

FEd budget analysis

From: Michell, Jennifer FIN:EX <Jennifer.Michell@gov.bc.ca>
To: White, Christine FIN:EX
Cc: Lawson, Liam FIN:EX, Ashbourne, Jade FIN:EX, Peters, Eric FIN:EX, Wood, Heather FIN:EX
Sent: April 19, 2021 4:24:08 PM PDT
Attachments: 2021 Federal Budget - Same Day Analysis.pdf

Here is the note for the Minister.

Program has advised that this can be shared with the PO as well.

Thanks

Jen

Jennifer Michell

Director, Executive Operations & Strategic Initiatives

Office of the Deputy Minister | Ministry of Finance

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2021 FEDERAL BUDGET

Same-day Budget Analysis

B.C. Ministry of Finance

Overview

- On April 19, 2021, the Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance, tabled the federal budget titled “A Recovery Plan for Jobs, Growth, and Resilience”.
- The main themes of the budget are:
 - Finishing the Fight Against COVID-19
 - Creating Jobs and Growth
 - A Resilient and Inclusive Recovery
 - Fair and Responsible Government
- The budget estimates a deficit of \$354.2B in 2020/21 and \$154.7B in 2021/22, with deficits falling to \$30.7B by 2025/26.
 - The budget does not project a return to balance.
 - Federal debt-to-GDP (representing accumulated deficits) is projected to peak at 51.2% in 2021/22, declining to 49.2% in 2025/26. The budget states that Canada continues to have, by far, the lowest net debt-to-GDP balance relative to international peers (e.g. G7 countries).
 - The deficit-to-GDP ratio, which measures the size of the deficit in relation to the economy, is on a path to fall to 1.1% over the planning horizon, from the current 6.4% in 2021/22.

HIGHLIGHTS

s.13; s.16

Pan-Canadian Fiscal Priorities		
Priority	What B.C. is Seeking	Federal Budget
Canada Health Transfer	<p>Increase the federal share to 35% of provincial/territorial spending on health care (an increase of \$28B over 2020/21 CHT level) with a growth rate to maintain that share.</p> <p><i>Note: The budget mentions that on March 25, 2021, the federal government announced \$5B in one-time, COVID-related funding: \$4B for health care system pressures (through the CHT). That funding will flow after enabling legislation receives Royal Assent this summer but has been booked federally in 2020/21.</i></p>	<p>✗ No new funding (just a re-announcement of a one-time, \$4B infusion to help health care systems recover).</p> <p>The budget mentions that the federal government is committed to including access to sexual and reproductive services “as part of any upcoming Canada Health Transfer funding discussions.”</p>
Fiscal Stabilization	Reduce revenue decline thresholds from 50% to 40% (resource revenue) and from	✗ No new changes.

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	5% to 3% (other revenue). Remove the cap on entitlements. Make these changes retroactive to 2015/16. s.13	
Infrastructure	<p>Increase total federal support by \$10B per year for 10 years; streamline federal approach to infrastructure.</p> <p><i>Notes: (1) On Feb. 10, 2021, the federal government announced \$14.9B for public transit projects over the next eight years, which includes permanent funding of \$3B per year for Canadian communities beginning in 2026/27.</i></p> <p><i>(2) On March 25, 2021, the federal government announced \$2.2B to address short-term infrastructure priorities in municipalities and First Nations communities, flowing through the federal Gas Tax Fund.</i></p>	<p>Trade Corridors: \$1.9B over four years, starting in 2021/22, to recapitalize the National Trade Corridors Fund for roads, rail, and shipping routes. 15% would be dedicated to transportation networks in Canada's north.</p> <p style="color: red;">Direct spending not flowing to provinces/territories:</p> <p>National Infrastructure Assessment: \$22.6M over four years, starting in 2021/22, to Infrastructure Canada to conduct Canada's first ever National Infrastructure Assessment to "help identify needs and priorities for Canada's built environment."</p> <p>Indigenous infrastructure: distinctions-based investments of \$4.3B over 4 years for the Indigenous Community Infrastructure Fund and \$1.7B over 5 years with \$388.9M ongoing, to cover the operations and maintenance costs of community infrastructure in First Nations communities on reserve.</p> <p>Borders: \$656.1M over 5 years will be provided to Canadian Border Services Agency to modernize borders.</p>

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Purpose	Funding	Description
Long Term Care	\$3B / 5 years	<p>\$600M/year starting in 2022/23 to support provinces and territories in ensuring standards for long-term care are applied and permanent changes are made.</p> <p><i>Note: The Fall Economic Statement announced \$1B over two years (2020/21 and 2021/22) for long term care, s.13; s.16</i></p> <p>s.13; s.16</p>
Palliative Care	\$29.8M / 6 years	Funding (including \$1M this year) to Health Canada; it is not clear how this funding will be allocated and how much will flow through provinces and territories.

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Opioid Crisis and Problematic Substance Use	\$116M / 2 years	\$58M per year in 2021/22 and 2022/23; the allocation is not addressed, although the budget notes that this has been an issue in Ontario and Western Canada, “with severe impacts in British Columbia and Alberta.” <i>Note: This is in addition to 10-year bilateral agreements that were signed in 2017 and allocated on an equal per capita basis.</i>
Canada-wide early learning and child care system	\$27.2B / 5 years additional funding	To allow for a 50% reduction in fees by end of 2022 (to an average of \$10/day by 2025/26). s.13 ; s.16 ; s.17 s.13 ; s.16 ; s.17

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	\$3.9B/ 3 years	Maintain EI universal entrance with a 14-week minimum entitlement for regular benefits as well as other legislative changes to make EI more accessible and simple during economic recovery.
	\$5M/ 2 years	A commitment of 2-year consultations on long-term EI reform starting in 2021/22.
Extending the Canada Recovery Benefit (CRB) /Canada Recovery Caregiving Benefit (CRCB)	\$2.5B/ 2 years	A further extension of Canada Recovery Benefit by 12 weeks to 50 weeks (from the current 38 weeks). The benefit amount for these additional 12 weeks will decline from \$500/week after the first 4 weeks to \$300/week. All new claims after July 17, 2021 will also receive \$300/week till Fall 2021. Extend the Canada Recovery Caregiving Benefit from 38 weeks to 42 weeks at the same \$500/week.
Sectoral Workforce Solutions Program	\$960M / 3 years	New Sectoral Workforce Solutions Program by ESDC to design and deliver sector-based training programs, especially for small and medium-sized businesses.

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Health Environment for a Healthy Recovery	\$8.8B / 5 years	For growing a net-zero economy, investing in clean energy, advancing Canada's climate plan, building green homes and communities, adapting to climate changes, and protecting nature.
Aquaculture (B.C. specific)	\$20M / 2 years \$3M / 2 years	To expand engagement to work towards transition away from open net-pen salmon farming in B.C. by 2025. To pilot area-based management approaches to planning, management, and monitoring of aquaculture activities in priority areas on the B.C. coast
Extending the Canada Emergency Wage Subsidy (CEWS)	\$10.2B in 2021/22	Extend the wage subsidy until September 25, 2021. It also proposes to gradually decrease the subsidy rate, beginning July 4, 2021, in order to ensure an orderly phase-out of the program
Extending the Canada Emergency Rent Subsidy and the Lockdown Support (CERS)	\$1.9B in 2021/22	Extend the rent subsidy and Lockdown Support until September 25, 2021. It also proposes to gradually decrease the rate of the rent subsidy, beginning July 4, 2021.
Canada Recovery Hiring Program (CRHR)	\$595M in 2021/22	New program to provide employers with a subsidy up to 50% on the incremental remuneration to employees for hiring new workers and/or increasing hours between June and November 2021. Employers can apply through either CRHR or CEWS for a certain period, not both.
New Regional Development Agency for B.C.	\$553M / 5 years (\$320M is new) & \$110.6M / year ongoing	To support the new agency and ensure businesses in B.C. can grow and create good jobs for British Columbians

Key Revenue/Tax Initiatives

- The federal government is extending current COVID relief programs and also proposing business tax measures to encourage recovery and investment in manufacturing and "green" technology. Key recovery measures are:
 - Immediate expensing of capital cost allowance for businesses (encourages purchasing capital equipment)
 - Capital Cost Allowance for Clean Energy Equipment (encourages capital investment)

s.13; s.16; s.17

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s.13; s.16; s.17

- Many of the significant tax proposals are not actually finalized – they are being proposed with the caveat that consultation with stakeholders and provinces will occur later. These measures include:
 - Digital Services Tax
 - New tax on unproductive use of housing (the federal vacancy tax)
 - Border carbon adjustment for carbon taxes

For more details on changes to tax policies, please refer to the Appendix.

GBA+ Highlights

- \$18B Indigenous Communities over the next 5 years for an investment in strong Indigenous Communities
- \$146.9M over 4 years to support Women Entrepreneurs
- \$601.3M over 5 years for a National Action Plan to End Gender-Based Violence
- As well as funding to support: Black Entrepreneurship, Black Communities, equality for LGBT2 Communities, racialized newcomer women, and the establishment of a National Institute for Women's Health Research

Economic Outlook

- Real GDP growth is estimated to be 4.0% for 2021/22, and 2.1% for 2022/23.
- Unemployment rate is expected to drop down to 6.5% in 2021/22 and 6.2% in 2022/23, from 8.0% in 2020/21 as the economy rebounds, which suggests a faster-than-expected recovery relative to Fall Update 2020.

	2021	2022	2023	2024	2025
Real GDP (% Change)					
Budget 2021	5.8	4.0	2.1	1.9	1.8
Fall Update 2020	4.8	3.2	2.3	2.1	1.9
B.C. Budget (National)	4.1	3.5	2.0	1.7	1.6
Nominal GDP (% Change)					
Budget 2021	9.3	6.0	4.0	4.0	3.8
Fall Update 2020	7.0	5.3	4.4	4.3	4.0
Consumer Price Index (% Change)					
Budget 2021	2.2	2.0	2.1	2.1	2.1
Fall Update 2020	1.7	1.9	2.0	2.1	2.1
B.C. Budget (National)	1.8	1.9	2.1	2.0	2.0
Unemployment Rate (%)					
Budget 2021	8.0	6.5	6.2	6.0	5.9
Fall Update 2020	8.2	7.1	6.4	6.1	6.1

Fiscal Sustainability and Return to Balance

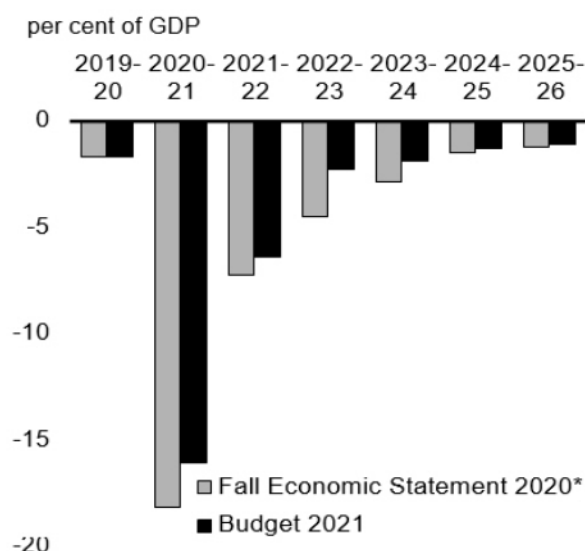
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- Debt / GDP is expected to grow to 51.2% in 2021/22 from 49.0% 2020/21 and 31.2% in 2019/20. The federal debt-to-GDP ratio returns to a downward track over the following years, and is forecast to be approximately 49% in 2025-26.
- Fiscal anchors: Budget 2021 states that the government is committed to unwinding COVID-related deficits and reducing the federal debt as a share of the economy over the medium-term.
 - The deficit-to-GDP ratio, which measures the size of the deficit in relation to the economy, is on a path to fall to 1.1% over the planning horizon.
- The budget notes that public debt charges as a per cent of GDP are expected to stay near their lowest level in over a century over the forecast horizon.

Fiscal Balance After Budget Measures

- Budget 2021 now forecasts:
 - A deficit of \$354.2B in 2020/21, up from the previous federal estimate of \$382B in the 2020 federal Fall Statement.
 - \$154.7B in 2021/22 and \$59.7B in 2022/23.
- These deficits are net of ongoing actuarial losses, of \$12.2B in 2021/22. Actuarial losses per year decline annually, reaching \$2.4B for the year 2025/26.
 - Net actuarial losses represent changes in the measurement of the government's obligations for pensions and other employee future benefits accrued in previous fiscal years.
- The budget does not project a return to balance over the forecast horizon; in the final year of the forecast horizon in 2025/26, the federal deficit is projected to be \$30.7B.

Budgetary Balance



*FES 2020 is including the escalated restrictions outlook and incremental \$100 billion (Scenario 4)

Sources: Fiscal Reference Tables; Department of Finance Canada.

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Appendix – Tax Changes

Measure	Federal Fiscal Impact	Description of Measure
Personal Income Tax		
Enhancement of Canada Workers Benefit	Cost of \$8.9B / 6 years	<p>The Canada Workers Benefit (CWB) is an existing refundable tax credit to low-income individuals and families to offset the claw back of social assistance benefits.</p> <p>Budget 2021 significantly expands the CWB by increasing the income thresholds at which the benefit starts to phase out.</p>
Corporate Income Tax		
New digital services tax (DST)	Increased revenue of \$3.4B / 5 years	<p>The government will introduce a new digital services tax effective January 1, 2022, as an interim measure until a multilateral approach comes into effect.</p> <p>The tax is 3% of revenue from large digital service providers that are reliant on Canadian users. In-scope revenue includes online marketplace services (e.g. Amazon), social media, online advertising and sale of user data.</p> <p>s.13; s.17</p> <p>The federal government plans to engage with provinces to discuss the implications of the new tax.</p>
Immediate expensing of certain capital investments	Cost of \$2.2B / 5 years	<p>Generally, when a business purchases a long-lived asset, the cost of the asset is deducted over several years for tax purposes based on prescribed rates.</p> <p>Budget 2021 proposes to allow Canadian-controlled private corporations to immediately expense up to \$1.5M of certain capital purchases per year until January 1, 2024.</p> <p>s.13; s.17</p>
Interest deductibility limits	Increased revenue of \$5.3B / 5 years	<p>Generally, businesses can deduct interest expenses on debts obtained for business purposes. However, in some cases, the amount of the deduction can be excessive, and used to shift profits away from Canada to low-tax jurisdictions.</p> <p>Budget 2021 proposes that, starting in 2023, the amount of interest that certain businesses can deduct be limited to 40 per cent of their earnings in the first year of the measure and 30% thereafter. Relief will be provided for small businesses and situations that do not represent significant tax base erosion risks. The government expects to release draft legislation this summer and seek stakeholder input on the new rules.</p>

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s.13; s.17

Rate Reduction for Zero-Emission Technology Manufacturers	Less than \$0.0B / 5 years	<p>Budget 2021 proposes to reduce—by 50%—the general corporate and small business income tax rates for businesses that manufacture zero-emission technologies.</p> <p>The reductions would go into effect on January 1, 2022 and would be gradually phased out starting January 1, 2029 and eliminated by January 1, 2032. The government and stakeholders will regularly review new technologies that might be eligible.</p> <p>A taxpayer would qualify for the reduced tax rates on its eligible income only if at least 10% of its gross revenue from all active businesses carried on in Canada is derived from eligible activities.</p> <p>s.13; s.16; s.17</p>
Film or Video Production Tax Credits	Cost of \$0.1B / 4 years (2022/23 – 2025/26)	<p>Budget 2021 proposes to temporarily extend by 12 months certain timelines for the Canadian Film or Video Production Tax Credit (CPTC) and the Film or Video Production Services Tax Credit (PSTC).</p> <p>s.13; s.16; s.17</p>
Hybrid mismatch arrangements	Increased revenue of \$0.8B / 5 years	<p>Hybrid mismatch arrangements are cross-border tax schemes, used primarily by multinational enterprises, that exploit differences between Canadian and foreign income tax laws to avoid paying their fair share of tax.</p> <p>Budget 2021 proposes to eliminate the tax benefits of hybrid mismatch arrangements. The proposals would be implemented in stages starting July 1, 2022.</p>
Capital Cost Allowance for Clean Energy Equipment	Cost of \$0.1B / 5 years (2021/22 – 2025/26)	<p>Budget 2021 proposes to expand the list of equipment eligible for tax incentives to include equipment used in pumped hydroelectric energy storage, renewable fuel production, hydrogen production by electrolysis of water, and hydrogen refueling. Certain existing investment restrictions would also be removed.</p> <p>Additionally, Budget 2021 proposes to update the eligibility criteria such that certain fossil-fuelled and low efficiency waste-fueled electrical generation equipment will no longer be eligible after 2024.</p>
Consumption Tax Measures		
Luxury Sales Tax	Increased revenue of \$604M / 5 years	<ul style="list-style-type: none"> New tax on retail sale of new luxury cars and personal aircraft priced over \$100K and boats priced over \$250K. Calculated as:

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		<ul style="list-style-type: none"> ○ Cars and aircraft: the <u>lesser</u> of 10% of the full value or 20% of the value above \$100K. ○ Boats: the <u>lesser</u> of 10% of the full value or 20% of the value above \$250,000. • Effective January 1, 2022. <p>B.C. context: B.C. applies a surtax under the PST to passenger vehicles with a purchase price of \$55,000 or more. There is no surtax on boats or aircraft, though B.C. collects 12% PST (rather than 7%) on acquisitions of boats or aircraft to which GST doesn't apply (e.g. private sales).</p>
Increased Excise Duty on Tobacco	Increased revenue of \$2.135B / 5 years	<ul style="list-style-type: none"> • Increase the cigarette rate by 2 cents per cigarette, from 12.545 cents to 14.545 cents per cigarette. • Increase the loose tobacco rate by 2.5 cents per gram, from 15.681 cents to 18.181 cents per gram. • Increase the cigar rate by \$4.35 per 1,000 cigars. There is an additional per-cigar amount that also increases by 1.565 cents per cigar, from 9.814 cents to 11.379 cents per cigar, or 88% of the sale price or duty paid value (whichever is greater). • Effective April 20, 2021. <p>B.C. context: B.C.'s tobacco tax is calculated on a per-unit or per-gram basis, depending on the product, and revenues are not directly affected by the federal excise duty. s.13; s.17</p>
Excise Duty on Vaping Products	No forecast provided (early proposal)	<ul style="list-style-type: none"> • Proposes implementing an excise duty on vaping products in 2022 at a rate "in the order of \$1 per 10ml" of vaping product. • Would exempt cannabis-based vaping products because they are already subject to the federal cannabis excise duty framework. • Includes licensing and excise stamping rules for manufacturers and importers. • Invites FPT coordination, allowing for a federal rate and an additional provincial rate, with administration to be handled by the CRA. <p>B.C. context: B.C. was the first province to introduce a specific tax rate for vapour products (announced fall 2019, implemented Jan 1, 2020). In B.C., 20% PST applies to vapour products, including the devices used to consume the liquids that Canada proposes to tax. B.C. did not make an exception for cannabis vaping products. s.13; s.16; s.17</p>
Consultations on Border Carbon Adjustments	No forecast provided	<ul style="list-style-type: none"> • Border carbon adjustments would apply a price at the border to account for differences in carbon pollution pricing with Canada's trading partners.

