborations with equity deserving groups to help relaunch the performing arts sector (p. 204).
- \$39.3M over two years to support the Canadian Book industry. This includes \$32.1M to help bookstores increase online sales (p. 205).

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*ENVIRONMENT AND CLIMATE CHANGE*

- \$54.8M over two years to enhance the capacity of the Investments in Forest Industry Transformation program, including working with municipalities and community organizations ready for new forest-based economic opportunities (p.165).
- \$1.4B over 12 years to top up the Disaster Mitigation and Adaptation Fund. \$670M would be dedicated to new, small-scale projects and 10% to Indigenous recipients (p. 178).
- \$21.3M over five years and \$4.3M ongoing to continue the International Business Development Strategy for Clean Technology (p. 140).
- \$104.6M over five years to strengthen greenhouse gas emissions regulations for light- and heavy-duty vehicles and off-road residential equipment, establish national methane regulations for large landfills, and undertake additional actions to reduce and better use waste at these sites (p.165).

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## TRANSPORTATION

- \$250M over three years for regional development agencies to deliver an Aerospace Regional Recovery Initiative (p. 135).
- \$1.9B over four years to recapitalize the National Trade Corridors Fund to spur further investment in roads, rail, and shipping routes (p. 143).
- \$656.1M over five years and \$123.8M ongoing to modernize borders (p. 144).
- As previously announced in February 2021, \$15B for public transit projects, which will support new subway extensions and help electrify transit fleets with zero-emission vehicles (p.172).
- \$496.6M over six years to advance the Toronto-Quebec City high frequency rail corridor (pp. 211-212).

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## LONG-TERM CARE

- \$3B over five years, starting in 2022/23, to Health Canada to support provinces and territories in ensuring standards for long-term care are applied and permanent changes are made (p. 65).
- \$41.3M over six years, and \$7.7M ongoing, for Statistics Canada to improve data infrastructure and data collection on supportive care, primary care, and pharmaceuticals (p. 65).
- \$90M over three years to launch the Age Well at Home initiative. This initiative would assist community-based organizations in providing practical support to help low-income and vulnerable seniors age in place. The initiative would also support regional and national projects that help expand services that have already demonstrated results in helping seniors stay in their homes (p. 65).
- \$27.6M over three years for my65+, a Group Tax-Free Savings Account offered by the Service Employees International Union Healthcare for low- and modest-income personal support workers (p. 123).

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## OTHER

- \$100M over two years to triple the funding for the Enabling Accessibility Fund to support small and mid-sized projects with not-for-profit organizations, women's shelters, child care centres, small municipalities, Indigenous organizations, territorial governments, and businesses. This would help offset the costs of renovations, retrofits, and accessible technologies in the workplace (p. 235).

#### 4. OTHER INITIATIVES

##### *COVID-19 SUPPORT*

- The federal government proposes to provide up to 12 additional weeks of Canada Recovery Benefit to a maximum of 50 weeks (p. 88).
  - The first four of these additional 12 weeks will be paid at \$500 per week. The remaining 8 weeks of this extension will be paid at \$300 per week claimed.
- The federal government proposes to extend the Canada Recovery Caregiving Benefit an additional 4 weeks, to a maximum of 42 weeks, at \$500 per week (p. 88).

##### *MIGRANT WORKERS*

- \$57.6M to extend the Mandatory Isolation Support for Temporary Foreign Workers Program to help employers offset costs associated with temporary foreign workers fulfilling isolation requirements upon entering Canada (p. 75).
- \$49.5M over three years to support community-based organizations in the provision of migrant worker-centric programs (p. 219).
- \$54.9M over three years to increase inspections of employers and ensure temporary foreign workers have appropriate working conditions and wages (p. 219).

