

April 20, 2021

Federal Government Budget 2021: RMA Initial Analysis

The Government of Canada tables Budget 2021

On April 19, 2021, the Government of Canada tabled the first [federal budget](#) in more than two years. Federal Finance Minister Chrystia Freeland framed the budget by stating in her speech to the House of Commons that it is simultaneously about three themes:

- ◆ Finishing the fight against COVID-19;
- ◆ Healing the economic wounds left by the COVID-19 recession; and
- ◆ Creating more jobs and prosperity.

The budgetary deficit for the fiscal year 2020 - 2021 is \$354.2 billion, or 49% of the GDP. The budget outlines that the annual deficits will continue for the foreseeable future, although they are projected to shrink significantly. Projected deficits in the near term are:

- ◆ \$154.7 billion in 2021 - 2022
- ◆ \$59.7 billion in 2022 - 2023
- ◆ \$30.7 billion, or 1.1% of GDP, at the end of 2025 - 2026.

The following are details of the 2021 - 2022 Budget that will be important for RMA members:

- ◆ Budget 2021 includes COVID-related programs that extend pandemic support programs for businesses and individuals. This includes a \$3 billion allocation to work with provinces to improve the standards of care in long-term care facilities.
- ◆ Budget 2021 proposes to provide an additional \$1 billion over six years, starting in 2021 - 2022, to the Universal Broadband Fund (UBF) to support a more rapid rollout of broadband projects in collaboration with provinces, territories, and other partners.
 - ◇ In total, including proposed Budget 2021 funding, \$2.75 billion will be made available through the UBF to help support Canadians in rural and remote communities.
- ◆ Budget 2021 proposes to provide \$17.6 billion towards a green recovery to create jobs and build a clean economy to fight and protect against climate change.
- ◆ Budget 2021 proposes to provide an additional \$200 million over two years, starting in 2021 - 2022, to launch immediate, on-farm climate action under the Agricultural Climate Solutions program. This will target projects accelerating emission reductions by improving nitrogen management, increasing adoption of cover cropping, and normalizing rotational grazing.
- ◆ Budget 2021 will allocate \$60 million over the next two years from the Nature Smart Climate Solutions Fund to target the protection of existing wetlands and trees on farms, including through a reverse auction pilot program.
- ◆ Budget 2021 proposes to provide \$1.4 billion over 12 years, starting in 2021 - 2022, to Infrastructure Canada to top up the Disaster Mitigation and Adaptation Fund, which will support projects such as wildfire mitigation activities, rehabilitation of storm water systems, and restoration of wetlands and shorelines.

- ◇ Of this, \$670 million would be dedicated to new, small-scale projects between \$1 million and \$20 million in eligible costs.
- ◆ Budget 2021 proposes to provide \$63.8 million over three years starting in 2021 – 2022 to Natural Resources Canada, Environment and Climate Change Canada, and Public Safety Canada to work with provinces and territories to complete flood maps for higher-risk areas.
- ◆ Budget 2021 proposes to provide \$2.2 billion to address short-term infrastructure priorities in municipalities and First Nations communities. This is a doubling of the normal allocation under the Gas Tax Fund and is linked to the risk of local infrastructure projects being cancelled due to reduced municipal revenues during COVID-19. The funds will flow through the Canada Community-Building Fund (previously known as the Federal Gas Tax Fund).
- ◆ Budget 2021 proposes to provide \$200 million over three years, starting in 2021 - 2022, to Infrastructure Canada to establish a Natural Infrastructure Fund to support natural and hybrid infrastructure projects. This would help to improve well-being, mitigate the impacts of climate change, and prevent costly natural events.
- ◆ Budget 2021 proposes investment of \$54.8 million over two years in forest industry transformation.
- ◆ Budget 2021 proposes nearly \$1 billion in aid for tourism, hospitality, and festival sectors.
- ◆ Budget 2021 proposes to provide \$400 million in 2021 - 2022 to Employment and Social Development Canada to create a temporary Community Services Recovery Fund to help charities and non-profits adapt and modernize to better support economic recovery in our communities.

The budget will be debated for four days and will face three votes during this time, each of which could be considered a confidence vote. Federal NDP leader Jagmeet Singh has indicated that his party will not vote against the budget. However Conservative leader Erin O'Toole announced that his party will propose budget amendments.

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