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	(early proposal)	<ul style="list-style-type: none"> The consultation process will begin in the summer and will include provinces and territories, importers, and exporters (particularly those importers/exporters that deal with emissions intensive goods). <p>B.C. context: B.C. has no border adjustment for carbon. B.C.'s carbon tax generally applies to fuels and combustibles that are purchased or consumed in B.C.</p>
Engagement with First Nations on Certain Consumption Taxes	No forecast provided (early proposal)	<ul style="list-style-type: none"> Announces an intention to engage with interested Indigenous governments and organizations on a framework for the negotiation of agreements that would enable interested Indigenous governments to implement a fuel, alcohol, tobacco, and cannabis sales tax within their reserves or settlement lands. Budget document provides few details. s.13; s.16
Duty and Tax Collection on Imported Goods	Increased revenue of \$688M / 5 years	<ul style="list-style-type: none"> Amends <i>Customs Act</i> to ensure importers value their goods using the value of the last sale for export to a purchaser in Canada, rather than lower (previous) foreign sale prices. Modernizes payment processes for commercial importers to streamline billing. <p>s.13; s.16; s.17</p>
Other Tax Measures		
Tax on Unproductive Use of Canadian Housing by Non-resident Owners	\$700M / 4 years	<p>An annual 1 percent tax on the value of non-resident, non-Canadian owned residential property that is considered to be "vacant" or "underused" effective January 1, 2022.</p> <p>An annual declaration will be required as to the use of the property for all owners other than Canadian citizens or permanent residents of Canada.</p> <p>The annual declaration will be filed with the CRA for the prior year (declarations will begin in 2023 for the 2022 calendar year) and will require all owners, other than Canadian citizens or permanent residents of Canada, to file irrespective of whether the owner is subject to tax.</p> <p>Exemptions will be available, such as for properties that are leased to a qualified tenant for a minimum period.</p> <p>A consultation paper to be released in the coming months to provide an opportunity to comment on the parameters of the tax, including the definition of residential property, potential</p>

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		exemptions and whether special rules should be established for small tourism and resort communities. Revenues will support investments in housing affordability.
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Good morning

Last night, staff cleaned up the Fed Budget analysis note (no substantive changes, rather improved formatting and fixed a couple of grammatical issues which were missed given the rush to pull this note together). Attached to this email is a “cleaned up” version of the note they prepared yesterday afternoon.

Staff are now working on a more detailed note for the Minister for early next week.

As well, they will be working with the Gender Equity Office on a separate note including GBA+ analysis over the next couple of weeks.

Thanks

Jen

Jennifer Michell

Director, Executive Operations & Strategic Initiatives
Office of the Deputy Minister | Ministry of Finance

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Extending the Canada Emergency Wage Subsidy (CEWS)	\$10.2B in 2021/22	Extend the wage subsidy until September 25, 2021. It also proposes to gradually decrease the subsidy rate, beginning July 4, 2021, in order to ensure an orderly phase-out of the program
Extending the Canada Emergency Rent Subsidy and the Lockdown Support (CERS)	\$1.9B in 2021/22	Extend the rent subsidy and Lockdown Support until September 25, 2021. It also proposes to gradually decrease the rate of the rent subsidy, beginning July 4, 2021.
Canada Recovery Hiring Program (CRHR)	\$595M in 2021/22	New program to provide employers with a subsidy up to 50% on the incremental remuneration to employees for hiring new workers and/or increasing hours between June and November 2021. Employers can apply through either CRHR or CEWS for a certain period, but not both.
New Regional Development Agency for B.C.	\$553M / 5 years; \$110.6M / year ongoing	To support the new agency and ensure businesses in B.C. can grow and create good jobs for British Columbians

Key Revenue/Tax Initiatives

- The federal government is extending current COVID relief programs and also proposing business tax measures to encourage recovery and investment in manufacturing and “green” technology. Key recovery measures are:
 - Immediate expensing of capital cost allowance for businesses (encourages purchasing capital equipment).
 - Capital Cost Allowance for Clean Energy Equipment (encourages capital investment).
- s.13; s.16; s.17

- Many of the significant tax proposals are not actually finalized – they are being proposed with the caveat that consultation with stakeholders and provinces will occur later. These measures include:
 - Digital Services Tax,
 - New tax on unproductive use of housing (the federal vacancy tax),
 - Border carbon adjustment for carbon taxes.

For more details on changes to tax policies, please refer to the Appendix.

GBA+ Highlights

- The table below is a preliminary analysis; a more detailed GBA+ analysis of the federal budget will be conducted.

Program	Funding	Description
Indigenous Communities	\$13B / 5 years	\$13B over 5 years for strong Indigenous communities includes \$6.3B for health care, education and social assistance; \$6.3B for infrastructure and economic growth; \$1.6B for responding to missing and murdered Indigenous women and girls; and \$938M for reconciliation and self-determination, less \$2.2B included in previous budgets.
Women Entrepreneurs	\$147M / 4 years	Up to \$146.9 million over 4 years starting in 2021/22 to strengthen the Women Entrepreneurship Strategy to provide affordable financing, increase data, and strengthen capacity within the entrepreneurship ecosystem. The government will also work with financial institutions to develop a voluntary code to help support the inclusion of women and other underrepresented entrepreneurs as clients in the financial sector.

2021 Federal Budget Analysis

Women's Health	\$73M / 5 years	\$20M for a new National Institute for Women's Health Research; \$53M to support access to sexual and reproductive health care information and services.
Gender-Based Violence	\$837M / 5 years	\$601M over 5 years for the National Action Plan to End Gender-Based Violence (which includes a large number of measures, including measures specific to indigenous women, racialized newcomer women, and 2SLGBTQIA+); \$236M over 5 years (less \$159M from existing sources) to address sexual misconduct and gender-based violence in the military.
People of Colour	\$375M / 5 years	\$200M in 2020/21 for a new Black-led Philanthropic Endowment Fund; \$100M in 2020/21 for the Supporting Black Canadian Communities Initiative; \$75M over 5 years to address systemic racism in public safety institutions.

Economic Outlook

- Real GDP growth is estimated to be 5.8% in 2021, 4.0% for 2022, and 2.1% for 2023.
- Unemployment rate is expected to drop down to 8.0% in 2021 and 6.5% in 2022, from 9.6% in 2020 as the economy rebounds, which suggests a faster-than-expected recovery relative to Fall Update 2020.

	2021	2022	2023	2024	2025
Real GDP (% Change)					
Budget 2021	5.8	4.0	2.1	1.9	1.8
Fall Update 2020	4.8	3.2	2.3	2.1	1.9
<i>B.C. Budget (National)</i>	<i>4.1</i>	<i>3.5</i>	<i>2.0</i>	<i>1.7</i>	<i>1.6</i>
Nominal GDP (% Change)					
Budget 2021	9.3	6.0	4.0	4.0	3.8
Fall Update 2020	7.0	5.3	4.4	4.3	4.0
Consumer Price Index (% Change)					
Budget 2021	2.2	2.0	2.1	2.1	2.1
Fall Update 2020	1.7	1.9	2.0	2.1	2.1
<i>B.C. Budget (National)</i>	<i>1.8</i>	<i>1.9</i>	<i>2.1</i>	<i>2.0</i>	<i>2.0</i>
Unemployment Rate (%)					
Budget 2021	8.0	6.5	6.2	6.0	5.9
Fall Update 2020	8.2	7.1	6.4	6.1	6.1

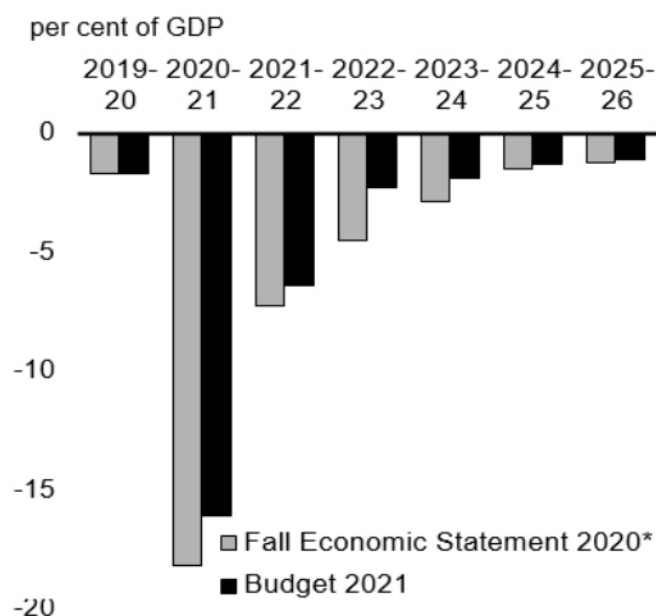
Fiscal Sustainability and Return to Balance

- Debt / GDP is expected to grow to 51.2% in 2021/22 from 49.0% 2020/21 and 31.2% in 2019/20. The federal debt-to-GDP ratio returns to a downward track over the following years and is forecast to be approximately 49% in 2025-26.
- Fiscal anchors: Budget 2021 states that the government is committed to unwinding COVID-related deficits and reducing the federal debt as a share of the economy over the medium-term.
 - The deficit-to-GDP ratio, which measures the size of the deficit in relation to the economy, is on a path to fall to 1.1% over the planning horizon.
- The budget notes that public debt charges as a per cent of GDP are expected to stay near their lowest level in over a century over the forecast horizon.

Fiscal Balance After Budget Measures

- Budget 2021 now forecasts:
 - A deficit of \$354.2B in 2020/21, up from the previous federal estimate of \$382B in the 2020 federal Fall Statement.
 - \$154.7B in 2021/22 and \$59.7B in 2022/23.
- These deficits are net of ongoing actuarial losses, of \$12.2B in 2021/22. Actuarial losses per year decline annually, reaching \$2.4B for the year 2025/26, reflecting increases in projected long-term interest rates.
 - Net actuarial losses represent changes in the measurement of the government's obligations for pensions and other employee future benefits accrued in previous fiscal years.
- The budget does not project a return to balance over the forecast horizon; in the final year of the forecast horizon in 2025/26, the federal deficit is projected to be \$30.7B.

Budgetary Balance



*FES 2020 is including the escalated restrictions outlook and incremental \$100 billion (Scenario 4)

Sources: Fiscal Reference Tables; Department of Finance Canada.

Appendix – Tax Changes

Measure	Federal Fiscal Impact	Description of Measure
Personal Income Tax		
Enhancement of Canada Workers Benefit	Cost of \$8.9B / 6 years	<p>The Canada Workers Benefit (CWB) is an existing refundable tax credit to low-income individuals and families to offset the claw back of social assistance benefits.</p> <p>Budget 2021 significantly expands the CWB by increasing the income thresholds at which the benefit starts to phase out.</p>
Corporate Income Tax		
New digital services tax (DST)	Increased revenue of \$3.4B / 5 years	<p>The government will introduce a new digital services tax effective January 1, 2022, as an interim measure until a multilateral approach comes into effect.</p> <p>The tax is 3% of revenue from large digital service providers that are reliant on Canadian users. In-scope revenue includes online marketplace services (e.g. Amazon), social media, online advertising and sale of user data.</p> <p>s.13; s.17</p> <p>The federal government plans to engage with provinces to discuss the implications of the new tax.</p>
Immediate expensing of certain capital investments	Cost of \$2.2B / 5 years	<p>Generally, when a business purchases a long-lived asset, the cost of the asset is deducted over several years for tax purposes based on prescribed rates.</p> <p>Budget 2021 proposes to allow Canadian-controlled private corporations to immediately expense up to \$1.5M of certain capital purchases per year until January 1, 2024.</p> <p>s.13; s.17</p>
Interest deductibility limits	Increased revenue of \$5.3B / 5 years	<p>Generally, businesses can deduct interest expenses on debts obtained for business purposes. However, in some cases, the amount of the deduction can be excessive, and used to shift profits away from Canada to low-tax jurisdictions.</p> <p>Budget 2021 proposes that, starting in 2023, the amount of interest that certain businesses can deduct be limited to 40 per cent of their earnings in the first year of the measure and 30% thereafter. Relief will be provided for small businesses and situations that do not represent significant tax base erosion risks. The government expects to release draft legislation this summer and seek stakeholder input on the new rules.</p>

2021 Federal Budget Analysis

		s.13; s.17
Rate Reduction for Zero-Emission Technology Manufacturers	Less than \$0.1B / 5 years	<p>Budget 2021 proposes to reduce—by 50%—the general corporate and small business income tax rates for businesses that manufacture zero-emission technologies.</p> <p>The reductions would go into effect on January 1, 2022 and would be gradually phased out starting January 1, 2029 and eliminated by January 1, 2032. The government and stakeholders will regularly review new technologies that might be eligible.</p> <p>A taxpayer would qualify for the reduced tax rates on its eligible income only if at least 10% of its gross revenue from all active businesses carried on in Canada is derived from eligible activities.</p> <p>s.13; s.16; s.17</p>
Film or Video Production Tax Credits	Cost of \$0.1B / 4 years (2022/23 – 2025/26)	<p>Budget 2021 proposes to temporarily extend by 12 months certain timelines for the Canadian Film or Video Production Tax Credit (CPTC) and the Film or Video Production Services Tax Credit (PSTC).</p> <p>s.13; s.16; s.17</p>
Hybrid mismatch arrangements	Increased revenue of \$0.8B / 5 years	<p>Hybrid mismatch arrangements are cross-border tax schemes, used primarily by multinational enterprises, that exploit differences between Canadian and foreign income tax laws to avoid paying their fair share of tax.</p> <p>Budget 2021 proposes to eliminate the tax benefits of hybrid mismatch arrangements. The proposals would be implemented in stages starting July 1, 2022.</p>
Capital Cost Allowance for Clean Energy Equipment	Cost of \$0.1B / 5 years (2021/22 – 2025/26)	<p>Budget 2021 proposes to expand the list of equipment eligible for tax incentives to include equipment used in pumped hydroelectric energy storage, renewable fuel production, hydrogen production by electrolysis of water, and hydrogen refueling. Certain existing investment restrictions would also be removed.</p> <p>Additionally, Budget 2021 proposes to update the eligibility criteria such that certain fossil-fuelled and low efficiency waste-fueled electrical generation equipment will no longer be eligible after 2024.</p>
Consumption Tax Measures		
Luxury Sales Tax	Increased revenue of \$604M / 5 years	<p>New tax on retail sale of new luxury cars and personal aircraft priced over \$100K and boats priced over \$250K.</p> <p>Calculated as:</p>

2021 Federal Budget Analysis

		<ul style="list-style-type: none"> ○ Cars and aircraft: the <u>lesser</u> of 10% of the full value or 20% of the value above \$100K. ○ Boats: the <u>lesser</u> of 10% of the full value or 20% of the value above \$250,000. <p>Effective January 1, 2022.</p> <p>B.C. context: B.C. applies a surtax under the PST to passenger vehicles with a purchase price of \$55,000 or more. There is no surtax on boats or aircraft, though B.C. collects 12% PST (rather than 7%) on acquisitions of boats or aircraft to which GST doesn't apply (e.g. private sales).</p>
Increased Excise Duty on Tobacco	Increased revenue of \$2.135B / 5 years	<p>Increase the cigarette rate by 2 cents per cigarette, from 12.545 cents to 14.545 cents per cigarette.</p> <p>Increase the loose tobacco rate by 2.5 cents per gram, from 15.681 cents to 18.181 cents per gram.</p> <p>Increase the cigar rate by \$4.35 per 1,000 cigars. There is an additional per-cigar amount that also increases by 1.565 cents per cigar, from 9.814 cents to 11.379 cents per cigar, or 88% of the sale price or duty paid value (whichever is greater).</p> <p>Effective April 20, 2021.</p> <p>B.C. context: B.C.'s tobacco tax is calculated on a per-unit or per-gram basis, depending on the product, and revenues are not directly affected by the federal excise duty s.13; s.17</p>
Excise Duty on Vaping Products	No forecast provided (early proposal)	<p>Proposes implementing an excise duty on vaping products in 2022 at a rate "in the order of \$1 per 10ml" of vaping product. Would exempt cannabis-based vaping products because they are already subject to the federal cannabis excise duty framework.</p> <p>Includes licensing and excise stamping rules for manufacturers and importers.</p> <p>Invites FPT coordination, allowing for a federal rate and an additional provincial rate, with administration to be handled by the CRA.</p> <p>B.C. context: B.C. was the first province to introduce a specific tax rate for vapour products (announced fall 2019, implemented Jan 1, 2020). In B.C., 20% PST applies to vapour products, including the devices used to consume the liquids that Canada proposes to tax. B.C. did not make an exception for cannabis vaping products. s.13; s.16; s.17</p>
Consultations on Border Carbon Adjustments	No forecast provided	<p>Border carbon adjustments would apply a price at the border to account for differences in carbon pollution pricing with Canada's trading partners.</p> <p>The consultation process will begin in the summer and will include provinces and territories, importers, and exporters</p>

2021 Federal Budget Analysis

	(early proposal)	(particularly those importers/exporters that deal with emissions intensive goods). B.C. context: B.C. has no border adjustment for carbon. B.C.'s carbon tax generally applies to fuels and combustibles that are purchased or consumed in B.C.
Engagement with First Nations on Certain Consumption Taxes	No forecast provided (early proposal)	Announces an intention to engage with interested Indigenous governments and organizations on a framework for the negotiation of agreements that would enable interested Indigenous governments to implement a fuel, alcohol, tobacco, and cannabis sales tax within their reserves or settlement lands. Budget document provides few details. s.13; s.16
Duty and Tax Collection on Imported Goods	Increased revenue of \$688M / 5 years	Amends <i>Customs Act</i> to ensure importers value their goods using the value of the last sale for export to a purchaser in Canada, rather than lower (previous) foreign sale prices. Modernizes payment processes for commercial importers to streamline billing. s.13; s.16; s.17
Other Tax Measures		
Tax on Unproductive Use of Canadian Housing by Non-resident Owners	\$700M / 4 years	An annual 1 percent tax on the value of non-resident, non-Canadian owned residential property that is considered to be "vacant" or "underused" effective January 1, 2022. An annual declaration will be required as to the use of the property for all owners other than Canadian citizens or permanent residents of Canada. The annual declaration will be filed with the CRA for the prior year (declarations will begin in 2023 for the 2022 calendar year) and will require all owners, other than Canadian citizens or permanent residents of Canada, to file irrespective of whether the owner is subject to tax. Exemptions will be available, such as for properties that are leased to a qualified tenant for a minimum period. A consultation paper to be released in the coming months to provide an opportunity to comment on the parameters of the tax, including the definition of residential property, potential exemptions and whether special rules should be established for small tourism and resort communities. Revenues will support investments in housing affordability.