##### *BUSINESS SUPPORTS*

- \$1.9B for an extension of the Canada Emergency Rent Subsidy and Lockdown Support until September 25, 2021, with a gradual decrease of the rate of the rent subsidy beginning July 4, 2021 (p. 84).
- \$1.4B over four years to provide microgrants and develop training and work opportunities to facilitate the adoption newer technology (e.g., digital storefronts) amongst small and medium-size businesses (p. 132).
- \$2.6B over four years to help small and medium sized-businesses finance technology adoption (p.132).
- Committing to consulting to reduce costs of interchange fees (i.e., credit card transaction fees) for merchants (p. 141).
- \$101.4M over five years to develop a Small Business and Entrepreneurship Development Program (p. 136).
- \$146.9M over four years to improve access to financing, mentorship, and training to women entrepreneurs (p. 136).
- An additional \$51.7M over four years to support Black entrepreneurs (p. 137).
- \$450M over five years to increase venture capital available to entrepreneurs through the Venture Capital Catalyst Initiative, including \$50M towards the development of an Inclusive Growth Stream (p. 139).
- An additional \$7.2B in the Strategic Innovation Fund:
  - \$2.2B over seven years and \$511.4M ongoing to support innovative projects in life sciences, automotive, aerospace, and agriculture, and

- \$5B over seven years to increase funding for the Net Zero Accelerator to support green initiatives such as decarbonizing heavy industry, supporting green technologies, etc. (p. 146).
- \$443.8M over ten years in the Pan-Canadian Artificial Intelligence (AI) Strategy (p. 148).
- \$82.5M to support major Canadian airports in making investments in COVID-19 testing infrastructure (p. 74).
- \$271.1M in 2021/22 to the Canadian Air Transport Service Authority to maintain operations and enhanced screening services at 89 airports (p. 74).

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## EMPLOYMENT

- Extension of the Canada Emergency Wage Subsidy until September 25, 2021, with a gradual decrease of the subsidy rate beginning on July 4, 2021 to ensure an orderly phase-out of the program as vaccinations are completed and the economy reopens (p. 83).
- \$80M for the Community Futures Network of Canada and regional development agencies, to support an extended application for the Regional Relief and Recovery Fund and Indigenous Business Initiative until June 30, 2021 (p. 85).
- \$3.9B over three years for legislative changes to make Employment Insurance (EI) more accessible and simpler for Canadians (p. 88).
  - Maintain uniform access to EI benefits across all regions;
  - Support multiple job holders and those who switch jobs by ensuring that all insurable hours and employment count towards a claimant's eligibility, as long as the last job separation is found to be valid;
  - Simplifying rules around treatment of severance, vacation pay, and other monies paid on separation; and,
  - Extend the temporary enhancements to the Work-Sharing program.
- The federal government has announced upcoming consultations on future, long-term reforms to EI. Consultations will target Canadians, employers, and other stakeholders across the country (p. 89).
- \$11.9M over three years to Employment and Social Development Canada to undertake consultations to reform the eligibility process for federal disability programs and benefits. This will maximize the reach of these programs (p.233).
- \$200M to Employment and Social Development Canada to establish a new Black-led Philanthropic Endowment Fund. This fund would be led by Black Canadians and would create a sustainable source of funding, including for Black youth and social purpose organizations (p. 229).
- \$100M to the Supporting Black Canadian Communities Initiative at Employment and Social Development Canada (p. 229).

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## HEALTHCARE

- \$45M over two years to help develop national mental health service standards, in collaboration with provinces and territories, health organizations, and key stakeholders (p. 69).
- \$100M over three years to support projects for innovative mental health interventions for populations disproportionately impacted by COVID-19, including health care workers, front-line workers, youth, seniors, Indigenous people, and racialized and Black Canadians (p. 69).
- \$50M over two years to support a trauma and PTSD stream of mental health programming for populations at high risk of experiencing COVID-19 trauma and those exposed to various trauma brought about by COVID-19 (p. 69).
- The Canadian Radio-television and Telecommunications Commission is launching a regulatory proceeding to consult on a proposed three-digit hotline so Canadians have a memorable number they can call when they need help (p. 71).
- \$3B over five years and \$966.9M per year ongoing to enhance sickness benefits from 15 to 26 weeks. This extension would take effect in summer 2022 (p. 90).
- \$62M to Health Canada for the Wellness Together Canada portal so that it can continue to provide tools and services to support mental health and well-being (p. 70).
- An additional \$116M over two years for the Substance Use and Addictions Program to support a range of innovative approaches to harm reduction, treatment, and prevention at the community level (p. 237).
- To provide \$29.8M over six years to Health Canada to advance the government's palliative care strategy and improve access to quality palliative care (p. 242).
- \$20M over three years to Health Canada to construct eight plasma collection sites across the country to support Canadian Blood Services (p. 242).
- \$25M over five years to Health Canada for additional investment for research on diabetes, surveillance and prevention and to work towards the development of a national framework for diabetes (p. 240).
- \$13.2M over five years, with \$2.6M per year ongoing to Health Canada to ensure Canada's medical assistance in dying framework (MAID) is implemented consistently and with all safeguards (p. 242).
- \$45M over three years to Health Canada to fund community-based organizations that help make sexual and reproductive health care information and services more accessible for vulnerable population (p. 239).
- \$15.4M over two years to support the creation of a national autism strategy (p. 240).

