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From: CLRInfo
Sent: April 21, 2021 9:25 AM
To: Ken McCormack
Cc: Maria Sushkova
Subject: 2021 Federal Budget and BC Budget: highlights and analytics

Importance: High

[CLR Members,](#)

[2021 Federal Budget: A Recovery Plan for Jobs, Growth, and Resilience](#)

On April 19, 2021, the Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance, delivered the **2021 Federal Budget: A Recovery Plan for Jobs, Growth, and Resilience**.

The program spending measures announced focus on transitioning from emergency response to recovery. The Government announced it will invest more than \$101 billion in net new spending over the next three years, including \$30 billion over the next five years to build a national child-care system.

There were a significant number of tax measures included in this Budget, as well as items for future consultations.

Highlights of the April 19, 2021 Budget include:

- Extension of emergency business supports
- New Canada Recovery Hiring Benefit
- New limitations on interest deductibility
- Immediate deduction of certain capital property

We invite you to review the summary of 2021 Federal Budget, prepared by MNP: [Read the Summary](#).

[Business Council of BC responds to 2021 Federal Budget](#)

BCBC has provided the following commentary on the newly released 2021 Federal Budget:

“The Business Council of British Columbia recognises the seriousness of the fiscal and economic challenges Canada faces during the ongoing COVID crisis and welcomes the additional steps taken in Budget 2021 to help households and businesses navigate through the next few months.

“The budget includes measures to support Canadians, businesses, Indigenous peoples and industry in the short term and facilitate the ongoing economic recovery including, increased support for skills training, firm-scaling and innovation, and entrepreneurship. The federal government also has made a substantial commitment to the establishment of affordable, nationwide daycare in tandem with provinces willing to collaborate to reach this goal.

“Absent from the budget, however, is a convincing strategy for medium-term growth that will position Canada to succeed in a fast-changing global economy by attracting and retaining talent and boosting business investment.

“In addition, the Council is concerned the budget fails to consider the potential for future economic shocks, such as rising interest rates or some other shock to the global or domestic economy.

“The Council was pleased the budget steered clear of significant tax hikes. At a time when individuals and businesses are still emerging from the economic downturn, increasing the tax burden on employers or families would be the wrong approach.

[BC Budget 2021: A stronger BC for everyone](#)

“BC Budget 2021 focuses on protecting people’s health and livelihoods through the pandemic, while making investments in services, infrastructure and opportunities to support a strong recovery and a brighter future for everyone.

“Budget 2021 addresses immediate challenges and builds the foundation for a strong recovery, with new investments in health and mental health services, business supports, affordable housing and child care, keeping life affordable for families, and record levels of job-creating community infrastructure.

Highlights of the Government’s Budget include:

- No changes to income tax rates
- Requirement to repay B.C. Emergency Benefit for Workers waived
- PST exemption for electric bicycles and tricycles introduced
- Increase to carbon tax rate delayed

To review the summary of BC Budget 2021, prepared by MNP, please visit: [Read the Summary](#).

You may also wish to review the **official resources**:

[Budget News Release \(April 20, 2021\)](#): the budget overview distributed to news media.

Budget Backgrounder:

- [Fiscal Plan 2021-22 — 2023-24](#)
- [Better health and mental health care](#)
- [Supporting people through the pandemic and after](#)
- [Helping B.C. businesses through the pandemic and recovery](#)
- [Investing in B.C. now for a strong economic recovery](#)
- [Funding supports work with First Nations to advance reconciliation](#)
- [Preparing B.C. for a greener recovery](#)
- [Building more affordable housing](#)
- [Child care: supporting B.C. families now and into recovery](#)

[Budget and Fiscal Plan](#): the main budget document; it lays out the Province's three-year fiscal plan, including economic outlook, revenues, spending, tax measures, and forecasting risks and assumptions.

[Budget Highlights](#): reader friendly, plain-language overview of Budget 2021.

[A Stronger B.C. for Everyone](#): Government's Strategic Plan, setting out the overarching vision, goals and priority actions for the Province of British Columbia.

[Slide Presentation](#): the Finance Minister's slide presentation to the news media and stakeholders.

[Business Council of BC responds to BC Budget 2021](#)

“The Business Council recognizes the extraordinary circumstances the province is facing and congratulates Minister Robinson on delivering a budget that continues to provide support for families and businesses amid the ongoing and unprecedented COVID-19 shock. The measures in the budget in the areas of child-care, reskilling, mental health, and funding to support businesses and people that are vulnerable as a result of the pandemic are especially welcome.

“The Business Council, however, is disappointed that Budget 2021 does not address long-standing policy and tax structures that hold back investment and make it harder to advance potential job creating and carbon-reducing innovations in B.C.’s high wage commodity and energy export sectors.

“While progress will be made to get closer toward a balanced operating budget, the province’s debt level rises significantly reaching a worrisome 26.9% of GDP in three years. A bigger debt burden means less fiscal flexibility and higher debt-servicing costs in the years ahead.

“A strong and productive economy that attracts private investment is the best path to realize strengthened government revenues, lower deficits, higher wages and the resources to pay for the important social and education programs highlighted in today’s budget. One positive aspect in support of economic growth and the scaling of promising B.C.

technology firms is the \$500 million investment fund that will assist with growing innovative technology companies and keeping them headquartered in the province.

“Budget 2021 provides ongoing funding to manage and fight the virus and proposes additional spending for social supports. Of particular note, the budget announces significant funding for childcare.

“Apart from some sector-specific support to hard-hit industries, the Council is concerned there is little in the budget to foster sustainable economic growth, increasing business investment, and the development of a more productive, high-wage economy in the medium term. The Business Council is pleased to see the extension of the PST exemption for machinery and equipment. However, this is a temporary measure and thus will not provide the longer-term boost to investment that the economy needs.

On Wednesday, April 21, the Business Council of BC will release a full analysis of both the federal and B.C. budgets and their impact on the economic landscape.

[BC Budget 2021: Greater Vancouver Board of Trade review](#)

The Chair of the Board of Trade’s Government Budget and Finance Committee and senior GVBOT staff assessed the budget on three criteria: **Economic Recovery; Fiscal Sustainability; and Competitiveness.**

To read the full statement follow [the link](#).

Stay safe.

Ken McCormack | President & CEO

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