Fwd: Federal Budget - Same day analysis

From: Michell, Jennifer FIN:EX <Jennifer.Michell@gov.bc.ca>
To: Wood, Heather FIN:EX
Sent: April 20, 2021 4:25:31 PM PDT
Attachments: 2021 Federal Budget - Same Day Analysis - rev 2021-04-20 final.pdf, 2021 Federal Budget - Same Day Analysis - rev 2021-04-20 as per HW.docx

Hi Heather

Here is the updated version for your review.

Let me know if you are fine with the short/simple transmittal email or if you want to add anything further.

Jen

Sent from my iPhone

Begin forwarded message:

From: "Holly, Grant FIN:EX"
Date: April 20, 2021 at 4:21:20 PM PDT
To: "Michell, Jennifer FIN:EX"
Cc: "Mounteney, Renee FIN:EX" , "Purnell, Richard FIN:EX" , "Ewing, Patrick FIN:EX"
Subject: RE: Federal Budget - Same day analysis

Hi Jen,

The attached word document includes Heather's edits in tracked changes.

The attached PDF is clean and ready for circulation.

Thanks to Patrick for quickly making the edits!

Grant

From: Michell, Jennifer FIN:EX
Sent: April 20, 2021 2:13 PM
To: Holly, Grant FIN:EX
Subject: FW: Federal Budget - Same day analysis
Importance: High

Hi Grant

Heather has edits to make to the document before I send out, please see below and send back up as she'd like to see it again.

Jennifer Michell

Director, Executive Operations & Strategic Initiatives
Office of the Deputy Minister | Ministry of Finance

From: Wood, Heather FIN:EX <Heather.Wood@gov.bc.ca>
Sent: April 20, 2021 2:12 PM
To: Michell, Jennifer FIN:EX <Jennifer.Michell@gov.bc.ca>
Subject: RE: Federal Budget - Same day analysis

I would like to change the format of this a bit – rather than specifically saying ^{s.13}
(which I would remove), I would just list the various things of interest to BC and what the federal
budget said about them. ^{s.13}

^{s.13}
^{s.13}

The Safe Restart table is fine as it is. ^{s.13}

^{s.13} Please make the same changes in the appendix on tax changes, and also in that appendix
please remove parts of statements like ^{s.13}

^{s.13}

, etc.

From: Michell, Jennifer FIN:EX <Jennifer.Michell@gov.bc.ca>

Sent: April 20, 2021 1:58 PM

To: Wood, Heather FIN:EX <Heather.Wood@gov.bc.ca>

Subject: RE: Federal Budget - Same day analysis

TBS has added a few pieces and PLD cleaned it up a bit

I'll send to MFEX as well as your DM colleagues once the Minister has tabled our budget in the House. Are you okay with the wording below (let me know if you want to say anything further, it's short and simple):

Colleagues

Yesterday the Federal Government released their 2021 Budget. I have attached a copy of our Ministry's same-day analysis for your information.

Jennifer Michell

Director, Executive Operations & Strategic Initiatives

Office of the Deputy Minister | Ministry of Finance

From: Wood, Heather FIN:EX <Heather.Wood@gov.bc.ca>

Sent: April 20, 2021 9:05 AM

To: Michell, Jennifer FIN:EX <Jennifer.Michell@gov.bc.ca>

Subject: Re: Federal Budget - Same day analysis

Can we get folks including someone in TBS to do a scan of it and see if there is anything we would want to remove and then send it out after the budget is tabled. Thanks.

On Apr 20, 2021, at 8:56 AM, Michell, Jennifer FIN:EX <Jennifer.Michell@gov.bc.ca> wrote:

Hi Heather

We've had a number of DMOs wondering if we had some analysis that we could share with them, suggest we send this analysis out to all your DM colleagues? I would wait until after our Minister has tabled our budget as there are some references to our Budget pieces in here as I understand it.

Thoughts?

Jennifer Michell

Director, Executive Operations & Strategic Initiatives

Office of the Deputy Minister | Ministry of Finance

From: Michell, Jennifer FIN:EX

Sent: April 20, 2021 8:52 AM

To: White, Christine FIN:EX <Christine.White@gov.bc.ca>

Cc: Lawson, Liam FIN:EX <Liam.Lawson@gov.bc.ca>; Ashbourne, Jade FIN:EX <Jade.Ashbourne@gov.bc.ca>; Peters, Eric FIN:EX <Eric.Peters@gov.bc.ca>

Subject: Federal Budget - Same day analysis

Good morning

Last night, staff cleaned up the Fed Budget analysis note (no substantive changes, rather improved formatting and fixed a couple of grammatical issues which were missed given the rush to pull this note together). Attached to this email is a "cleaned up" version of the note they prepared yesterday afternoon.

Staff are now working on a more detailed note for the Minister for early next week.

As well, they will be working with the Gender Equity Office on a separate note including GBA+ analysis over the next couple of weeks.

Thanks

Jen

Jennifer Michell

Director, Executive Operations & Strategic Initiatives

Office of the Deputy Minister | Ministry of Finance

<2021 Federal Budget - Same-day Budget Analysis - B.C. Ministry of Finance.pdf>

2021 FEDERAL BUDGET

Same-day Budget Analysis

B.C. Ministry of Finance

Overview

- On April 19, 2021, the Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance, tabled the federal budget titled “A Recovery Plan for Jobs, Growth, and Resilience”.
- The budget measures are outlined in 10 chapter themes, which are grouped into four parts:

	2021 /22	2022 /23	2023 /24	2024 /25	2025 /26	5-Year Total
Finishing the Fight Against COVID-19	28.2	5.2	1.9	1.5	0.0	36.8
1. Keeping Canadians Healthy and Safe	1.2	1.0	0.9	0.8	0.7	4.7
2. Seeing Canadians & Businesses Through to Recovery	27.0	4.2	1.0	0.7	-0.7	32.1
Creating Jobs and Growth	13.3	18.6	16.7	13.8	14.5	76.9
3. New Opportunities for Canadians	3.9	9.0	7.5	7.6	8.8	36.7
4. Helping Canadian Businesses Grow and Succeed	3.7	4.5	5.0	2.4	0.8	16.3
5. A Healthy Environment for a Healthy Economy	1.2	1.9	2.0	1.8	1.9	8.8
6. Strengthening the Cities and Communities We Call Home	4.6	3.3	2.3	2.0	3.1	15.2
A Resilient and Inclusive Recovery	7.9	6.2	5.8	4.1	3.8	27.7
7. A More Equal Canada	1.8	1.6	2.1	2.2	2.4	10.1
8. Strong Indigenous Communities	4.3	3.5	3.0	1.3	1.0	13.0
9. Protecting Our Shared Values	1.9	1.1	0.7	0.5	0.4	4.7
Fair and Responsible Government	0.2	-0.7	-1.8	-2.4	-2.5	-7.1
10. Responsible Government	0.2	-0.7	-1.8	-2.4	-2.5	-7.1
Total	49.6	29.3	22.7	17.0	15.8	134.4

Note: The budget presentation includes \$7.9 billion in measures in 2020/21, but these measures are largely ones that had been announced in March 2021, including transfers to provinces and territories (\$4 billion for health care systems and \$1 billion for vaccinations) and to local governments (\$2.2 billion for the Canada Community-Building Fund).

- The \$134.4B in announced budget measures includes \$101.4B over three years, fulfilling the commitment to provide \$70-100B over three years to promote economic recovery.
- The budget estimates a deficit of \$354.2B in 2020/21 and \$154.7B in 2021/22, with deficits falling to \$30.7B by 2025/26. The budget does not project a return to balance.
 - The federal debt-to-GDP ratio (representing accumulated deficits) is projected to peak at 51.2% in 2021/22, declining to 49.2% in 2025/26. The budget states that Canada continues to have, by far, the lowest net debt-to-GDP balance relative to international peers (e.g. G7 countries).
 - The deficit-to-GDP ratio is on a path to fall to 1.1% over the planning horizon, from the current 6.4% in 2021/22.

HIGHLIGHTS

Federal Transfers

- The federal budget does not materially address the three priorities identified by Canada's premiers:

The Council of the Federation's Three Priorities		
Priority	Premiers' Requests	Federal Budget
Canada Health Transfer	<p>Increase the federal share to 35% of provincial/territorial spending on health care (an increase of \$28B over 2020/21 CHT level) with a growth rate to maintain that share.</p> <p><i>Note: The budget mentions that on March 25, 2021, the federal government announced \$5B in one-time, COVID-related funding: \$4B for health care system pressures (through the CHT). That funding will flow after enabling legislation receives Royal Assent this summer but has been booked federally in 2020/21.</i></p>	<p>✖ No new funding (just a re-announcement of a one-time, \$4B infusion to help health care systems recover).</p> <p>The budget mentions that the federal government is committed to including access to sexual and reproductive services "as part of any upcoming Canada Health Transfer funding discussions."</p>
Fiscal Stabilization	<p>Reduce revenue decline thresholds from 50% to 40% (resource revenue) and from 5% to 3% (other revenue). Remove the cap on entitlements. Make these changes retroactive to 2015/16.</p>	<p>✖ No new changes.</p> <p>s.13</p>
Infrastructure	<p>Increase total federal support by \$10B per year for 10 years; streamline federal approach to infrastructure.</p> <p><i>Notes: (1) On Feb. 10, 2021, the federal government announced \$14.9B for public transit projects over the next eight years, which includes permanent funding of \$3B per year for Canadian communities beginning in 2026/27.</i></p> <p><i>(2) On March 25, 2021, the federal government announced \$2.2B to address short-term infrastructure</i></p>	<p>Trade Corridors: \$1.9B over four years, starting in 2021/22, to recapitalize the National Trade Corridors Fund for roads, rail, and shipping routes. 15% would be dedicated to transportation networks in Canada's north. It is not clear how much will flow to provinces/territories.</p> <p>Direct spending not flowing to provinces/territories:</p> <p>National Infrastructure Assessment: \$22.6M over four years, starting in 2021/22, to</p>

Same Day Analysis of the 2021 Federal Budget

	<p><i>priorities in municipalities and First Nations communities, flowing through the federal Gas Tax Fund.</i></p>	<p>Infrastructure Canada to conduct Canada's first ever National Infrastructure Assessment to "help identify needs and priorities for Canada's built environment."</p> <p>Indigenous infrastructure: distinctions-based investments of \$4.3B over 4 years for the Indigenous Community Infrastructure Fund and \$1.7B over 5 years with \$388.9M ongoing, to cover the operations and maintenance costs of community infrastructure in First Nations communities on reserve.</p> <p>Borders: \$656.1M over 5 years will be provided to Canadian Border Services Agency to modernize borders.</p>
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The budget does not contemplate renewal of the First Ministers' Safe Restart Agreement. However, the federal budget does provide substantial, long-term funding for child care as well as time-limited funding for targeted health issues such as long term care, palliative care, and addictions. [s.13](#); [s.17](#)

Safe Restart Components and the 2021 Federal Budget	
2020/21 Safe Restart Transfers to PTs	2021 Federal Budget Transfers to PTs
Testing, Tracing and Data Management	No transfers for 2021/22; \$1B in vaccination funding was announced in March 2021.
Health Care System Capacity	While no general system capacity funding was provided for 2021/22 or beyond, funding for long term care and palliative care was included in the budget (see Other New/Increased Transfers to Provinces and Territories). \$4B for health care system recovery was announced in March 2021.
Mental Health, Addictions	\$116M over two years was provided for the opioid crisis and problematic substance use (see Other New/Increased Transfers to Provinces and Territories).
Protecting Vulnerable Populations	No transfers for 2021/22 or beyond.
Personal Protective Equipment	No transfers for 2021/22 or beyond.

Same Day Analysis of the 2021 Federal Budget

Child Care	The funding for child care in <i>Budget 2021</i> far exceeds the \$625 million provided in the Safe Restart Agreement; see Other New/Increased Transfers to Provinces and Territories).
Supporting Municipalities	<i>Budget 2021</i> includes a number of measures that it ties to communities, s.13 ; s.16 s.13 ; s.16
Public Transit	No operating funding for 2021/22 or beyond. In February 2021, the federal government announced long-term funding for public transit, s.13 ; s.17 s.13 ; s.17

Other New/Increased Transfers to Provinces and Territories		
Purpose	Funding	Description
Long Term Care	\$3B / 5 years	\$600M/year starting in 2022/23 to support provinces and territories in ensuring standards for long-term care are applied and permanent changes are made. <i>Note: The Fall Economic Statement announced \$1B over two years (2020/21 and 2021/22) for long term care.</i> s.13 ; s.16 s.13 ; s.16
Palliative Care	\$29.8M / 6 years	Funding (including \$1M this year) to Health Canada; it is not clear how this funding will be allocated and how much will flow through provinces and territories.
Opioid Crisis and Problematic Substance Use	\$116M / 2 years	\$58M per year in 2021/22 and 2022/23; the allocation is not addressed, although the budget notes that this has been an issue in Ontario and Western Canada, "with severe impacts in British Columbia and Alberta." <i>Note: This is in addition to 10-year bilateral agreements that were signed in 2017 and allocated on an equal per capita basis.</i>
Canada-wide early learning and child care system	\$27.2B / 5 years additional funding	To allow for a 50% reduction in fees by end of 2022 (to an average of \$10/day by 2025/26). s.13 ; s.16 ; s.17

Other Major Expenditure Announcements

Program	Funding	Description
EI	\$3.9B / 3 years	Maintain EI universal entrance with a 14-week minimum entitlement for regular benefits as well as other legislative changes to make EI more accessible and simple.

Same Day Analysis of the 2021 Federal Budget

	\$3.0B / 5 years	Extend the EI sickness benefit from 15 weeks to 26 weeks to address the coverage issues for people with long-term illness (e.g. cancer). The extension will take effect in summer 2022. s.13; s.16
	\$5M / 2 years	A commitment of 2-year consultations on long-term EI reform starting in 2021/22.
Extending the Canada Recovery Benefit (CRB) /Canada Recovery Caregiving Benefit (CRCB)	\$2.5B / 2 years	A further extension of Canada Recovery Benefit by 12 weeks to 50 weeks (from the current 38 weeks). The benefit amount for these additional 12 weeks will decline from \$500/week after the first 4 weeks to \$300/week. All new claims after July 17, 2021 will also receive \$300/week till Fall 2021. Extend the Canada Recovery Caregiving Benefit from 38 weeks to 42 weeks at the same \$500/week.
Sectoral Workforce Solutions Program	\$960M / 3 years	New Sectoral Workforce Solutions Program by ESDC to design and deliver sector-based training programs, especially for small and medium-sized businesses.
Healthy Environment for a Healthy Recovery	\$8.8B / 5 years	For growing a net-zero economy (e.g. clean tech), investing in clean energy (e.g. clean fuels, carbon capture), advancing Canada's climate plan including agricultural climate solutions (\$200M / 2 years), lowering home energy bills through interest free loans for retrofits (\$779M / 5 years), adapting to climate changes, and protecting nature by conserving up to 1 million square kms or 25% protected areas by 2025 (\$2.5B / 5 years).
Preserving Wild Pacific Salmon and B.C. Aquaculture	\$647M / 5 years \$20M / 2 years \$3M / 2 years	To stabilize and conserve wild Pacific salmon including a Pacific Salmon Secretariat and Restoration Centre of Expertise, double the B.C. Salmon Restoration and Innovation Fund with an additional \$100M. To expand engagement to work towards transition away from open net-pen salmon farming in B.C. by 2025. To pilot area-based management approaches to planning, management, and monitoring of aquaculture activities in priority areas on the B.C. coast
Extending the Canada Emergency Wage Subsidy (CEWS)	\$10.2B in 2021/22	Extend the wage subsidy until September 25, 2021. It also proposes to gradually decrease the subsidy rate, beginning July 4, 2021, in order to ensure an orderly phase-out of the program
Extending the Canada Emergency Rent Subsidy and the	\$1.9B in 2021/22	Extend the rent subsidy and Lockdown Support until September 25, 2021. It also proposes to gradually decrease the rate of the rent subsidy, beginning July 4, 2021.

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Lockdown Support (CERS)		
Canada Recovery Hiring Program (CRHR)	\$595M in 2021/22	New program to provide employers with a subsidy up to 50% on the incremental remuneration to employees for hiring new workers and/or increasing hours between June and November 2021. Employers can apply through either CRHR or CEWS for a certain period, but not both.
New Regional Development Agency for B.C.	\$553M / 5 years; \$110.6M / year ongoing	To support the new agency and ensure businesses in B.C. can grow and create good jobs for British Columbians
Affordable Housing and Ending Homelessness	\$3B / 5 years	\$2.5B / 7 years to CMHC programs including the Rapid Housing Initiative (\$1.5B in 2021/22 alone), Affordable Housing Innovation Fund (\$600M / 7 years), Canada Housing Benefit to increase financial assistance for low-income women and children fleeing violence (\$315M / 7 years). ESDC's homelessness program's Reaching Home extends for two years the funding levels due to COVID (\$567M).
Infrastructure in Indigenous Communities	\$6.0B / 5 years	\$6.0B over 5 years, with \$388.9M ongoing, distinctions-based investments to support infrastructure in Indigenous communities.
Tourism	\$1B / 3 years	To promote major festivals (\$200M), community festivals and events (\$200M), international travel through Destination Canada (\$100M), and establish a Tourism Relief Fund (\$500M) to support investments by local tourism businesses to adapt and position themselves for future growth.
Advancing Smart Renewable Energy and Grid Modernization	\$964M / 4 years	\$85M in 2021/22 with \$293M in each of the following 3 years for NRCan "to support renewable power generation projects such as wind and solar, and the deployment of grid modernization technologies such as power storage. This will support emissions reduction and the electrification of the economy."