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## TAXATION

- Effective January 1, 2022, implement a national annual 1% tax on the value of non-resident, non-Canadian owned residential real estate that is considered to be vacant or underused (p. 305).



- Starting in 2022, change the delivery of Climate Action Incentive payments from a refundable credit claimed annually on personal income tax returns to quarterly payments made through the benefit system (p. 174).
- Effective January 1, 2022, implement a Digital Services Tax at a rate of 3% on revenue from digital services that rely on data and content contributions from Canadian users, applicable to large businesses with gross revenue of 750M euros or more (p. 304).
- Introduce a tax on the sales, for personal use, of luxury cars and personal aircraft with retail sales prices over \$100,000 and boats, for personal use, over \$250,000 (p. 304).
- Starting in 2023, the amount of interest that certain businesses can deduct be limited to 40% of their earnings in the first year of the measure and 30% thereafter (p. 306).
- \$304.1M over five years to allow the CRA to fund new initiatives and extend existing programs, including GST/HST audits and risk assessments, and enhancing capacity to identify tax evasion (p. 307).
- \$230M over five years for the CRA to improve its ability to collect outstanding taxes (p. 307).
- Amend the *Customs Act* to improve duty and tax collection (p. 310).
- Introduction of a new taxation framework for the imposition of excise duties on vaping products in 2022 (p. 241).
- Increase tobacco excise duty by \$4 per carton of 200 cigarettes, along with corresponding increases to the excise duty rates for other tobacco products (p. 241).

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#### GREEN ECONOMY

- 50% reduction in the general corporate and small business income tax rates for businesses that manufacture zero emission technologies, starting on January 2022. (p.161).
- Introduction of an investment tax credit for capital invested in carbon capture, utilization, and storage projects. A 90-day consultation period with stakeholder on the design of this measure will be announced (p.168).
- \$319M over seven years to support research, development, and demonstrations that would improve the commercial viability of carbon capture, utilization, and storage techniques (p. 169).
- \$36M over three years through the Strategic Partnerships Initiative, to build capacity for local, economically-sustainable clean energy projects in First Nations, Inuit, and Métis communities and support economic development opportunities (p. 171).
- \$10M over the next two years to power farms with clean energy and moving off diesel (p. 175).
- The federal government will engage with provinces and territories, with the objective of making climate disclosures part of regular disclosure practices for a broad spectrum of the Canadian economy (p. 175).
- \$4.4B on a cash basis over five years to the CMHC to help homeowners complete deep home retrofits through interest-free loans worth up to \$40,000. A dedicated stream will support low-income homeowners and rental properties serving low-income renters including cooperatives and not-for profit owned housing (pp. 177-178).

- \$200M to establish a Natural Infrastructure Fund to support natural and hybrid infrastructure projects (p. 182).

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#### COMMUNITY SAFETY

- \$312M over five years and \$41.4M ongoing, to implement legislation to help protect Canadians from gun violence and to fight gun smuggling and trafficking (p. 277).
- \$601.3M over five years to advance towards a new National Action Plan to End Gender-Based Violence (pp. 279-282).
- \$216.4M over five years, and \$43.3M ongoing, for the Youth Justice Services Funding Program to increase funding to provinces and territories in support of diversion programming and to help reduce the overrepresentation of racialized groups in the youth justice system (p. 283).
- \$75M over five years, and \$13.5M ongoing, to the RCMP to take action to combat systemic racism including work like collection analysis, reporting of race-based data, improving community engagement, and more (p. 284).
- \$154.6M to the Correctional Service of Canada to limit the spread of COVID-19 and keep staff and inmates safe (p. 287).