Key Revenue/Tax Initiatives

- The federal government is extending current COVID relief programs and also proposing business tax measures to encourage recovery and investment in manufacturing and "green" technology. Key recovery measures are:
 - Immediate expensing of capital cost allowance for businesses (encourages purchasing capital equipment).
 - Capital Cost Allowance for Clean Energy Equipment (encourages capital investment).
- There are measures that B.C. will automatically parallel under the Tax Collection Agreement, including:
 - Immediate expensing of capital cost allowance for businesses; and
 - Restrictions on interest deductibility;

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- Many of the significant tax proposals are not actually finalized – they are being proposed with the caveat that consultation with stakeholders and provinces will occur later. These measures include:
 - Digital Services Tax,
 - New tax on unproductive use of housing (the federal vacancy tax),
 - Border carbon adjustment for carbon taxes.

For more details on changes to tax policies, please refer to the Appendix.

GBA+ Highlights

- The table below is a preliminary analysis; a more detailed GBA+ analysis of the federal budget will be conducted.

Key GBA+ Related Announcements		
Program	Funding	Description
Indigenous Communities	\$13B / 5 years	\$13B over 5 years for strong Indigenous communities includes \$6.3B for health care, education and social assistance; \$6.3B for infrastructure and economic growth; \$1.6B for responding to missing and murdered Indigenous women and girls; and \$938M for reconciliation and self-determination, less \$2.2B included in previous budgets.
Women Entrepreneurs	\$147M / 4 years	Up to \$146.9 million over 4 years starting in 2021/22 to strengthen the Women Entrepreneurship Strategy to provide affordable financing, increase data, and strengthen capacity within the entrepreneurship ecosystem. The government will also work with financial institutions to develop a voluntary code to help support the inclusion of women and other underrepresented entrepreneurs as clients in the financial sector.
Women's Health	\$73M / 5 years	\$20M for a new National Institute for Women's Health Research; \$53M to support access to sexual and reproductive health care information and services.
Gender-Based Violence	\$837M / 5 years	\$601M over 5 years for the National Action Plan to End Gender-Based Violence (which includes a large number of measures, including measures specific to indigenous women, racialized newcomer women, and 2SLGBTQQIA+); \$236M over 5 years (less \$159M from existing sources) to address sexual misconduct and gender-based violence in the military.
People of Colour	\$386M / 5 years	\$200M in 2020/21 for a new Black-led Philanthropic Endowment Fund; \$100M in 2020/21 for the Supporting Black Canadian Communities Initiative; \$75M over 5 years to address systemic racism in public safety institutions. \$11 million over 2 years to expand the impact of the Canadian Race Relations Foundation

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Economic Outlook

- Real GDP growth is estimated to be 5.8% in 2021, 4.0% for 2022, and 2.1% for 2023.
• s.13; s.16
- Unemployment rate is expected to drop down to 8.0% in 2021 and 6.5% in 2022, from 9.6% in 2020 as the economy rebounds, which suggests a faster-than-expected recovery relative to Fall Update 2020.

Economic Assumptions					
	2021	2022	2023	2024	2025
Real GDP (% Change)					
Budget 2021	5.8	4.0	2.1	1.9	1.8
Fall Update 2020	4.8	3.2	2.3	2.1	1.9
<i>B.C. Budget (National)</i>	<i>4.1</i>	<i>3.5</i>	<i>2.0</i>	<i>1.7</i>	<i>1.6</i>
Nominal GDP (% Change)					
Budget 2021	9.3	6.0	4.0	4.0	3.8
Fall Update 2020	7.0	5.3	4.4	4.3	4.0
Consumer Price Index (% Change)					
Budget 2021	2.2	2.0	2.1	2.1	2.1
Fall Update 2020	1.7	1.9	2.0	2.1	2.1
<i>B.C. Budget (National)</i>	<i>1.8</i>	<i>1.9</i>	<i>2.1</i>	<i>2.0</i>	<i>2.0</i>
Unemployment Rate (%)					
Budget 2021	8.0	6.5	6.2	6.0	5.9
Fall Update 2020	8.2	7.1	6.4	6.1	6.1

Fiscal Sustainability and Return to Balance

- Debt / GDP is expected to grow to 51.2% in 2021/22 from 49.0% 2020/21 and 31.2% in 2019/20. The federal debt-to-GDP ratio returns to a downward track over the following years and is forecast to be approximately 49% in 2025-26.
- Fiscal anchors: Budget 2021 states that the government is committed to unwinding COVID-related deficits and reducing the federal debt as a share of the economy over the medium-term.
 - The deficit-to-GDP ratio, which measures the size of the deficit in relation to the economy, is on a path to fall to 1.1% over the planning horizon.
- The budget notes that public debt charges as a per cent of GDP are expected to stay near their lowest level in over a century over the forecast horizon.

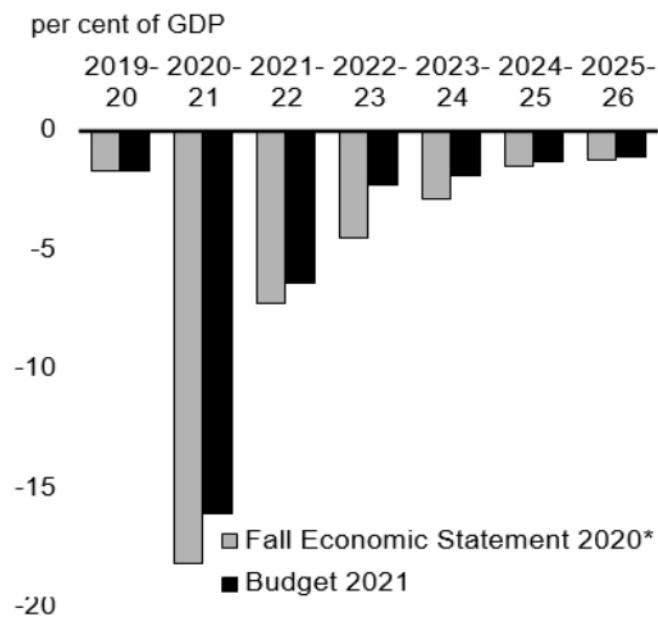
Fiscal Balance After Budget Measures

- Budget 2021 now forecasts:
 - A deficit of \$354.2B in 2020/21, up from the previous federal estimate of \$382B in the 2020 federal Fall Statement.
 - \$154.7B in 2021/22 and \$59.7B in 2022/23.
- These deficits are net of ongoing actuarial losses, of \$12.2B in 2021/22. Actuarial losses per year decline annually, reaching \$2.4B for the year 2025/26, reflecting increases in projected long-term interest rates.

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- Net actuarial losses represent changes in the measurement of the government's obligations for pensions and other employee future benefits accrued in previous fiscal years.
- The budget does not project a return to balance over the forecast horizon; in the final year of the forecast horizon in 2025/26, the federal deficit is projected to be \$30.7B.
- The budget does not include an 'adjustment for risk' in its budget balance (in contrast, the 2019 federal budget had such an adjustment, at \$3B annually).

Budgetary Balance



*FES 2020 is including the escalated restrictions outlook and incremental \$100 billion (Scenario 4)

Sources: Fiscal Reference Tables; Department of Finance Canada.

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Appendix – Tax Changes

Measure	Federal Fiscal Impact	Description of Measure
Personal Income Tax		
Enhancement of Canada Workers Benefit	Cost of \$8.9B / 6 years	<p>The Canada Workers Benefit (CWB) is an existing refundable tax credit to low-income individuals and families to offset the claw back of social assistance benefits.</p> <p>Budget 2021 significantly expands the CWB by increasing the income thresholds at which the benefit starts to phase out.</p>
Corporate Income Tax		
New digital services tax (DST)	Increased revenue of \$3.4B / 5 years	<p>The government will introduce a new digital services tax effective January 1, 2022, as an interim measure until a multilateral approach comes into effect.</p> <p>The tax is 3% of revenue from large digital service providers that are reliant on Canadian users. In-scope revenue includes online marketplace services (e.g. Amazon), social media, online advertising and sale of user data. The federal government plans to engage with provinces to discuss the implications of the new tax.</p> <p>B.C. context: B.C. does not have an equivalent tax.</p>
Immediate expensing of certain capital investments	Cost of \$2.2B / 5 years	<p>Generally, when a business purchases a long-lived asset, the cost of the asset is deducted over several years for tax purposes based on prescribed rates.</p> <p>Budget 2021 proposes to allow Canadian-controlled private corporations to immediately expense up to \$1.5M of certain capital purchases per year until January 1, 2024.</p>
Interest deductibility limits	Increased revenue of \$5.3B / 5 years	<p>Generally, businesses can deduct interest expenses on debts obtained for business purposes. However, in some cases, the amount of the deduction can be excessive, and used to shift profits away from Canada to low-tax jurisdictions.</p> <p>Budget 2021 proposes that, starting in 2023, the amount of interest that certain businesses can deduct be limited to 40 per cent of their earnings in the first year of the measure and 30% thereafter. Relief will be provided for small businesses and situations that do not represent significant tax base erosion risks. The government expects to release draft legislation this summer and seek stakeholder input on the new rules.</p>
Rate Reduction for Zero-Emission Technology Manufacturers	Less than \$0.1B / 5 years	<p>Budget 2021 proposes to reduce—by 50%—the general corporate and small business income tax rates for businesses that manufacture zero-emission technologies.</p> <p>The reductions would go into effect on January 1, 2022 and would be gradually phased out starting January 1, 2029 and eliminated by January 1, 2032. The government and</p>

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		<p>stakeholders will regularly review new technologies that might be eligible.</p> <p>A taxpayer would qualify for the reduced tax rates on its eligible income only if at least 10% of its gross revenue from all active businesses carried on in Canada is derived from eligible activities.</p> <p>s.16; s.17</p>
Film or Video Production Tax Credits	Cost of \$0.1B / 4 years starting in 2022/23	Budget 2021 proposes to temporarily extend by 12 months certain timelines for the Canadian Film or Video Production Tax Credit (CPTC) and the Film or Video Production Services Tax Credit (PSTC).
Hybrid mismatch arrangements	Increased revenue of \$0.8B / 5 years	<p>Hybrid mismatch arrangements are cross-border tax schemes, used primarily by multinational enterprises, that exploit differences between Canadian and foreign income tax laws to avoid paying their fair share of tax.</p> <p>Budget 2021 proposes to eliminate the tax benefits of hybrid mismatch arrangements. The proposals would be implemented in stages starting July 1, 2022.</p>
Capital Cost Allowance for Clean Energy Equipment	Cost of \$0.1B / 5 years	<p>Budget 2021 proposes to expand the list of equipment eligible for tax incentives to include equipment used in pumped hydroelectric energy storage, renewable fuel production, hydrogen production by electrolysis of water, and hydrogen refueling. Certain existing investment restrictions would also be removed.</p> <p>Additionally, Budget 2021 proposes to update the eligibility criteria such that certain fossil-fuelled and low efficiency waste-fueled electrical generation equipment will no longer be eligible after 2024.</p>
Consumption Tax Measures		
Luxury Sales Tax	Increased revenue of \$604M / 5 years	<p>New tax on retail sale of new luxury cars and personal aircraft priced over \$100K and boats priced over \$250K.</p> <p>Calculated as:</p> <ul style="list-style-type: none"> ○ Cars and aircraft: the <u>lesser</u> of 10% of the full value or 20% of the value above \$100K. ○ Boats: the <u>lesser</u> of 10% of the full value or 20% of the value above \$250,000. <p>Effective January 1, 2022.</p> <p>B.C. context: B.C. applies a surtax under the PST to passenger vehicles with a purchase price of \$55,000 or more. There is no surtax on boats or aircraft, though B.C. collects 12% PST (rather than 7%) on acquisitions of boats or aircraft to which GST doesn't apply (e.g. private sales).</p>
Increased Excise Duty on Tobacco	Increased revenue of	Increase the cigarette rate by 2 cents per cigarette, from 12.545 cents to 14.545 cents per cigarette.

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	\$2.135B / 5 years	<p>Increase the loose tobacco rate by 2.5 cents per gram, from 15.681 cents to 18.181 cents per gram.</p> <p>Increase the cigar rate by \$4.35 per 1,000 cigars. There is an additional per-cigar amount that also increases by 1.565 cents per cigar, from 9.814 cents to 11.379 cents per cigar, or 88% of the sale price or duty paid value (whichever is greater).</p> <p>Effective April 20, 2021.</p> <p>B.C. context: B.C.'s tobacco tax is calculated on a per-unit or per-gram basis, depending on the product, and revenues are not directly affected by the federal excise duty.</p>
Excise Duty on Vaping Products	No forecast provided (early proposal)	<p>Proposes implementing an excise duty on vaping products in 2022 at a rate "in the order of \$1 per 10ml" of vaping product.</p> <p>Would exempt cannabis-based vaping products because they are already subject to the federal cannabis excise duty framework.</p> <p>Includes licensing and excise stamping rules for manufacturers and importers.</p> <p>Invites FPT coordination, allowing for a federal rate and an additional provincial rate, with administration to be handled by the CRA.</p> <p>B.C. context: B.C. was the first province to introduce a specific tax rate for vapour products (announced fall 2019, implemented Jan 1, 2020). In B.C., 20% PST applies to vapour products, including the devices used to consume the liquids that Canada proposes to tax. B.C. did not make an exception for cannabis vaping products. s.13; s.16; s.17</p>
Consultations on Border Carbon Adjustments	No forecast provided (early proposal)	<p>Border carbon adjustments would apply a price at the border to account for differences in carbon pollution pricing with Canada's trading partners.</p> <p>The consultation process will begin in the summer and will include provinces and territories, importers, and exporters (particularly those importers/exporters that deal with emissions intensive goods).</p> <p>B.C. context: B.C. has no border adjustment for carbon. B.C.'s carbon tax generally applies to fuels and combustibles that are purchased or consumed in B.C.</p>
Engagement with First Nations on Certain Consumption Taxes	No forecast provided (early proposal)	<p>Announces an intention to engage with interested Indigenous governments and organizations on a framework for the negotiation of agreements that would enable interested Indigenous governments to implement a fuel, alcohol, tobacco, and cannabis sales tax within their reserves or settlement lands. The Budget document provides few details.</p>
Duty and Tax Collection on Imported Goods	Increased revenue	<p>Amends <i>Customs Act</i> to ensure importers value their goods using the value of the last sale for export to a purchaser in Canada, rather than lower (previous) foreign sale prices.</p>

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	of \$688M / 5 years	Modernizes payment processes for commercial importers to streamline billing. B.C. context: B.C. has a tax collection agreement with the Canada Border Services Agency.
Other Tax Measures		
Tax on Unproductive Use of Canadian Housing by Non-resident Owners	\$700M / 4 years	<p>An annual 1 percent tax on the value of non-resident, non-Canadian owned residential property that is considered to be “vacant” or “underused” effective January 1, 2022.</p> <p>An annual declaration will be required as to the use of the property for all owners other than Canadian citizens or permanent residents of Canada.</p> <p>The annual declaration will be filed with the CRA for the prior year (declarations will begin in 2023 for the 2022 calendar year) and will require all owners, other than Canadian citizens or permanent residents of Canada, to file irrespective of whether the owner is subject to tax.</p> <p>Exemptions will be available, such as for properties that are leased to a qualified tenant for a minimum period.</p> <p>A consultation paper to be released in the coming months to provide an opportunity to comment on the parameters of the tax, including the definition of residential property, potential exemptions and whether special rules should be established for small tourism and resort communities.</p> <p>Revenues will support investments in housing affordability.</p>

2021 FEDERAL BUDGET

Same-day Budget Analysis

B.C. Ministry of Finance

Overview

- On April 19, 2021, the Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance, tabled the federal budget titled "A Recovery Plan for Jobs, Growth, and Resilience".
- The budget measures are outlined in 10 chapter themes, which are grouped into four parts:

	2021 /22	2022 /23	2023 /24	2024 /25	2025 /26	5-Year Total
Finishing the Fight Against COVID-19	28.2	5.2	1.9	1.5	0.0	36.8
1. Keeping Canadians Healthy and Safe	1.2	1.0	0.9	0.8	0.7	4.7
2. Seeing Canadians & Businesses Through to Recovery	27.0	4.2	1.0	0.7	-0.7	32.1
Creating Jobs and Growth	13.3	18.6	16.7	13.8	14.5	76.9
3. New Opportunities for Canadians	3.9	9.0	7.5	7.6	8.8	36.7
4. Helping Canadian Businesses Grow and Succeed	3.7	4.5	5.0	2.4	0.8	16.3
5. A Healthy Environment for a Healthy Economy	1.2	1.9	2.0	1.8	1.9	8.8
6. Strengthening the Cities and Communities We Call Home	4.6	3.3	2.3	2.0	3.1	15.2
A Resilient and Inclusive Recovery	7.9	6.2	5.8	4.1	3.8	27.7
7. A More Equal Canada	1.8	1.6	2.1	2.2	2.4	10.1
8. Strong Indigenous Communities	4.3	3.5	3.0	1.3	1.0	13.0
9. Protecting Our Shared Values	1.9	1.1	0.7	0.5	0.4	4.7
Fair and Responsible Government	0.2	-0.7	-1.8	-2.4	-2.5	-7.1
10. Responsible Government	0.2	-0.7	-1.8	-2.4	-2.5	-7.1
Total	49.6	29.3	22.7	17.0	15.8	134.4

Note: The budget presentation includes \$7.9 billion in measures in 2020/21, but these measures are largely ones that had been announced in March 2021, including transfers to provinces and territories (\$4 billion for health care systems and \$1 billion for vaccinations) and to local governments (\$2.2 billion for the Canada Community-Building Fund).

- The \$134.4B in announced budget measures includes \$101.4B over three years, fulfilling the commitment to provide \$70-100B over three years to promote economic recovery.
- The budget estimates a deficit of \$354.2B in 2020/21 and \$154.7B in 2021/22, with deficits falling to \$30.7B by 2025/26. The budget does not project a return to balance.
 - The federal debt-to-GDP ratio (representing accumulated deficits) is projected to peak at 51.2% in 2021/22, declining to 49.2% in 2025/26. The budget states that Canada continues to have, by far, the lowest net debt-to-GDP balance relative to international peers (e.g. G7 countries).
 - The deficit-to-GDP ratio is on a path to fall to 1.1% over the planning horizon, from the current 6.4% in 2021/22.