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#### SENIORS

- Proposes to meet the immediate needs of seniors by providing a one-time payment of \$500 in August 2021 to Old Age Security (OAS) pensioners who will be 75 and over as of June 2022 (p. 232).
- Introduce legislation to increase regular OAS payment for pensioners 75 and over by 10% on an ongoing basis as of July 2022 (p.232).

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#### INDIGENOUS COMMUNITIES

- An additional \$1.2B to continue supporting the COVID-19 response in Indigenous communities as follows:
  - \$478.1M on a cash basis to continue to support the ongoing public health response to COVID-19 in Indigenous communities; and,
  - An additional \$760.8M for the Indigenous Community Support Fund to help Indigenous peoples meet the unique needs of their populations during the COVID-19 pandemic (p. 246).
- \$1.4B over five years, and \$40.6M ongoing, to maintain essential healthcare services for First Nations and Inuit's, continue work to transform First Nations health systems, and respond to the health impacts of climate change (p. 248).
- Distinctions-based investments of \$6B over five years with \$388.9M ongoing, to support infrastructure in Indigenous communities, including: \$4.3B over four years, for the Indigenous Community Infrastructure Fund and \$1.7B over five years, with \$388.9M

ongoing, to cover the operations and maintenance costs of community infrastructure in First Nations communities on reserve (p. 253).

- \$117M to renew the Indigenous Community Business Fund (p. 253).
- \$42M over three years to expand the Aboriginal Entrepreneurship Program (p. 254).
- \$2.4M to the Indigenous Tourism Association of Canada to help the Indigenous tourism industry rebuild and recover from the impacts of COVID-19 (p. 254).
- \$126.7M over three years to take action to foster health systems free from racism and discrimination where Indigenous peoples are respected and safe (p. 258).
- \$861M over five years, and \$145M ongoing, to support culturally responsive policing and community safety services in Indigenous communities (p. 259).

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#### *CHARITIES AND NON-PROFITS*

- Launching of a \$755M Social Finance Fund that would deploy \$220M over its first two years (p. 207).
- \$50M over two years for the Renewing of the Investment Readiness Program that supports charities, non-profits, and social purpose organizations in capacity-building activities (p. 207).
- Creation of a \$400M temporary Community Services Recovery Fund to help charities and non-profits adapt and modernize (p. 207).
- \$140M to top up the Emergency Food Security Fund and Local Food Infrastructure Fund (p. 209).

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#### *EDUCATION*

- \$180.4M over three years, to support students across Canada achieving greater levels of bilingualism (p. 276).
- \$81.8M over two years to support the construction, renovation, and expansion of the educational and community spaces that serve official language minority communities (p. 276).
- \$392.7M to waive interest on student loans for an additional year (p. 107)
- \$3.1B to extend the doubling of the Canada Student Grants program through July 2023 (p. 109).
- \$428.9M over 4 years, starting in 2022/23, and \$118.6M ongoing to extend disability supports for those in Canada Student Loans program whose disabilities are persistent and prolonged, but not necessarily permanent (p. 109).
- \$46.9M over two years to support research partnerships between colleges and businesses (p. 133).
- \$5.7M over two years to increase business access to technological equipment, facilities, and expertise already available through college-affiliated programs (p. 133).

## OTHER

- \$15M over two years to extend the Racialized Newcomer Women Pilot initiative (p. 220).
- \$15M over three years for new LGBTQ2 Projects Fund dedicated to supporting community-informed initiatives to overcome key issues facing LGBTQ2 communities (p. 235).
- \$4.6M over four years, starting in 2022/23, to improve the operations of the Financial Transactions and Reports Analysis Centre of Canada (p. 309).
- \$2.1M over two years to support the implementation of a publicly accessible corporate beneficial ownership registry by 2025 (p. 309).
- \$43.9M over three years, to develop the first phase of an e-payroll solution through the testing of prototype options for the implementation of a real-time e-payroll solution for the Government of Canada (p. 312).
- \$7.7M over five years, and \$1.6M ongoing, to enable Statistics Canada to improve quality of life measures and address key data gaps (p. 313).
- \$6.1M over five years, and \$0.6M ongoing, to enable Statistics Canada to bring together key economic, social, and environmental datasets and develop a user interface to better support decision-making and budgeting (p. 313).
- \$21M over three years to explore removing barriers to inter-provincial trade (p. 141).

## 5. STATE OF THE ECONOMY

Following a record decline of 5.4% in 2020, real GDP is expected to grow by 5.8% in 2021 and by 4% in 2022. The projected level of real GDP by the end of 2022 is almost 2% higher than projected in the Fall Economic Statement (p. 39).

Canada has also recovered about 90% of jobs lost during the pandemic (p. 79). The economic situation remains uneven in different sectors, where close contact businesses have faced severe and ongoing revenue declines and sectors less affected by restrictions such as professional services and construction have rebounded sharply (p. 80).

The unemployment rate is expected to decline over the course of the year, but will still be around 7% at the end of this year and 6.3% at the end of next year, reaching around 6% only by 2024 (p. 39).

The aggregate principal amount of money to be borrowed by the government in 2021/22 is projected to be \$523B (p. 358). Public debt charges are projected to remain sustainable at \$22.1B for 2021/22, representing 0.9% of GDP. Even though interest rates are forecasted to increase throughout the forecast horizon, public debt charges are projected to only rise to 1.4% of GDP by 2025-26 to a level of \$39.3B (p. 359).

**6. STATE OF FEDERAL FINANCES**

FEDERAL TRANSFERS

| <b>Transfer</b>  | <b>Details</b>  |
|--|---|
| <b>Canada Health Transfer (CHT)</b>  | The CHT is projected to grow from \$40.9B in 2019/20 to \$51.7B in 2025/26 as it grows in line with a three-year moving average of nominal GDP, with funding guaranteed to increase by at least 3% per year. As a result of the one-time \$4B increase to the CHT in 2020/21, total CHT support is \$5B higher than in 2019/20. |
| <b>Canada Social Transfer (CST)</b>  | The CST is projected to grow from \$14.6B in 2019/20 to \$17.4B in 2025/26 as it is legislated to grow at 3% per year. The CST is expected to reach \$15.5B in 2021/22.   |
| <b>Canada Community-Building Fund (formerly known as the Gas Tax Fund)</b> | Gas Tax commitments increased to \$4.3B in 2020/21, due to a one-time transfer of \$2.2B tabled in March 2021. In 2021/22, the fund will drop back down to \$2.3B and reach \$2.5B in 2025/26. The payments are indexed at 2% per year, with increases applied in \$100M increments.  |
| <b>Equalization</b>  | Expected to grow from \$19.8B in 2019/20 to \$25.1B in 2025/26. Equalization is projected to reach \$20.9B in 2021/22.  |
| <b>Territorial Formula Financing (TFF)</b>                                 | Expected to grow from \$3.9B in 2019/20 to \$5.1B in 2025/26. TFF is projected to reach \$4.4B in 2021/22.  |