HIGHLIGHTS

s.13

Federal Transfers

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- The federal budget does not materially address the three priorities identified by Canada's premiers:

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The Council of the Federation's Three Priorities

Priority	<u>Requests</u>	<u>Premiers'</u>	<u>Federal Budget</u>
Canada Health Transfer	<p>Increase the federal share to 35% of provincial/territorial spending on health care (an increase of \$28B over 2020/21 CHT level) with a growth rate to maintain that share.</p> <p><i>Note: The budget mentions that on March 25, 2021, the federal government announced \$5B in one-time, COVID-related funding: \$4B for health care system pressures (through the CHT). That funding will flow after enabling legislation receives Royal Assent this summer but has been booked federally in 2020/21.</i></p>		<p>✖ No new funding (just a re-announcement of a one-time, \$4B infusion to help health care systems recover).</p> <p>The budget mentions that the federal government is committed to including access to sexual and reproductive services "as part of any upcoming Canada Health Transfer funding discussions."</p>
Fiscal Stabilization	<p>Reduce revenue decline thresholds from 50% to 40% (resource revenue) and from 5% to 3% (other revenue). Remove the cap on entitlements. Make these changes retroactive to 2015/16.</p>		<p>✖ No new changes.</p>
Infrastructure	<p>Increase total federal support by \$10B per year for 10 years; streamline federal approach to infrastructure.</p> <p><i>Notes: (1) On Feb. 10, 2021, the federal government announced \$14.9B for public transit projects over the next eight years, which</i></p>		<p>Trade Corridors: \$1.9B over four years, starting in 2021/22, to recapitalize the National Trade Corridors Fund for roads, rail, and shipping routes. 15% would be dedicated to transportation networks in Canada's north. It is not</p>

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	<p><i>includes permanent funding of \$3B per year for Canadian communities beginning in 2026/27.</i></p> <p><i>(2) On March 25, 2021, the federal government announced \$2.2B to address short-term infrastructure priorities in municipalities and First Nations communities, flowing through the federal Gas Tax Fund.</i></p>	<p>clear how much will flow to provinces/territories.</p> <p>Direct spending not flowing to provinces/territories:</p> <p>National Infrastructure Assessment: \$22.6M over four years, starting in 2021/22, to Infrastructure Canada to conduct Canada's first ever National Infrastructure Assessment to "help identify needs and priorities for Canada's built environment."</p> <p>Indigenous infrastructure: distinctions-based investments of \$4.3B over 4 years for the Indigenous Community Infrastructure Fund and \$1.7B over 5 years with \$388.9M ongoing, to cover the operations and maintenance costs of community infrastructure in First Nations communities on reserve.</p> <p>Borders: \$656.1M over 5 years will be provided to Canadian Border Services Agency to modernize borders.</p>
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s.13 The budget does not contemplate renewal of the First Ministers' Safe Restart Agreement.s.13

s.13 However, the federal budget does provide substantial, long-term funding for child care as well as time-limited funding for targeted health issues such as long term care, palliative care, and addictions. s.13; s.17

s.13; s.17

Safe Restart Components and the 2021 Federal Budget	
2020/21 Safe Restart Transfers to PTs	2021 Federal Budget Transfers to PTs
Testing, Tracing and Data Management	No s.13 <u>transfers</u> for 2021/22; \$1B in vaccination funding was announced in March 2021.
Health Care System Capacity	While no general system capacity funding was provided for 2021/22 or beyond, funding for long term care and palliative care was included in the budget (see Other New/Increased Transfers to Provinces and Territories). \$4B for health care system recovery was announced in March 2021.

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Mental Health, Addictions	\$116M over two years was provided for the opioid crisis and problematic substance use (see Other New/Increased Transfers to Provinces and Territories).
Protecting Vulnerable Populations	No s.13 <u>transfers</u> for 2021/22 or beyond.
Personal Protective Equipment	No s.13 <u>transfers</u> for 2021/22 or beyond.
Child Care	The funding for child care in <i>Budget 2021</i> far exceeds the \$625 million provided in the Safe Restart Agreement; see Other New/Increased Transfers to Provinces and Territories).
Supporting Municipalities	<i>Budget 2021</i> includes a number of measures that it ties to communities, s.13 ; s.16 s.13 ; s.16
Public Transit	No operating funding for 2021/22 or beyond. In February 2021, the federal government announced long-term funding for public transit, s.13 ; s.17 s.13 ; s.17

~~s.13~~

Other New/Increased Transfers to Provinces and Territories

Purpose	Funding	Description
Long Term Care	\$3B / 5 years	\$600M/year starting in 2022/23 to support provinces and territories in ensuring standards for long-term care are applied and permanent changes are made. <i>Note: The Fall Economic Statement announced \$1B over two years (2020/21 and 2021/22) for long term care,</i> s.13 ; s.16 s.13 ; s.16
Palliative Care	\$29.8M / 6 years	Funding (including \$1M this year) to Health Canada; it is not clear how this funding will be allocated and how much will flow through provinces and territories.
Opioid Crisis and Problematic Substance Use	\$116M / 2 years	\$58M per year in 2021/22 and 2022/23; the allocation is not addressed, although the budget notes that this has been an issue in Ontario and Western Canada, "with severe impacts in British Columbia and Alberta." <i>Note: This is in addition to 10-year bilateral agreements that were signed in 2017 and allocated on an equal per capita basis.</i>
Canada-wide early learning and child care system	\$27.2B / 5 years additional funding	To allow for a 50% reduction in fees by end of 2022 (to an average of \$10/day by 2025/26). s.13 ; s.16 ; s.17

Same Day Analysis of the 2021 Federal Budget

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Other Major Expenditure Announcements

Program	Funding	Description
EI	\$3.9B / 3 years \$3.0B / 5 years \$5M / 2 years	Maintain EI universal entrance with a 14-week minimum entitlement for regular benefits as well as other legislative changes to make EI more accessible and simple. Extend the EI sickness benefit from 15 weeks to 26 weeks to address the coverage issues for people with long-term illness (e.g. cancer). The extension will take effect in summer 2022. <small>s.13; s.16</small> A commitment of 2-year consultations on long-term EI reform starting in 2021/22.
Extending the Canada Recovery Benefit (CRB) /Canada Recovery Caregiving Benefit (CRCB)	\$2.5B / 2 years	A further extension of Canada Recovery Benefit by 12 weeks to 50 weeks (from the current 38 weeks). The benefit amount for these additional 12 weeks will decline from \$500/week after the first 4 weeks to \$300/week. All new claims after July 17, 2021 will also receive \$300/week till Fall 2021. Extend the Canada Recovery Caregiving Benefit from 38 weeks to 42 weeks at the same \$500/week.
Sectoral Workforce Solutions Program	\$960M / 3 years	New Sectoral Workforce Solutions Program by ESDC to design and deliver sector-based training programs, especially for small and medium-sized businesses.
Healthy Environment for a Healthy Recovery	\$8.8B / 5 years	For growing a net-zero economy (e.g. clean tech), investing in clean energy (e.g. clean fuels, carbon capture), advancing Canada's climate plan including agricultural climate solutions (\$200M / 2 years), lowering home energy bills through interest free loans for retrofits (\$779M / 5 years), adapting to climate changes, and protecting nature by conserving up to 1 million square kms or 25% protected areas by 2025 (\$2.5B / 5 years).
Preserving Wild Pacific Salmon and B.C. Aquaculture	\$647M / 5 years \$20M / 2 years \$3M / 2 years	To stabilize and conserve wild Pacific salmon including a Pacific Salmon Secretariat and Restoration Centre of Expertise, double the B.C. Salmon Restoration and Innovation Fund with an additional \$100M. To expand engagement to work towards transition away from open net-pen salmon farming in B.C. by 2025. To pilot area-based management approaches to planning, management, and monitoring of aquaculture activities in priority areas on the B.C. coast

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Extending the Canada Emergency Wage Subsidy (CEWS)	\$10.2B in 2021/22	Extend the wage subsidy until September 25, 2021. It also proposes to gradually decrease the subsidy rate, beginning July 4, 2021, in order to ensure an orderly phase-out of the program
Extending the Canada Emergency Rent Subsidy and the Lockdown Support (CERS)	\$1.9B in 2021/22	Extend the rent subsidy and Lockdown Support until September 25, 2021. It also proposes to gradually decrease the rate of the rent subsidy, beginning July 4, 2021.
Canada Recovery Hiring Program (CRHR)	\$595M in 2021/22	New program to provide employers with a subsidy up to 50% on the incremental remuneration to employees for hiring new workers and/or increasing hours between June and November 2021. Employers can apply through either CRHR or CEWS for a certain period, but not both.
New Regional Development Agency for B.C.	\$553M / 5 years; \$110.6M / year ongoing	To support the new agency and ensure businesses in B.C. can grow and create good jobs for British Columbians
Affordable Housing and Ending Homelessness	\$3B / 5 years	\$2.5B / 7 years to CMHC programs including the Rapid Housing Initiative (\$1.5B in 2021/22 alone), Affordable Housing Innovation Fund (\$600M / 7 years), Canada Housing Benefit to increase financial assistance for low-income women and children fleeing violence (\$315M / 7 years). ESDC's homelessness program's Reaching Home extends for two years the funding levels due to COVID (\$567M).
<u>Infrastructure in Indigenous Communities</u>	<u>\$6.0B / 5 years</u>	<u>\$6.0B over 5 years, with \$388.9M ongoing, distinctions-based investments to support infrastructure in Indigenous communities.</u>
Tourism	\$1B / 3 years	To promote major festivals (\$200M), community festivals and events (\$200M), international travel through Destination Canada (\$100M), and establish a Tourism Relief Fund (\$500M) to support investments by local tourism businesses to adapt and position themselves for future growth.
<u>Advancing Smart Renewable Energy and Grid Modernization</u>	<u>\$964M / 4 years</u>	<u>\$85M in 2021/22 with \$293M in each of the following 3 years for NRCan "to support renewable power generation projects such as wind and solar, and the deployment of grid modernization technologies such as power storage. This will support emissions reduction and the electrification of the economy."</u>

Key Revenue/Tax Initiatives

- The federal government is extending current COVID relief programs and also proposing business tax measures to encourage recovery and investment in manufacturing and "green" technology. Key recovery measures are:

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- Immediate expensing of capital cost allowance for businesses (encourages purchasing capital equipment).
- Capital Cost Allowance for Clean Energy Equipment (encourages capital investment).

s.13

- There are measures that B.C. will automatically parallel under the Tax Collection Agreement, including:

- Immediate expensing of capital cost allowance for businesses s.13 ; and
- Restrictions on interest deductibility s.13 s.13

- Many of the significant tax proposals are not actually finalized – they are being proposed with the caveat that consultation with stakeholders and provinces will occur later. These measures include:
 - Digital Services Tax,
 - New tax on unproductive use of housing (the federal vacancy tax),
 - Border carbon adjustment for carbon taxes.

For more details on changes to tax policies, please refer to the Appendix.

GBA+ Highlights

- The table below is a preliminary analysis; a more detailed GBA+ analysis of the federal budget will be conducted.

Key GBA+ Related Announcements		
Program	Funding	Description
Indigenous Communities	\$13B / 5 years	\$13B over 5 years for strong Indigenous communities includes \$6.3B for health care, education and social assistance; \$6.3B for infrastructure and economic growth; \$1.6B for responding to missing and murdered Indigenous women and girls; and \$938M for reconciliation and self-determination, less \$2.2B included in previous budgets.
Women Entrepreneurs	\$147M / 4 years	Up to \$146.9 million over 4 years starting in 2021/22 to strengthen the Women Entrepreneurship Strategy to provide affordable financing, increase data, and strengthen capacity within the entrepreneurship ecosystem. The government will also work with financial institutions to develop a voluntary code to help support the inclusion of women and other underrepresented entrepreneurs as clients in the financial sector.
Women's Health	\$73M / 5 years	\$20M for a new National Institute for Women's Health Research; \$53M to support access to sexual and reproductive health care information and services.

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Gender-Based Violence	\$837M / 5 years	\$601M over 5 years for the National Action Plan to End Gender-Based Violence (which includes a large number of measures, including measures specific to indigenous women, racialized newcomer women, and 2SLGBTQIA+); \$236M over 5 years (less \$159M from existing sources) to address sexual misconduct and gender-based violence in the military.
People of Colour	\$386M / 5 years	\$200M in 2020/21 for a new Black-led Philanthropic Endowment Fund; \$100M in 2020/21 for the Supporting Black Canadian Communities Initiative; \$75M over 5 years to address systemic racism in public safety institutions. \$11 million over 2 years to expand the impact of the Canadian Race Relations Foundation

Economic Outlook

- Real GDP growth is estimated to be 5.8% in 2021, 4.0% for 2022, and 2.1% for 2023.
- s.13; s.16
- Unemployment rate is expected to drop down to 8.0% in 2021 and 6.5% in 2022, from 9.6% in 2020 as the economy rebounds, which suggests a faster-than-expected recovery relative to Fall Update 2020.

Economic Assumptions					
	2021	2022	2023	2024	2025
Real GDP (% Change)					
Budget 2021	5.8	4.0	2.1	1.9	1.8
Fall Update 2020	4.8	3.2	2.3	2.1	1.9
<i>B.C. Budget (National)</i>	<i>4.1</i>	<i>3.5</i>	<i>2.0</i>	<i>1.7</i>	<i>1.6</i>
Nominal GDP (% Change)					
Budget 2021	9.3	6.0	4.0	4.0	3.8
Fall Update 2020	7.0	5.3	4.4	4.3	4.0
Consumer Price Index (% Change)					
Budget 2021	2.2	2.0	2.1	2.1	2.1
Fall Update 2020	1.7	1.9	2.0	2.1	2.1
<i>B.C. Budget (National)</i>	<i>1.8</i>	<i>1.9</i>	<i>2.1</i>	<i>2.0</i>	<i>2.0</i>
Unemployment Rate (%)					
Budget 2021	8.0	6.5	6.2	6.0	5.9
Fall Update 2020	8.2	7.1	6.4	6.1	6.1

Fiscal Sustainability and Return to Balance

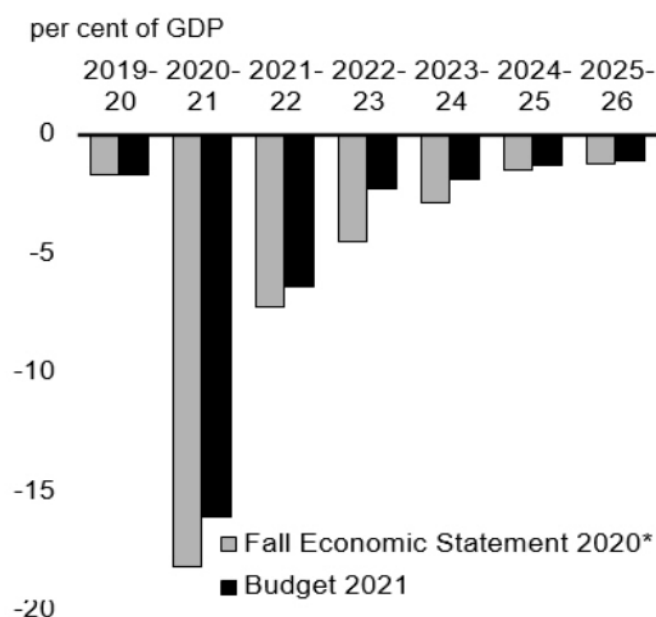
- Debt / GDP is expected to grow to 51.2% in 2021/22 from 49.0% 2020/21 and 31.2% in 2019/20. The federal debt-to-GDP ratio returns to a downward track over the following years and is forecast to be approximately 49% in 2025-26.
- Fiscal anchors: Budget 2021 states that the government is committed to unwinding COVID-related deficits and reducing the federal debt as a share of the economy over the medium-term.
 - The deficit-to-GDP ratio, which measures the size of the deficit in relation to the economy, is on a path to fall to 1.1% over the planning horizon.

- The budget notes that public debt charges as a per cent of GDP are expected to stay near their lowest level in over a century over the forecast horizon.

Fiscal Balance After Budget Measures

- Budget 2021 now forecasts:
 - A deficit of \$354.2B in 2020/21, up from the previous federal estimate of \$382B in the 2020 federal Fall Statement.
 - \$154.7B in 2021/22 and \$59.7B in 2022/23.
- These deficits are net of ongoing actuarial losses, of \$12.2B in 2021/22. Actuarial losses per year decline annually, reaching \$2.4B for the year 2025/26, reflecting increases in projected long-term interest rates.
 - Net actuarial losses represent changes in the measurement of the government's obligations for pensions and other employee future benefits accrued in previous fiscal years.
- The budget does not project a return to balance over the forecast horizon; in the final year of the forecast horizon in 2025/26, the federal deficit is projected to be \$30.7B.
- The budget does not include an 'adjustment for risk' in its budget balance (in contrast, the 2019 federal budget had such an adjustment, at \$3B annually).

Budgetary Balance



*FES 2020 is including the escalated restrictions outlook and incremental \$100 billion (Scenario 4)

Sources: Fiscal Reference Tables; Department of Finance Canada.

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Appendix – Tax Changes

Measure	Federal Fiscal Impact	Description of Measure
Personal Income Tax		
Enhancement of Canada Workers Benefit	Cost of \$8.9B / 6 years	<p>The Canada Workers Benefit (CWB) is an existing refundable tax credit to low-income individuals and families to offset the claw back of social assistance benefits.</p> <p>Budget 2021 significantly expands the CWB by increasing the income thresholds at which the benefit starts to phase out.</p>
Corporate Income Tax		
New digital services tax (DST)	Increased revenue of \$3.4B / 5 years	<p>The government will introduce a new digital services tax effective January 1, 2022, as an interim measure until a multilateral approach comes into effect.</p> <p>The tax is 3% of revenue from large digital service providers that are reliant on Canadian users. In-scope revenue includes online marketplace services (e.g. Amazon), social media, online advertising and sale of user data. The federal government plans to engage with provinces to discuss the implications of the new tax.</p> <p>B.C. context: B.C. does not have an equivalent tax-^{s.13}</p>
Immediate expensing of certain capital investments	Cost of \$2.2B / 5 years	<p>Generally, when a business purchases a long-lived asset, the cost of the asset is deducted over several years for tax purposes based on prescribed rates.</p> <p>Budget 2021 proposes to allow Canadian-controlled private corporations to immediately expense up to \$1.5M of certain capital purchases per year until January 1, 2024.</p>
Interest deductibility limits	Increased revenue of \$5.3B / 5 years	<p>Generally, businesses can deduct interest expenses on debts obtained for business purposes. However, in some cases, the amount of the deduction can be excessive, and used to shift profits away from Canada to low-tax jurisdictions.</p> <p>Budget 2021 proposes that, starting in 2023, the amount of interest that certain businesses can deduct be limited to 40 per cent of their earnings in the first year of the measure and 30% thereafter. Relief will be provided for small businesses and situations that do not represent significant tax base erosion risks. The government expects to release draft legislation this summer and seek stakeholder input on the new rules.</p>

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		s.13
Rate Reduction for Zero-Emission Technology Manufacturers	Less than \$0.1B / 5 years	<p>Budget 2021 proposes to reduce—by 50%—the general corporate and small business income tax rates for businesses that manufacture zero-emission technologies.</p> <p>The reductions would go into effect on January 1, 2022 and would be gradually phased out starting January 1, 2029 and eliminated by January 1, 2032. The government and stakeholders will regularly review new technologies that might be eligible.</p> <p>A taxpayer would qualify for the reduced tax rates on its eligible income only if at least 10% of its gross revenue from all active businesses carried on in Canada is derived from eligible activities.</p> <p>s.16; s.17 s.16; s.17 s.13</p> <p style="text-align: right;">s.13</p>
Film or Video Production Tax Credits	Cost of \$0.1B / 4 years starting in 2022/23 — s.13	<p>Budget 2021 proposes to temporarily extend by 12 months certain timelines for the Canadian Film or Video Production Tax Credit (CPTC) and the Film or Video Production Services Tax Credit (PSTC).</p> <p>s.13</p>
Hybrid mismatch arrangements	Increased revenue of \$0.8B / 5 years	<p>Hybrid mismatch arrangements are cross-border tax schemes, used primarily by multinational enterprises, that exploit differences between Canadian and foreign income tax laws to avoid paying their fair share of tax.</p> <p>Budget 2021 proposes to eliminate the tax benefits of hybrid mismatch arrangements. The proposals would be implemented in stages starting July 1, 2022.</p>
Capital Cost Allowance for Clean Energy Equipment	Cost of \$0.1B / 5 years s.13	<p>Budget 2021 proposes to expand the list of equipment eligible for tax incentives to include equipment used in pumped hydroelectric energy storage, renewable fuel production, hydrogen production by electrolysis of water, and hydrogen refueling. Certain existing investment restrictions would also be removed.</p> <p>Additionally, Budget 2021 proposes to update the eligibility criteria such that certain fossil-fuelled and low efficiency waste-fueled electrical generation equipment will no longer be eligible after 2024.</p>
Consumption Tax Measures		
Luxury Sales Tax	Increased revenue	<p>New tax on retail sale of new luxury cars and personal aircraft priced over \$100K and boats priced over \$250K.</p> <p>Calculated as:</p>

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	of \$604M / 5 years	<ul style="list-style-type: none"> ○ Cars and aircraft: the <u>lesser</u> of 10% of the full value or 20% of the value above \$100K. ○ Boats: the <u>lesser</u> of 10% of the full value or 20% of the value above \$250,000. <p>Effective January 1, 2022.</p> <p>B.C. context: B.C. applies a surtax under the PST to passenger vehicles with a purchase price of \$55,000 or more. There is no surtax on boats or aircraft, though B.C. collects 12% PST (rather than 7%) on acquisitions of boats or aircraft to which GST doesn't apply (e.g. private sales).</p>
Increased Excise Duty on Tobacco	Increased revenue of \$2.135B / 5 years	<p>Increase the cigarette rate by 2 cents per cigarette, from 12.545 cents to 14.545 cents per cigarette.</p> <p>Increase the loose tobacco rate by 2.5 cents per gram, from 15.681 cents to 18.181 cents per gram.</p> <p>Increase the cigar rate by \$4.35 per 1,000 cigars. There is an additional per-cigar amount that also increases by 1.565 cents per cigar, from 9.814 cents to 11.379 cents per cigar, or 88% of the sale price or duty paid value (whichever is greater).</p> <p>Effective April 20, 2021.</p> <p>B.C. context: B.C.'s tobacco tax is calculated on a per-unit or per-gram basis, depending on the product, and revenues are not directly affected by the federal excise duty. ^{s.13}</p>
Excise Duty on Vaping Products	No forecast provided (early proposal)	<p>Proposes implementing an excise duty on vaping products in 2022 at a rate "in the order of \$1 per 10ml" of vaping product. Would exempt cannabis-based vaping products because they are already subject to the federal cannabis excise duty framework.</p> <p>Includes licensing and excise stamping rules for manufacturers and importers.</p> <p>Invites FPT coordination, allowing for a federal rate and an additional provincial rate, with administration to be handled by the CRA.</p> <p>B.C. context: B.C. was the first province to introduce a specific tax rate for vapour products (announced fall 2019, implemented Jan 1, 2020). In B.C., 20% PST applies to vapour products, including the devices used to consume the liquids that Canada proposes to tax. B.C. did not make an exception for cannabis vaping products. ^{s.13}</p>
Consultations on Border Carbon Adjustments	No forecast provided	<p>Border carbon adjustments would apply a price at the border to account for differences in carbon pollution pricing with Canada's trading partners.</p> <p>The consultation process will begin in the summer and will include provinces and territories, importers, and exporters</p>

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	(early proposal)	(particularly those importers/exporters that deal with emissions intensive goods). B.C. context: B.C. has no border adjustment for carbon. B.C.'s carbon tax generally applies to fuels and combustibles that are purchased or consumed in B.C.
Engagement with First Nations on Certain Consumption Taxes	No forecast provided (early proposal)	Announces an intention to engage with interested Indigenous governments and organizations on a framework for the negotiation of agreements that would enable interested Indigenous governments to implement a fuel, alcohol, tobacco, and cannabis sales tax within their reserves or settlement lands. The Budget document provides few details. s.13
Duty and Tax Collection on Imported Goods	Increased revenue of \$688M / 5 years	Amends <i>Customs Act</i> to ensure importers value their goods using the value of the last sale for export to a purchaser in Canada, rather than lower (previous) foreign sale prices. Modernizes payment processes for commercial importers to streamline billing. B.C. context: B.C. has a tax collection agreement with the Canada Border Services Agency s.13
Other Tax Measures		
Tax on Unproductive Use of Canadian Housing by Non-resident Owners	\$700M / 4 years	An annual 1 percent tax on the value of non-resident, non-Canadian owned residential property that is considered to be "vacant" or "underused" effective January 1, 2022. An annual declaration will be required as to the use of the property for all owners other than Canadian citizens or permanent residents of Canada. The annual declaration will be filed with the CRA for the prior year (declarations will begin in 2023 for the 2022 calendar year) and will require all owners, other than Canadian citizens or permanent residents of Canada, to file irrespective of whether the owner is subject to tax. Exemptions will be available, such as for properties that are leased to a qualified tenant for a minimum period. A consultation paper to be released in the coming months to provide an opportunity to comment on the parameters of the tax, including the definition of residential property, potential exemptions and whether special rules should be established for small tourism and resort communities. Revenues will support investments in housing affordability.

Fed Budget - Same Day Analysis.

From: Michell, Jennifer FIN:EX <Jennifer.Michell@gov.bc.ca>
To: FIN DMO MFEX
Sent: April 21, 2021 9:01:08 AM PDT
Attachments: 2021 Federal Budget - Same Day Analysis - rev 2021-04-21.pdf

Attached please find a copy of our Ministry's same-day analysis for your information.

Jennifer Michell

Director, Executive Operations & Strategic Initiatives

Office of the Deputy Minister | Ministry of Finance

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2021 FEDERAL BUDGET

Same-day Budget Analysis

B.C. Ministry of Finance

Overview

- On April 19, 2021, the Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance, tabled the federal budget titled "A Recovery Plan for Jobs, Growth, and Resilience".
- The budget measures are outlined in 10 chapter themes, which are grouped into four parts:

	2021 /22	2022 /23	2023 /24	2024 /25	2025 /26	5-Year Total
Finishing the Fight Against COVID-19	28.2	5.2	1.9	1.5	0.0	36.8
1. Keeping Canadians Healthy and Safe	1.2	1.0	0.9	0.8	0.7	4.7
2. Seeing Canadians & Businesses Through to Recovery	27.0	4.2	1.0	0.7	-0.7	32.1
Creating Jobs and Growth	13.3	18.6	16.7	13.8	14.5	76.9
3. New Opportunities for Canadians	3.9	9.0	7.5	7.6	8.8	36.7
4. Helping Canadian Businesses Grow and Succeed	3.7	4.5	5.0	2.4	0.8	16.3
5. A Healthy Environment for a Healthy Economy	1.2	1.9	2.0	1.8	1.9	8.8
6. Strengthening the Cities and Communities We Call Home	4.6	3.3	2.3	2.0	3.1	15.2
A Resilient and Inclusive Recovery	7.9	6.2	5.8	4.1	3.8	27.7
7. A More Equal Canada	1.8	1.6	2.1	2.2	2.4	10.1
8. Strong Indigenous Communities	4.3	3.5	3.0	1.3	1.0	13.0
9. Protecting Our Shared Values	1.9	1.1	0.7	0.5	0.4	4.7
Fair and Responsible Government	0.2	-0.7	-1.8	-2.4	-2.5	-7.1
10. Responsible Government	0.2	-0.7	-1.8	-2.4	-2.5	-7.1
Total	49.6	29.3	22.7	17.0	15.8	134.4

Note: The budget presentation includes \$7.9 billion in measures in 2020/21, but these measures are largely ones that had been announced in March 2021, including transfers to provinces and territories (\$4 billion for health care systems and \$1 billion for vaccinations) and to local governments (\$2.2 billion for the Canada Community-Building Fund).

- The \$134.4B in announced budget measures includes \$101.4B over three years, fulfilling the commitment to provide \$70-100B over three years to promote economic recovery.
- The budget estimates a deficit of \$354.2B in 2020/21 and \$154.7B in 2021/22, with deficits falling to \$30.7B by 2025/26. The budget does not project a return to balance.
 - The federal debt-to-GDP ratio (representing accumulated deficits) is projected to peak at 51.2% in 2021/22, declining to 49.2% in 2025/26. The budget states that Canada continues to have, by far, the lowest net debt-to-GDP balance relative to international peers (e.g. G7 countries).
 - The deficit-to-GDP ratio is on a path to fall to 1.1% over the planning horizon, from the current 6.4% in 2021/22.

HIGHLIGHTS

Federal Transfers

- The federal budget does not materially address the three priorities identified by Canada's premiers:

The Council of the Federation's Three Priorities		
Priority	Premiers' Requests	Federal Budget
Canada Health Transfer	<p>Increase the federal share to 35% of provincial/territorial spending on health care (an increase of \$28B over 2020/21 CHT level) with a growth rate to maintain that share.</p> <p><i>Note: The budget mentions that on March 25, 2021, the federal government announced \$5B in one-time, COVID-related funding: \$4B for health care system pressures (through the CHT). That funding will flow after enabling legislation receives Royal Assent this summer but has been booked federally in 2020/21.</i></p>	<p>✖ No new funding (just a re-announcement of a one-time, \$4B infusion to help health care systems recover).</p> <p>The budget mentions that the federal government is committed to including access to sexual and reproductive services "as part of any upcoming Canada Health Transfer funding discussions."</p>
Fiscal Stabilization	<p>Reduce revenue decline thresholds from 50% to 40% (resource revenue) and from 5% to 3% (other revenue). Remove the cap on entitlements. Make these changes retroactive to 2015/16.</p>	<p>✖ No new changes.</p> <p>s.13</p>
Infrastructure	<p>Increase total federal support by \$10B per year for 10 years; streamline federal approach to infrastructure.</p> <p><i>Notes: (1) On Feb. 10, 2021, the federal government announced \$14.9B for public transit projects over the next eight years, which includes permanent funding of \$3B per year for Canadian communities beginning in 2026/27.</i></p> <p><i>(2) On March 25, 2021, the federal government announced \$2.2B to address short-term infrastructure</i></p>	<p>Trade Corridors: \$1.9B over four years, starting in 2021/22, to recapitalize the National Trade Corridors Fund for roads, rail, and shipping routes. 15% would be dedicated to transportation networks in Canada's north. It is not clear how much will flow to provinces/territories.</p> <p>Direct spending not flowing to provinces/territories:</p> <p>National Infrastructure Assessment: \$22.6M over four years, starting in 2021/22, to</p>

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	<p><i>priorities in municipalities and First Nations communities, flowing through the federal Gas Tax Fund.</i></p>	<p>Infrastructure Canada to conduct Canada's first ever National Infrastructure Assessment to "help identify needs and priorities for Canada's built environment."</p> <p>Indigenous infrastructure: distinctions-based investments of \$4.3B over 4 years for the Indigenous Community Infrastructure Fund and \$1.7B over 5 years with \$388.9M ongoing, to cover the operations and maintenance costs of community infrastructure in First Nations communities on reserve.</p> <p>Borders: \$656.1M over 5 years will be provided to Canadian Border Services Agency to modernize borders.</p>
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The budget does not contemplate renewal of the First Ministers' Safe Restart Agreement. However, the federal budget does provide substantial, long-term funding for child care as well as time-limited funding for targeted health issues such as long term care, palliative care, and addictions. ^{s.13; s.17}

s.13; s.17

Safe Restart Components and the 2021 Federal Budget	
2020/21 Safe Restart Transfers to PTs	2021 Federal Budget Transfers to PTs
Testing, Tracing and Data Management	No transfers for 2021/22; \$1B in vaccination funding was announced in March 2021.
Health Care System Capacity	While no general system capacity funding was provided for 2021/22 or beyond, funding for long term care and palliative care was included in the budget (see Other New/Increased Transfers to Provinces and Territories). \$4B for health care system recovery was announced in March 2021.
Mental Health, Addictions	\$116M over two years was provided for the opioid crisis and problematic substance use (see Other New/Increased Transfers to Provinces and Territories).
Protecting Vulnerable Populations	No transfers for 2021/22 or beyond.
Personal Protective Equipment	No transfers for 2021/22 or beyond.

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Child Care	The funding for child care in <i>Budget 2021</i> far exceeds the \$625 million provided in the Safe Restart Agreement; see Other New/Increased Transfers to Provinces and Territories).
Supporting Municipalities	<i>Budget 2021</i> includes a number of measures that it ties to communities, s.13 ; s.16 s.13 ; s.16
Public Transit	No operating funding for 2021/22 or beyond. In February 2021, the federal government announced long-term funding for public transit, s.13 ; s.17 s.13 ; s.17

Other New/Increased Transfers to Provinces and Territories		
Purpose	Funding	Description
Long Term Care	\$3B / 5 years	\$600M/year starting in 2022/23 to support provinces and territories in ensuring standards for long-term care are applied and permanent changes are made. <i>Note: The Fall Economic Statement announced \$1B over two years (2020/21 and 2021/22) for long term care, but no bilateral agreements have been reached pending Canada Health Transfer negotiations.</i>
Palliative Care	\$29.8M / 6 years	Funding (including \$1M this year) to Health Canada; it is not clear how this funding will be allocated and how much will flow through provinces and territories.
Opioid Crisis and Problematic Substance Use	\$116M / 2 years	\$58M per year in 2021/22 and 2022/23; the allocation is not addressed, although the budget notes that this has been an issue in Ontario and Western Canada, "with severe impacts in British Columbia and Alberta." <i>Note: This is in addition to 10-year bilateral agreements that were signed in 2017 and allocated on an equal per capita basis.</i>
Canada-wide early learning and child care system	\$27.2B / 5 years additional funding	To allow for a 50% reduction in fees by end of 2022 (to an average of \$10/day by 2025/26). s.13 ; s.16 ; s.17

Other Major Expenditure Announcements

Program	Funding	Description
EI	\$3.9B / 3 years	Maintain EI universal entrance with a 14-week minimum entitlement for regular benefits as well as other legislative changes to make EI more accessible and simple.

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	\$3.0B / 5 years	Extend the EI sickness benefit from 15 weeks to 26 weeks to address the coverage issues for people with long-term illness (e.g. cancer). The extension will take effect in summer 2022. s.13; s.16
	\$5M / 2 years	A commitment of 2-year consultations on long-term EI reform starting in 2021/22.
Extending the Canada Recovery Benefit (CRB) /Canada Recovery Caregiving Benefit (CRCB)	\$2.5B / 2 years	A further extension of Canada Recovery Benefit by 12 weeks to 50 weeks (from the current 38 weeks). The benefit amount for these additional 12 weeks will decline from \$500/week after the first 4 weeks to \$300/week. All new claims after July 17, 2021 will also receive \$300/week till Fall 2021. Extend the Canada Recovery Caregiving Benefit from 38 weeks to 42 weeks at the same \$500/week.
Sectoral Workforce Solutions Program	\$960M / 3 years	New Sectoral Workforce Solutions Program by ESDC to design and deliver sector-based training programs, especially for small and medium-sized businesses.
Healthy Environment for a Healthy Recovery	\$8.8B / 5 years	For growing a net-zero economy (e.g. clean tech), investing in clean energy (e.g. clean fuels, carbon capture), advancing Canada's climate plan including agricultural climate solutions (\$200M / 2 years), lowering home energy bills through interest free loans for retrofits (\$779M / 5 years), adapting to climate changes, and protecting nature by conserving up to 1 million square kms or 25% protected areas by 2025 (\$2.5B / 5 years).
Preserving Wild Pacific Salmon and B.C. Aquaculture	\$647M / 5 years \$20M / 2 years \$3M / 2 years	To stabilize and conserve wild Pacific salmon including a Pacific Salmon Secretariat and Restoration Centre of Expertise, double the B.C. Salmon Restoration and Innovation Fund with an additional \$100M. To expand engagement to work towards transition away from open net-pen salmon farming in B.C. by 2025. To pilot area-based management approaches to planning, management, and monitoring of aquaculture activities in priority areas on the B.C. coast
Extending the Canada Emergency Wage Subsidy (CEWS)	\$10.2B in 2021/22	Extend the wage subsidy until September 25, 2021. It also proposes to gradually decrease the subsidy rate, beginning July 4, 2021, in order to ensure an orderly phase-out of the program
Extending the Canada Emergency Rent Subsidy and the	\$1.9B in 2021/22	Extend the rent subsidy and Lockdown Support until September 25, 2021. It also proposes to gradually decrease the rate of the rent subsidy, beginning July 4, 2021.

Same Day Analysis of the 2021 Federal Budget

Lockdown Support (CERS)		
Canada Recovery Hiring Program (CRHR)	\$595M in 2021/22	New program to provide employers with a subsidy up to 50% on the incremental remuneration to employees for hiring new workers and/or increasing hours between June and November 2021. Employers can apply through either CRHR or CEWS for a certain period, but not both.
New Regional Development Agency for B.C.	\$553M / 5 years; \$110.6M / year ongoing	To support the new agency and ensure businesses in B.C. can grow and create good jobs for British Columbians
Affordable Housing and Ending Homelessness	\$3B / 5 years	\$2.5B / 7 years to CMHC programs including the Rapid Housing Initiative (\$1.5B in 2021/22 alone), Affordable Housing Innovation Fund (\$600M / 7 years), Canada Housing Benefit to increase financial assistance for low-income women and children fleeing violence (\$315M / 7 years). ESDC's homelessness program's Reaching Home extends for two years the funding levels due to COVID (\$567M).
Infrastructure in Indigenous Communities	\$6.0B / 5 years	\$6.0B over 5 years, with \$388.9M ongoing, distinctions-based investments to support infrastructure in Indigenous communities.
Tourism	\$1B / 3 years	To promote major festivals (\$200M), community festivals and events (\$200M), international travel through Destination Canada (\$100M), and establish a Tourism Relief Fund (\$500M) to support investments by local tourism businesses to adapt and position themselves for future growth.
Advancing Smart Renewable Energy and Grid Modernization	\$964M / 4 years	\$85M in 2021/22 with \$293M in each of the following 3 years for NRCan "to support renewable power generation projects such as wind and solar, and the deployment of grid modernization technologies such as power storage. This will support emissions reduction and the electrification of the economy."