*Adapted from: Budget 2021, Outlook for Program Expenses (pp. 333-334).*

## Appendix A: Revenue Outlook

Table A1.5, p. 329

### The Revenue Outlook

billions of dollars

|  | Projection    |               |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  | 2019–<br>2020 | 2020–<br>2021 | 2021–<br>2022 | 2022–<br>2023 | 2023–<br>2024 | 2024–<br>2025 | 2025–<br>2026 |
| <b>Income taxes</b>  |               |               |               |               |               |               |               |
| Personal income tax  | 167.6         | 168.2         | 180.4         | 187.5         | 195.5         | 204.0         | 213.5         |
| Corporate income tax                                       | 50.1          | 46.2          | 50.3          | 52.8          | 56.7          | 62.9          | 66.8          |
| Non-resident income tax                                    | 9.5           | 8.5           | 9.9           | 10.6          | 11.0          | 11.3          | 11.7          |
| Total income tax   | 227.1         | 222.9         | 240.5         | 251.0         | 263.2         | 278.1         | 291.9         |
| <b>Excise taxes/duties</b>                                 |               |               |               |               |               |               |               |
| Goods and Services Tax                                     | 37.4          | 29.8          | 41.0          | 43.6          | 45.2          | 46.7          | 48.2          |
| Customs import duties                                      | 4.9           | 3.7           | 4.5           | 4.9           | 5.1           | 5.4           | 5.8           |
| Other excise taxes/duties                                  | 11.6          | 10.5          | 11.7          | 12.4          | 12.7          | 12.8          | 12.9          |
| Total excise taxes/duties                                  | 53.9          | 44.0          | 57.1          | 60.9          | 63.0          | 64.9          | 66.9          |
| Digital Services Tax                                       |               | 0.0           | 0.2           | 0.7           | 0.8           | 0.8           | 0.9           |
| <b>Total tax revenues</b>                                  | <b>281.0</b>  | <b>266.9</b>  | <b>297.8</b>  | <b>312.5</b>  | <b>326.9</b>  | <b>343.8</b>  | <b>359.7</b>  |
| Proceeds from the pollution pricing framework <sup>1</sup> | 2.7           | 4.5           | 6.4           | 7.9           | 8.0           | 7.9           | 7.9           |
| Employment Insurance premium revenues                      | 22.2          | 22.2          | 23.7          | 25.4          | 27.3          | 29.2          | 31.2          |
| <b>Other revenues</b>                                      |               |               |               |               |               |               |               |
| Enterprise Crown corporations                              | 5.1           | -13.9         | 7.1           | 10.2          | 10.7          | 11.7          | 12.5          |
| Other programs   | 20.8          | 14.2          | 18.5          | 19.9          | 21.2          | 22.6          | 23.4          |
| Net foreign exchange                                       | 2.4           | 2.2           | 1.7           | 1.9           | 2.2           | 2.6           | 3.0           |
| Total other revenues                                       | 28.3          | 2.6           | 27.3          | 32.0          | 34.2          | 36.9          | 38.9          |
| <b>Total budgetary revenues</b>                            | <b>334.1</b>  | <b>296.2</b>  | <b>355.1</b>  | <b>377.9</b>  | <b>396.4</b>  | <b>417.9</b>  | <b>437.7</b>  |
| <b>% of GDP</b>  |               |               |               |               |               |               |               |
| Total tax revenues   | 12.2          | 12.1          | 12.4          | 12.2          | 12.3          | 12.4          | 12.5          |
| Proceeds from the pollution pricing framework              | 0.1           | 0.2           | 0.3           | 0.3           | 0.3           | 0.3           | 0.3           |
| Employment Insurance premium revenues                      | 1.0           | 1.0           | 1.0           | 1.0           | 1.0           | 1.1           | 1.1           |
| Other revenues   | 1.2           | 0.1           | 1.1           | 1.3           | 1.3           | 1.3           | 1.4           |
| Total budgetary revenues                                   | 14.5          | 13.4          | 14.7          | 14.8          | 14.9          | 15.1          | 15.3          |

Note: Totals may not add due to rounding.

<sup>1</sup> This represents those charges applied through the federal backstop, excluding the Output Based Pricing System.