Key Revenue/Tax Initiatives

- The federal government is extending current COVID relief programs and also proposing business tax measures to encourage recovery and investment in manufacturing and "green" technology. Key recovery measures are:
 - Immediate expensing of capital cost allowance for businesses (encourages purchasing capital equipment).
 - Capital Cost Allowance for Clean Energy Equipment (encourages capital investment).
- There are measures that B.C. will automatically parallel under the Tax Collection Agreement, including:
 - Immediate expensing of capital cost allowance for businesses; and
 - Restrictions on interest deductibility;

Same Day Analysis of the 2021 Federal Budget

- Many of the significant tax proposals are not actually finalized – they are being proposed with the caveat that consultation with stakeholders and provinces will occur later. These measures include:
 - Digital Services Tax,
 - New tax on unproductive use of housing (the federal vacancy tax),
 - Border carbon adjustment for carbon taxes.

For more details on changes to tax policies, please refer to the Appendix.

GBA+ Highlights

- The table below is a preliminary analysis; a more detailed GBA+ analysis of the federal budget will be conducted.

Key GBA+ Related Announcements		
Program	Funding	Description
Indigenous Communities	\$13B / 5 years	\$13B over 5 years for strong Indigenous communities includes \$6.3B for health care, education and social assistance; \$6.3B for infrastructure and economic growth; \$1.6B for responding to missing and murdered Indigenous women and girls; and \$938M for reconciliation and self-determination, less \$2.2B included in previous budgets.
Women Entrepreneurs	\$147M / 4 years	Up to \$146.9 million over 4 years starting in 2021/22 to strengthen the Women Entrepreneurship Strategy to provide affordable financing, increase data, and strengthen capacity within the entrepreneurship ecosystem. The government will also work with financial institutions to develop a voluntary code to help support the inclusion of women and other underrepresented entrepreneurs as clients in the financial sector.
Women's Health	\$73M / 5 years	\$20M for a new National Institute for Women's Health Research; \$53M to support access to sexual and reproductive health care information and services.
Gender-Based Violence	\$837M / 5 years	\$601M over 5 years for the National Action Plan to End Gender-Based Violence (which includes a large number of measures, including measures specific to indigenous women, racialized newcomer women, and 2SLGBTQIA+); \$236M over 5 years (less \$159M from existing sources) to address sexual misconduct and gender-based violence in the military.
People of Colour	\$386M / 5 years	\$200M in 2020/21 for a new Black-led Philanthropic Endowment Fund; \$100M in 2020/21 for the Supporting Black Canadian Communities Initiative; \$75M over 5 years to address systemic racism in public safety institutions. \$11 million over 2 years to expand the impact of the Canadian Race Relations Foundation

Same Day Analysis of the 2021 Federal Budget

Economic Outlook

- Real GDP growth is estimated to be 5.8% in 2021, 4.0% for 2022, and 2.1% for 2023.
- s.13; s.16
- Unemployment rate is expected to drop down to 8.0% in 2021 and 6.5% in 2022, from 9.6% in 2020 as the economy rebounds, which suggests a faster-than-expected recovery relative to Fall Update 2020.

Economic Assumptions					
	2021	2022	2023	2024	2025
Real GDP (% Change)					
Budget 2021	5.8	4.0	2.1	1.9	1.8
Fall Update 2020	4.8	3.2	2.3	2.1	1.9
<i>B.C. Budget (National)</i>	<i>4.1</i>	<i>3.5</i>	<i>2.0</i>	<i>1.7</i>	<i>1.6</i>
Nominal GDP (% Change)					
Budget 2021	9.3	6.0	4.0	4.0	3.8
Fall Update 2020	7.0	5.3	4.4	4.3	4.0
Consumer Price Index (% Change)					
Budget 2021	2.2	2.0	2.1	2.1	2.1
Fall Update 2020	1.7	1.9	2.0	2.1	2.1
<i>B.C. Budget (National)</i>	<i>1.8</i>	<i>1.9</i>	<i>2.1</i>	<i>2.0</i>	<i>2.0</i>
Unemployment Rate (%)					
Budget 2021	8.0	6.5	6.2	6.0	5.9
Fall Update 2020	8.2	7.1	6.4	6.1	6.1

Fiscal Sustainability and Return to Balance

- Debt / GDP is expected to grow to 51.2% in 2021/22 from 49.0% 2020/21 and 31.2% in 2019/20. The federal debt-to-GDP ratio returns to a downward track over the following years and is forecast to be approximately 49% in 2025-26.
- Fiscal anchors: Budget 2021 states that the government is committed to unwinding COVID-related deficits and reducing the federal debt as a share of the economy over the medium-term.
 - The deficit-to-GDP ratio, which measures the size of the deficit in relation to the economy, is on a path to fall to 1.1% over the planning horizon.
- The budget notes that public debt charges as a per cent of GDP are expected to stay near their lowest level in over a century over the forecast horizon.

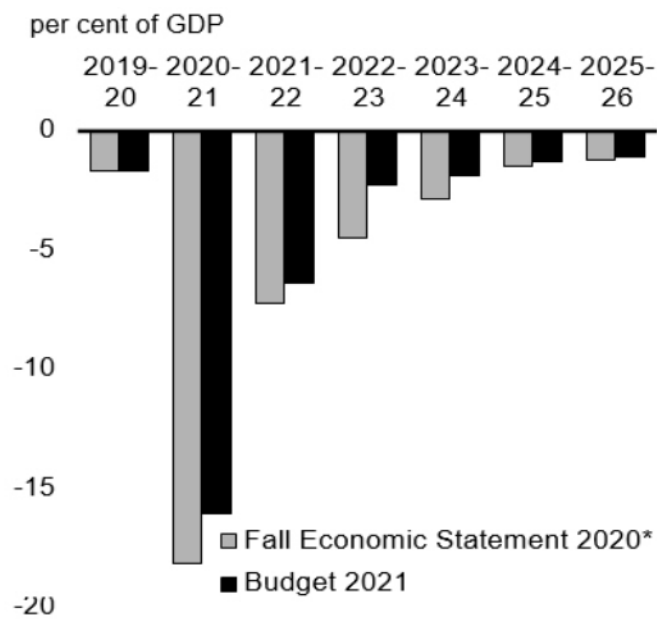
Fiscal Balance After Budget Measures

- Budget 2021 now forecasts:
 - A deficit of \$354.2B in 2020/21, up from the previous federal estimate of \$382B in the 2020 federal Fall Statement.
 - \$154.7B in 2021/22 and \$59.7B in 2022/23.
- These deficits are net of ongoing actuarial losses, of \$12.2B in 2021/22. Actuarial losses per year decline annually, reaching \$2.4B for the year 2025/26, reflecting increases in projected long-term interest rates.

Same Day Analysis of the 2021 Federal Budget

- Net actuarial losses represent changes in the measurement of the government's obligations for pensions and other employee future benefits accrued in previous fiscal years.
- The budget does not project a return to balance over the forecast horizon; in the final year of the forecast horizon in 2025/26, the federal deficit is projected to be \$30.7B.
- The budget does not include an 'adjustment for risk' in its budget balance (in contrast, the 2019 federal budget had such an adjustment, at \$3B annually).

Budgetary Balance



*FES 2020 is including the escalated restrictions outlook and incremental \$100 billion (Scenario 4)

Sources: Fiscal Reference Tables; Department of Finance Canada.

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Appendix – Tax Changes

Measure	Federal Fiscal Impact	Description of Measure
Personal Income Tax		
Enhancement of Canada Workers Benefit	Cost of \$8.9B / 6 years	<p>The Canada Workers Benefit (CWB) is an existing refundable tax credit to low-income individuals and families to offset the claw back of social assistance benefits.</p> <p>Budget 2021 significantly expands the CWB by increasing the income thresholds at which the benefit starts to phase out.</p>
Corporate Income Tax		
New digital services tax (DST)	Increased revenue of \$3.4B / 5 years	<p>The government will introduce a new digital services tax effective January 1, 2022, as an interim measure until a multilateral approach comes into effect.</p> <p>The tax is 3% of revenue from large digital service providers that are reliant on Canadian users. In-scope revenue includes online marketplace services (e.g. Amazon), social media, online advertising and sale of user data. The federal government plans to engage with provinces to discuss the implications of the new tax.</p> <p>B.C. context: B.C. does not have an equivalent tax.</p>
Immediate expensing of certain capital investments	Cost of \$2.2B / 5 years	<p>Generally, when a business purchases a long-lived asset, the cost of the asset is deducted over several years for tax purposes based on prescribed rates.</p> <p>Budget 2021 proposes to allow Canadian-controlled private corporations to immediately expense up to \$1.5M of certain capital purchases per year until January 1, 2024.</p>
Interest deductibility limits	Increased revenue of \$5.3B / 5 years	<p>Generally, businesses can deduct interest expenses on debts obtained for business purposes. However, in some cases, the amount of the deduction can be excessive, and used to shift profits away from Canada to low-tax jurisdictions.</p> <p>Budget 2021 proposes that, starting in 2023, the amount of interest that certain businesses can deduct be limited to 40 per cent of their earnings in the first year of the measure and 30% thereafter. Relief will be provided for small businesses and situations that do not represent significant tax base erosion risks. The government expects to release draft legislation this summer and seek stakeholder input on the new rules.</p>
Rate Reduction for Zero-Emission Technology Manufacturers	Less than \$0.1B / 5 years	<p>Budget 2021 proposes to reduce—by 50%—the general corporate and small business income tax rates for businesses that manufacture zero-emission technologies.</p> <p>The reductions would go into effect on January 1, 2022 and would be gradually phased out starting January 1, 2029 and eliminated by January 1, 2032. The government and</p>

Same Day Analysis of the 2021 Federal Budget

		<p>stakeholders will regularly review new technologies that might be eligible.</p> <p>A taxpayer would qualify for the reduced tax rates on its eligible income only if at least 10% of its gross revenue from all active businesses carried on in Canada is derived from eligible activities.</p> <p>s.16; s.17</p>
Film or Video Production Tax Credits	Cost of \$0.1B / 4 years starting in 2022/23	Budget 2021 proposes to temporarily extend by 12 months certain timelines for the Canadian Film or Video Production Tax Credit (CPTC) and the Film or Video Production Services Tax Credit (PSTC).
Hybrid mismatch arrangements	Increased revenue of \$0.8B / 5 years	<p>Hybrid mismatch arrangements are cross-border tax schemes, used primarily by multinational enterprises, that exploit differences between Canadian and foreign income tax laws to avoid paying their fair share of tax.</p> <p>Budget 2021 proposes to eliminate the tax benefits of hybrid mismatch arrangements. The proposals would be implemented in stages starting July 1, 2022.</p>
Capital Cost Allowance for Clean Energy Equipment	Cost of \$0.1B / 5 years	<p>Budget 2021 proposes to expand the list of equipment eligible for tax incentives to include equipment used in pumped hydroelectric energy storage, renewable fuel production, hydrogen production by electrolysis of water, and hydrogen refueling. Certain existing investment restrictions would also be removed.</p> <p>Additionally, Budget 2021 proposes to update the eligibility criteria such that certain fossil-fuelled and low efficiency waste-fueled electrical generation equipment will no longer be eligible after 2024.</p>
Consumption Tax Measures		
Luxury Sales Tax	Increased revenue of \$604M / 5 years	<p>New tax on retail sale of new luxury cars and personal aircraft priced over \$100K and boats priced over \$250K.</p> <p>Calculated as:</p> <ul style="list-style-type: none"> ○ Cars and aircraft: the <u>lesser</u> of 10% of the full value or 20% of the value above \$100K. ○ Boats: the <u>lesser</u> of 10% of the full value or 20% of the value above \$250,000. <p>Effective January 1, 2022.</p> <p>B.C. context: B.C. applies a surtax under the PST to passenger vehicles with a purchase price of \$55,000 or more. There is no surtax on boats or aircraft, though B.C. collects 12% PST (rather than 7%) on acquisitions of boats or aircraft to which GST doesn't apply (e.g. private sales).</p>
Increased Excise Duty on Tobacco	Increased revenue of	Increase the cigarette rate by 2 cents per cigarette, from 12.545 cents to 14.545 cents per cigarette.

Same Day Analysis of the 2021 Federal Budget

	\$2.135B / 5 years	<p>Increase the loose tobacco rate by 2.5 cents per gram, from 15.681 cents to 18.181 cents per gram.</p> <p>Increase the cigar rate by \$4.35 per 1,000 cigars. There is an additional per-cigar amount that also increases by 1.565 cents per cigar, from 9.814 cents to 11.379 cents per cigar, or 88% of the sale price or duty paid value (whichever is greater).</p> <p>Effective April 20, 2021.</p> <p>B.C. context: B.C.'s tobacco tax is calculated on a per-unit or per-gram basis, depending on the product, and revenues are not directly affected by the federal excise duty.</p>
Excise Duty on Vaping Products	No forecast provided (early proposal)	<p>Proposes implementing an excise duty on vaping products in 2022 at a rate "in the order of \$1 per 10ml" of vaping product.</p> <p>Would exempt cannabis-based vaping products because they are already subject to the federal cannabis excise duty framework.</p> <p>Includes licensing and excise stamping rules for manufacturers and importers.</p> <p>Invites FPT coordination, allowing for a federal rate and an additional provincial rate, with administration to be handled by the CRA.</p> <p>B.C. context: B.C. was the first province to introduce a specific tax rate for vapour products (announced fall 2019, implemented Jan 1, 2020). In B.C., 20% PST applies to vapour products, including the devices used to consume the liquids that Canada proposes to tax. B.C. did not make an exception for cannabis vaping products.</p>
Consultations on Border Carbon Adjustments	No forecast provided (early proposal)	<p>Border carbon adjustments would apply a price at the border to account for differences in carbon pollution pricing with Canada's trading partners.</p> <p>The consultation process will begin in the summer and will include provinces and territories, importers, and exporters (particularly those importers/exporters that deal with emissions intensive goods).</p> <p>B.C. context: B.C. has no border adjustment for carbon. B.C.'s carbon tax generally applies to fuels and combustibles that are purchased or consumed in B.C.</p>
Engagement with First Nations on Certain Consumption Taxes	No forecast provided (early proposal)	<p>Announces an intention to engage with interested Indigenous governments and organizations on a framework for the negotiation of agreements that would enable interested Indigenous governments to implement a fuel, alcohol, tobacco, and cannabis sales tax within their reserves or settlement lands. The Budget document provides few details.</p>
Duty and Tax Collection on Imported Goods	Increased revenue of \$688M / 5 years	<p>Amends <i>Customs Act</i> to ensure importers value their goods using the value of the last sale for export to a purchaser in Canada, rather than lower (previous) foreign sale prices.</p> <p>Modernizes payment processes for commercial importers to streamline billing.</p>

Same Day Analysis of the 2021 Federal Budget

		B.C. context: B.C. has a tax collection agreement with the Canada Border Services Agency.
Other Tax Measures		
Tax on Unproductive Use of Canadian Housing by Non-resident Owners	\$700M / 4 years	<p>An annual 1 percent tax on the value of non-resident, non-Canadian owned residential property that is considered to be “vacant” or “underused” effective January 1, 2022.</p> <p>An annual declaration will be required as to the use of the property for all owners other than Canadian citizens or permanent residents of Canada.</p> <p>The annual declaration will be filed with the CRA for the prior year (declarations will begin in 2023 for the 2022 calendar year) and will require all owners, other than Canadian citizens or permanent residents of Canada, to file irrespective of whether the owner is subject to tax.</p> <p>Exemptions will be available, such as for properties that are leased to a qualified tenant for a minimum period.</p> <p>A consultation paper to be released in the coming months to provide an opportunity to comment on the parameters of the tax, including the definition of residential property, potential exemptions and whether special rules should be established for small tourism and resort communities.</p> <p>Revenues will support investments in housing affordability.</p>

2021 Federal Budget

From: FIN Deputy Minister FIN:EX <FIN.DeputyMinister@gov.bc.ca>
To: BCPSA Agency DMC List
Sent: April 21, 2021 9:02:36 AM PDT
Attachments: 2021 Federal Budget - Same Day Analysis - rev 2021-04-21.pdf

Colleagues

On Monday, the Federal Government released their 2021 Budget. I have attached a copy of our Ministry's same-day analysis for your information.

Heather Wood

Deputy Minister

Ministry of Finance

Fwd: PJH IBN request x2

From: Michell, Jennifer FIN:EX <Jennifer.Michell@gov.bc.ca>
To: Wood, Heather FIN:EX
Sent: April 21, 2021 8:02:56 PM PDT
Attachments: Meeting Backgrounder BC Federation of Labour.pdf, Meeting Backgrounder BC Chamber of Commerce.pdf, image001.jpg

Hi Heather

Here are the 2 notes one of which is the bc fed one

Sent from my iPhone

Begin forwarded message:

From: "Michell, Jennifer FIN:EX"
Date: April 21, 2021 at 1:25:38 PM PDT
To: "White, Christine FIN:EX"
Cc: "Lawson, Liam FIN:EX" , "Ashbourne, Jade FIN:EX"
Subject: RE: PJH IBN request x2

Attached please find the two meeting backgrounders as requested.

Jennifer Michell

Director, Executive Operations & Strategic Initiatives
Office of the Deputy Minister | Ministry of Finance

From: White, Christine FIN:EX <Christine.White@gov.bc.ca>
Sent: April 16, 2021 4:23 PM
To: Michell, Jennifer FIN:EX <Jennifer.Michell@gov.bc.ca>
Cc: Lawson, Liam FIN:EX <Liam.Lawson@gov.bc.ca>; Ashbourne, Jade FIN:EX <Jade.Ashbourne@gov.bc.ca>
Subject: PJH IBN request x2

Hello,

See below from PO. Any issues you think?