## Appendix B: Expense Outlook

Table A1.6, pp. 333-334

### The Expense Outlook

billions of dollars

|  | Projection    |               |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  | 2019–<br>2020 | 2020–<br>2021 | 2021–<br>2022 | 2022–<br>2023 | 2023–<br>2024 | 2024–<br>2025 | 2025–<br>2026 |
| <b>Major transfers to persons</b>                                      |               |               |               |               |               |               |               |
| Elderly benefits   | 56.2          | 58.8          | 62.5          | 68.0          | 72.5          | 76.7          | 81.0          |
| Employment Insurance benefits <sup>1</sup>                             | 21.8          | 59.8          | 41.2          | 28.1          | 24.5          | 24.9          | 25.6          |
| Canada Emergency Response<br>Benefit and Canada Recovery<br>Benefits   | 4.7           | 57.3          | 13.9          | 0.0           | 0.0           | 0.0           | 0.0           |
| Canada Child Benefit <sup>2</sup>                                      | 24.3          | 27.6          | 27.2          | 26.3          | 26.6          | 27.2          | 27.9          |
| <b>Total</b>   | <b>107.1</b>  | <b>203.5</b>  | <b>144.8</b>  | <b>122.3</b>  | <b>123.7</b>  | <b>128.7</b>  | <b>134.4</b>  |
| <b>Major transfers to other levels<br/>of government</b>               |               |               |               |               |               |               |               |
| Canada Health Transfer   | 40.9          | 45.9          | 43.1          | 44.7          | 47.5          | 49.8          | 51.7          |
| Canada Social Transfer   | 14.6          | 15.0          | 15.5          | 15.9          | 16.4          | 16.9          | 17.4          |
| Equalization   | 19.8          | 20.6          | 20.9          | 21.7          | 23.1          | 24.1          | 25.1          |
| Territorial Formula Financing  | 3.9           | 4.2           | 4.4           | 4.6           | 4.8           | 4.9           | 5.1           |
| Canada Community-Building Fund   | 2.2           | 4.3           | 2.3           | 2.3           | 2.4           | 2.4           | 2.5           |
| Home care and mental health  | 1.1           | 1.3           | 1.5           | 1.2           | 1.2           | 1.2           | 1.2           |
| Other fiscal arrangements <sup>3</sup>                                 | -3.3          | 15.5          | -1.2          | -6.0          | -6.3          | -6.6          | -6.9          |
| <b>Total</b>   | <b>79.2</b>   | <b>106.7</b>  | <b>86.6</b>   | <b>84.3</b>   | <b>89.1</b>   | <b>92.7</b>   | <b>96.1</b>   |
| <b>Direct program expenses</b>   |               |               |               |               |               |               |               |
| Proceeds from the pollution<br>pricing framework returned <sup>4</sup> | 2.6           | 4.8           | 6.9           | 8.1           | 8.3           | 7.9           | 7.9           |
| Canada Emergency Wage Subsidy  | 0.0           | 84.6          | 26.0          | 0.0           | 0.0           | 0.0           | 0.0           |
| Canada-Wide Early Learning and<br>Child Care <sup>5</sup>              | 0.0           | 0.0           | 3.0           | 4.5           | 5.5           | 6.5           | 7.7           |
| Other transfer payments  | 54.4          | 103.3         | 85.9          | 76.1          | 74.0          | 70.1          | 70.5          |
| Operating expenses <sup>6</sup>  | 95.2          | 111.6         | 122.5         | 107.7         | 108.6         | 108.4         | 110.1         |
| <b>Total</b>   | <b>152.2</b>  | <b>304.3</b>  | <b>244.3</b>  | <b>196.4</b>  | <b>196.5</b>  | <b>193.0</b>  | <b>196.2</b>  |
| <b>Total program expenses,<br/>excluding net actuarial losses</b>      |               |               |               |               |               |               |               |
| <b>Total</b>   | <b>338.5</b>  | <b>614.5</b>  | <b>475.6</b>  | <b>403.0</b>  | <b>409.2</b>  | <b>414.4</b>  | <b>426.7</b>  |
| Net actuarial losses <sup>7</sup>                                      | 10.6          | 15.4          | 12.2          | 8.9           | 7.7           | 3.9           | 2.4           |
| <b>% of GDP</b>  |               |               |               |               |               |               |               |
| Major transfers to persons   | 4.6           | 9.2           | 6.0           | 4.8           | 4.7           | 4.7           | 4.7           |
| <b>Major transfers to other levels of<br/>government</b>               |               |               |               |               |               |               |               |
| <b>Total</b>   | <b>3.4</b>    | <b>4.8</b>    | <b>3.6</b>    | <b>3.3</b>    | <b>3.4</b>    | <b>3.4</b>    | <b>3.3</b>    |
| Direct program expenses  | 6.6           | 13.8          | 10.1          | 7.7           | 7.4           | 7.0           | 6.8           |
| <b>Projection</b>  |               |               |               |               |               |               |               |
|  | 2019–<br>2020 | 2020–<br>2021 | 2021–<br>2022 | 2022–<br>2023 | 2023–<br>2024 | 2024–<br>2025 | 2025–<br>2026 |
| <b>Total program expenses</b>  | <b>14.6</b>   | <b>27.9</b>   | <b>19.7</b>   | <b>15.8</b>   | <b>15.4</b>   | <b>15.0</b>   | <b>14.9</b>   |

## Appendix C: Private Sector Forecasts

Table A1.1, pp. 322-323

### Average Private Sector Forecasts

%, unless otherwise indicated

|  | 2022        | 2023        | 2024        | 2025        | 2020-2025   |             |                  |
|--|-------------|-------------|-------------|-------------|-------------|-------------|------------------|
| <b>Real GDP growth<sup>1</sup></b>                               |             |             |             |             |             |             |                  |
| Fall Economic Statement 2020                                     | -5.5        | 4.8         | 3.2         | 2.3         | 2.1         | 1.9         | 1.5              |
| Budget 2021  | -5.4        | 5.8         | 4.0         | 2.1         | 1.9         | 1.8         | 1.7              |
| <b>GDP inflation<sup>1</sup></b>                                 |             |             |             |             |             |             |                  |
| Fall Economic Statement 2020                                     | 0.1         | 2.2         | 2.0         | 2.0         | 2.1         | 2.1         | 1.7              |
| Budget 2021  | 0.8         | 3.3         | 2.0         | 2.0         | 2.1         | 2.0         | 2.0              |
| <b>Nominal GDP growth<sup>1</sup></b>                            |             |             |             |             |             |             |                  |
| Fall Economic Statement 2020                                     | -5.4        | 7.0         | 5.3         | 4.4         | 4.3         | 4.0         | 3.3              |
| Budget 2021  | -4.6        | 9.3         | 6.0         | 4.0         | 4.0         | 3.8         | 3.8              |
| <b>Nominal GDP level (billions of dollars)<sup>1</sup></b>       |             |             |             |             |             |             |                  |
| Fall Economic Statement 2020                                     | 2,186       | 2,340       | 2,465       | 2,572       | 2,682       | 2,789       |                  |
| Budget 2021  | 2,204       | 2,408       | 2,553       | 2,657       | 2,763       | 2,869       |                  |
| Difference between Fall Economic Statement 2020 and Budget 2021  | 18          | 68          | 89          | 84          | 81          | 79          | 70               |
|  | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025</b> | <b>2020-2025</b> |
| <b>3-month treasury bill rate</b>                                |             |             |             |             |             |             |                  |
| Fall Economic Statement 2020                                     | 0.4         | 0.2         | 0.3         | 0.5         | 1.1         | 1.5         | 0.7              |
| Budget 2021  | 0.4         | 0.1         | 0.2         | 0.5         | 1.1         | 1.6         | 0.7              |
| <b>10-year government bond rate</b>                              |             |             |             |             |             |             |                  |
| Fall Economic Statement 2020                                     | 0.7         | 0.9         | 1.2         | 1.6         | 2.0         | 2.4         | 1.5              |
| Budget 2021  | 0.7         | 1.5         | 1.8         | 2.1         | 2.5         | 2.7         | 1.9              |
| <b>Exchange rate (US cents/C\$)</b>                              |             |             |             |             |             |             |                  |
| Fall Economic Statement 2020                                     | 74.2        | 76.1        | 76.6        | 77.9        | 78.9        | 79.2        | 77.2             |
| Budget 2021  | 76.6        | 79.4        | 79.8        | 80.8        | 81.0        | 81.0        | 79.4             |
| <b>Unemployment rate<sup>1</sup></b>                             |             |             |             |             |             |             |                  |
| Fall Economic Statement 2020                                     | 9.8         | 8.2         | 7.1         | 6.4         | 6.1         | 6.1         | 7.3              |
| Budget 2021  | 9.6         | 8.0         | 6.5         | 6.2         | 6.0         | 5.9         | 7.0              |
| <b>Consumer Price Index inflation</b>                            |             |             |             |             |             |             |                  |
| Fall Economic Statement 2020                                     | 0.7         | 1.7         | 1.9         | 2.0         | 2.1         | 2.1         | 1.7              |
| Budget 2021  | 0.7         | 2.2         | 2.0         | 2.1         | 2.1         | 2.1         | 1.9              |
| <b>U.S. real GDP growth</b>                                      |             |             |             |             |             |             |                  |
| Fall Economic Statement 2020                                     | -4.3        | 3.7         | 3.3         | 2.6         | 2.2         | 2.0         | 1.6              |
| Budget 2021  | -3.5        | 6.0         | 4.3         | 2.2         | 1.9         | 1.8         | 2.1              |
| <b>West Texas Intermediate crude oil price (\$US per barrel)</b> |             |             |             |             |             |             |                  |
| Fall Economic Statement 2020                                     | 39          | 46          | 52          | 54          | 58          | 59          | 51               |
| Budget 2021  | 39          | 60          | 61          | 60          | 60          | 60          | 57               |

Note: Forecast averages may not equal average of years due to rounding. Numbers may not equal to rounding.



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