Christine White

Administrative Coordinator to the
Honourable Selina Robinson
Minister of Finance
Room 153 Parliament Buildings
Cell: 250.812.8894 | Office: 778.974.6045

From: Hagglund, Jarrett PREM:EX <Jarrett.Hagglund@gov.bc.ca>
Sent: April 16, 2021 4:12 PM
To: White, Christine FIN:EX <Christine.White@gov.bc.ca>
Subject: 2 BN's

Hey Christine,

Hoping we can get 2 BN by 3pm Wednesday. For the BC Fed meeting and a similar one for BC Chamber (PJH meeting with new CEO that day as well for an intro meeting)

Hoping it can lay out some of there key budget submissions and where in the budget we aligned with some of there asks and where others did not make it in.

Can you let me know if this is possible?

Thank you!

Jarrett

Jarrett Hagglund | Executive Coordinator to the Premier
Office of the Premier
Office: 236-478-1561 | Cell: 604-817-1458
Jarrett.Hagglund@gov.bc.ca

MEETING - Backgrounder

Meeting Date: April 21, 2021

Cliff: 481324

MEETING: BC FEDERATION OF LABOUR

ISSUE: POST-BUDGET MEETING WITH THE BC FEDERATION OF LABOUR

KEY FACTS REGARDING THE ISSUE:

- The BC Federation of Labour (BC Fed) represents over 500,000 members from affiliated unions across the province.
- The BC Fed made submissions to the government as part of the Covid-19 economic recovery plan and to the legislature through the Select Standing Committee on Finance and Government Services.
- The BC Fed's submission to the Committee has not been made public by the Committee or the BC Fed or shared with Tax Policy; however, a summary of key points is available from the Committee's report. This note is based on that summary and the BC Fed's existing public policy documents.

ADVICE:

How Budget 2021 responds to the BC Fed's COVID-19 and Budget submission priorities:

- **Implementation of a national Pharmacare program**
 - *Budget 2021* includes additional funding for BC's Pharmacare program.
- **Free public transit**
 - *Budget 2021* provides free transit for children up to 12 but not free transit for all.
- **Increased wages for frontline workers such as grocery store workers, health care workers and social service worker.**
 - BC has increased the minimum wage to \$15.20 and recently ensured that liquor servers are entitled to the same minimum wage as others.
 - *Budget 2021* includes funding for Early Childhood Educators to receive an increased wage top up, totaling \$4 per hour since the implementation of ChildCareBC.
 - The Economic Recovery Plan also included an increased employment incentive for employers that increased payroll (wages or hours) in the fourth quarter of 2020 and temporary pandemic pay for some frontline workers.
- **Reconciliation and the implementation of the UN Declaration on the Rights of Indigenous Peoples.**
 - *Budget 2021* confirms permanent base funding to support reconciliation (previously funded through contingencies). This funding will support engagement with Indigenous peoples on legislation, policy, and programs; negotiation capacity; and initiatives that increase participation in land and resource activities within their territories.

- - *Budget 2021* includes funding for additional skills training, support for the post-secondary education sector and short-term funding for recently unemployed individuals to receive skills training in high demand jobs.
 - *Budget 2021* includes an additional \$506 million over the fiscal plan for CleanBC, which includes \$60 million funding to support clean technology and an additional \$10 million to develop low-carbon fuels.
- **Increased investment in childcare, transit, public housing, and public works projects.**
 - Taxpayer-supported capital spending in *Budget 2021* is \$3.5 billion higher than the amount budgeted in *Budget 2020*.
 - In addition to 2021/22 Pandemic and Recovery Contingencies allocations to provide more health and safety grants to childcare providers, *Budget 2021* includes \$233 million more over the fiscal plan to create more new spaces and continue to make child care more affordable.
- **Robust workplace health and safety regulations.**
 - Workplace regulations are not covered in *Budget 2021*. However, Minister Bain's mandate letter contains a commitment to increase WorksafeBC inspections.
- **Implementation of paid sick leave and vaccination leave**
 - *Budget 2021* does not include an expansion of paid sick leave. However, the province has announced its intent to introduce legislation to provide for paid leave to get a vaccine.

2021 Federal Budget

The federal budget included a focus on “creating jobs and growth” and “building a resilient and inclusive recovery”. A number of the measures are consistent with the BC Federation of Labour’s priorities, including:

- A commitment to consult on changes to EI and to maintain the universal entrance requirement and 14-week minimum entitlement for regular benefits and extend the EI sickness benefits from 15 weeks to 26 weeks starting in the summer of 2022 to address coverage issues for people with long-term illness (e.g. cancer).
 - Despite this enhancement, it does not address the need for a general paid sick leave program that fills the gaps such as a shorter-term leave (one day leave).
- \$8.8B over 5 years for a ‘Healthy Environment for a Healthy Recovery’ for growing a net-zero economy (e.g. clean tech), investing in clean energy (e.g. clean fuels, carbon capture), advancing Canada’s climate plan including agricultural climate solutions (\$200M / 2 years), lowering home energy bills through interest free loans for retrofits (\$779M / 5 years), adapting to climate changes, and protecting nature by conserving up to 1 million square kms or 25% protected areas by 2025 (\$2.5B / 5 years).
- \$31.5M over 2 years to support the co-development of an Action Plan with Indigenous partners to implement this legislation and to achieve the objectives of the Declaration. This process will support Indigenous self-determination and enhance nation-to-nation, Inuit-Crown and government-to-government relationships.

Program Area Contact:	Name	Number
	Steve Hawkshaw	778.698.5824
	Executive Director	
	Tax Policy	

MEETING - Backgrounder

Meeting Date: April 21, 2021

Cliff: 481324

MEETING: BC CHAMBER OF COMMERCE

ISSUE: POST-BUDGET MEETING WITH THE BC CHAMBER OF COMMERCE

KEY FACTS REGARDING THE ISSUE:

- The BC Chamber of Commerce represents more than 125 chambers of commerce and boards of trade across the province. It indirectly represents 36,000 businesses of every size, sector and region of the province.
- Each year at the Chamber's annual general meeting, members can submit policy positions that the group votes upon. Adopted policies are typically provided to the provincial government for consideration. Their 2020/21 policy positions are available online and have been presented to the Province; they include some consideration of the effects of COVID-19.
- The Chamber has made submissions to the government as part of the Covid-19 economic recovery plan and to the legislature through the Select Standing Committee on Finance and Government Services.
- Their submission to the Committee has not been made public by the Committee or the Chamber, nor has it been shared with Ministry of Finance Staff. However, a summary of their key points is available from the Committee's report. This note is based on that summary.

ADVICE:

BC Chamber of Commerce's priorities

The BC Chamber of Commerce typically adopts policies that favour lower taxation and reduced regulatory burden for businesses. Their focus is on ensuring that BC has a competitive business environment when compared to other jurisdictions and they typically do not provide costing or suggestions on how to pay for their recommendations.

Budget 2021 Responds to The Chamber's priorities:

- **Increased funding for broadband and cellular access in rural areas**
 - *Budget 2021* includes \$40 million in new base funding for connectivity, which builds on the \$90 million in one-time funding provided through the Fall Economic Recovery Plan.
- **Support for natural gas and LNG development through lower carbon tax burdens**
 - *Budget 2021* **does not** provide additional relief from carbon tax for the oil and gas industry; however, the CleanBC Program for Industry (CPI) increases by \$96 million over 3 years for a total of \$519 million in line with scheduled carbon tax

increases. Funding through the CPI provides incentive payments to industry to offset carbon tax costs and supports industry invest in more efficient technology.

- **Support for the natural resource sector through changes to permitting, approval, and consultation requirements**
 - *Budget 2021* includes \$11 million to support timely permitting for land-based decisions.
 - *Budget 2021* provides stable, ongoing funding to support reconciliation, including engagement with Indigenous peoples on land and resource activities.
 - *Budget 2021* provides \$96 million in new funding, bringing the total funding of \$519 million over the fiscal plan period, to the CleanBC Program for Industry. This will help large industry, including forestry and mining operations, transition to low-carbon technology.
- **Reduced EHT for large businesses by increasing the base payroll exemption from \$500,000 to at least \$1,000,000 and indexing the payroll exemption to inflation**
 - *Budget 2021* **does not** raise the base payroll exemption (note Ontario has raised their threshold and the Chamber may note this).
- **Increased infrastructure spending, in particular transportation infrastructure to get exports to market**
 - *Budget 2021* provides a record \$26.4 billion in taxpayer-supported investments over three years as part of the Province's capital plan.
 - This record capital spending over three years is \$3.5 billion higher than the three-year plan in *Budget 2020* with investments in the areas of health, education and transportation.
 - Over the three years of the fiscal plan, transportation capital investments totaling \$7.5 billion will maintain the flow of people and goods to support the B.C. economy.
- **Budget 2021 does not address the following priorities:**
 - Changes to species at risk legislation (orcas, caribou) to minimize the effects on business
 - Provincial and municipal property taxes on businesses lowered by adjusting the ratio of residential to non-residential tax rates
 - BC should move to a Value Added Tax (HST) instead of PST to increase competitiveness
 - Support for natural gas and LNG development through a lower carbon tax burden

Other areas of *Budget 2021* that the Chamber will likely view favourably include:

- No new taxes for businesses. ^{s.13}
s.13
- \$500 million in financing for the InBC Strategic Investment Fund, which will invest in small and medium-sized businesses in B.C.
- Commitment to be responsive to businesses managing through the impacts of the pandemic (\$1.1B unallocated in Pandemic and Recovery Contingencies; \$120 million in 2021/22 for tourism supports; \$100 million in 2021/22 for community infrastructure programs).

- \$35 million to support farmers' access to safe labour and \$10 million to support the agriculture sector (Buy, Grow and Feed BC)
- \$36 million for youth training and employment initiatives, with focus on in-demand tech jobs and environmental stewardship, in addition to \$32 million in skills training initiatives in the post-secondary sector.
- \$71 million to benefit the hospitality sector through wholesale liquor pricing.

Other COVID-19 Recovery measures that the Chamber views favorably (see appendix for more details)

- The PST exemption for machinery and equipment that runs through to the end of September 2021.
- The Small and Medium Sized Business Recovery Grant and Circuit Breaker Business Relief Grant.
- The Increased Employment Incentive.
- The Launch Online Grant to help BC businesses move to online and e-commerce shopping and the BC Employer Training Grant.

2021 Federal Budget

The federal budget included a focus on “creating jobs and growth” and “building a resilient and inclusive recovery”. A number of the measures are consistent with the Chamber’s priorities, including:

- \$1 billion over 6 years for the Universal Broadband Fund to support access to high-speed internet by Canadians in rural and remote communities.
- \$1.9 billion over 4 years to recapitalize the National Trade Corridors Fund for roads, rail and shipping routes.
- Creating a new regional Development Agency for B.C. (\$554M over 5 years and \$110.6M ongoing) to help businesses and communities in B.C. grow.
- Canada Community Revitalization Fund (\$500M over 2 years) for projects that will stimulate local economies and create jobs.

The federal budget includes the following direct supports for businesses:

- Extending the Canada Emergency Wage subsidy (CEWS) (\$10.2B in 2021/22).
- Extending the Canada Emergency Rent Subsidy and the Lockdown Support (\$1.9B in 2021/22).
- Introducing a new Canada Recovery Hiring program (CRHR) that provides employers not applying for CEWS with a subsidy up to 50% on the incremental remuneration to employees for hiring new workers and/or increasing hours between June and November 2021 (\$595M in 2021/22). This program is similar to the Province’s Increased Employment Incentive.

Name

Number

Program Area Contact: Steve Hawkshaw
Executive Director
Tax Policy

778.698.5824

Appendix: Business Supports

- The Province announced the **Small and Medium-Sized Business Recovery Grant**, which provides grants of \$10,000 to \$30,000 to support eligible BC businesses that have experienced declines in revenue since March 2020. An additional \$5,000 to \$15,000 grant is available to eligible tourism-related businesses. The program's eligibility criteria were recently enhanced to ensure more businesses are eligible for the program. More information on the grant and eligibility requirements can be found online at: <https://www2.gov.bc.ca/gov/content/economic-recovery/business-recovery-grant>.
- Through the BC **PST Rebate on Select Machinery and Equipment**, corporations can apply to receive an amount equal to PST they pay between September 17, 2020 and September 30, 2021 on qualifying machinery and equipment. Applications have opened online effective April 1, 2021. More information can be found online at: <https://www2.gov.bc.ca/gov/content/taxes/sales-taxes/pst/rebate-machinery-equipment>.
- The BC **Increased Employment Incentive** offers a refundable tax credit for all private sector BC employers to encourage the creation of new jobs for BC workers or increased payroll for existing low or medium-income employees. Applications have opened online effective March 2021. The deadline to apply is December 31, 2021. More information can be found online at: <https://www2.gov.bc.ca/gov/content/taxes/employer-health-tax/employer-health-tax-overview/increased-employment-incentive>.
- The **Circuit Breaker Business Relief Grant** provides fully funded grants of \$1,000 to \$10,000 to hospitality and fitness businesses impacted by the March 30, 2021 Provincial Health Officer orders. Grants are available until June 4, 2021 or until funds are fully expended, whichever comes first. More information can be found online at: <https://www2.gov.bc.ca/gov/content/covid-19/economic-recovery/relief-grant>.
- The **Launch Online Grant** program provides grants of up to \$7,500 to eligible BC businesses to create an online shop and/or improve their e-commerce experience to attract new local customers and expand to new markets. Applications are open until September 30, 2021 or until the funds have been fully subscribed. More information can be found online at: <https://launchonline.ca/>.
- The BC **Employer Training Grant** offers employers 100% of eligible training costs, up to a maximum of \$10,000 per participant per fiscal year, to support British Columbians that are employed or have been employed in sectors impacted by COVID-19. More information can be found online at: <https://www.workbc.ca/Employer-Resources/BC-Employer-Training-Grant/C19-Impacted-Worker-Training-Stream.aspx>.
- Government announced permanent **wholesale liquor pricing** to help the hospitality sector recover. Information on this can be found online at: <https://news.gov.bc.ca/releases/2021PSSG0014-000308>

RE: Question from MO - Sick Pay

From: Michell, Jennifer FIN:EX <Jennifer.Michell@gov.bc.ca>
To: Wood, Heather FIN:EX, Mounteney, Renee FIN:EX
Cc: Ma, Tiffany J FIN:EX, Ward, Colin FIN:EX, Goss, Jordan T FIN:EX
Sent: April 27, 2021 9:53:11 AM PDT

Thanks Heather, I'll let him know you'll contact him

Jennifer Michell

Director, Executive Operations & Strategic Initiatives
Office of the Deputy Minister | Ministry of Finance

From: Wood, Heather FIN:EX
Sent: April 27, 2021 9:43 AM
To: Michell, Jennifer FIN:EX ; Mounteney, Renee FIN:EX
Cc: Ma, Tiffany J FIN:EX ; Ward, Colin FIN:EX ; Goss, Jordan T FIN:EX
Subject: RE: Question from MO - Sick Pay

I'll give him a call – short answer is yes, s.13

s.13 I sent MSR some information – will also share it with him.

From: Michell, Jennifer FIN:EX <Jennifer.Michell@gov.bc.ca>
Sent: April 27, 2021 9:38 AM
To: Wood, Heather FIN:EX <Heather.Wood@gov.bc.ca>; Mounteney, Renee FIN:EX <Renee.Mounteney@gov.bc.ca>
Subject: Question from MO - Sick Pay

Hi Heather/Renée

Liam reached out to me regarding Sick Pay. Understand Labour is leading this s.13

s.13 Wondering if any thoughts have been given to the administration of the program. He mentioned that a couple of ideas have been bounced around that he's heard of s.13 as avenues for administration.

s.13

If you can let me know or perhaps give Liam a shout directly to discuss that would be great.

Thanks

Jen

Jennifer Michell

Director, Executive Operations & Strategic Initiatives
Office of the Deputy Minister | Ministry of Finance
Tel. 250-356-6696 | Email: Jennifer.Michell@gov.bc.ca

Fwd: CRSB clawback issue

From: Wood, Heather FIN:EX <Heather.Wood@gov.bc.ca>
To: Robinson, Selina FIN:EX
Cc: Lawson, Liam FIN:EX, Ashbourne, Jade FIN:EX
Sent: April 27, 2021 7:24:46 PM PDT

Information for you about the clawback issue.

Begin forwarded message:

From: "Hughes, Trevor LBR:EX"
Date: April 27, 2021 at 7:14:49 PM PDT
To: "Wood, Heather FIN:EX"
Cc: "Wanamaker, Lori PREM:EX" , "Zacharuk, Christina PREM:EX" , "Plecas, Bobbi JERI:EX"
Subject: CRSB clawback issue

Hi Heather – here is info we got from ESDC last fall when we asked some questions to them about CRSB and ability to top it up. [s.16](#)

[s.16](#)

T.

Q: Can employers use a top-up or supplement to increase their employee's weekly earnings while they are collecting any of the three Canada Recovery Benefits, Canada Recovery Sickness Benefit, or Canada Recovery Caregiving Benefit?

Top-ups or supplementary payments are also allowed in the case of the Canada Recovery Sickness Benefit (CRSB). However, individuals must meet all eligibility requirements including a reduction in hours worked by at least 50% and that they cannot be in receipt of paid leave or benefits under an employer-provided benefit plan (such as a sickness benefit plan).

Individuals who do not meet all eligibility requirements for a claim period will be required to repay the benefits they received for that period.

From: [Lawson, Liam FIN:EX](#)
To: [van Baarsen, Amanda HLTH:EX](#)
Cc: [MacDonald, Alex HLTH:EX](#)
Subject: RE: Paid Sick Leave for all Workers - Policy proposal, open letter, and signatories
Date: April 21, 2021 8:34:17 AM
Attachments: [image001.png](#)

Not that I've seen, thanks !

From: van Baarsen, Amanda HLTH:EX
Sent: April 21, 2021 8:10 AM
To: Lawson, Liam FIN:EX
Cc: MacDonald, Alex HLTH:EX
Subject: FW: Paid Sick Leave for all Workers - Policy proposal, open letter, and signatories
Did you get this too?

From: Angela Boscariol <aboscariol@bcfed.ca>
Sent: April 16, 2021 4:54 PM
To: Minister, HLTH HLTH:EX <HLTH.Minister@gov.bc.ca>
Cc: van Baarsen, Amanda HLTH:EX <Amanda.vanBaarsen@gov.bc.ca>; MacDonald, Alex HLTH:EX <Alex.MacDonald@gov.bc.ca>
Subject: Paid Sick Leave for all Workers - Policy proposal, open letter, and signatories

[EXTERNAL] This email came from an external source. Only open attachments or links that you are expecting from a known sender.

To: Hon. Adrian Dix, Minister of Health

Dear Minister Dix

Please find attached our letter regarding Paid Sick Leave for all workers.
We have additionally attached the following documents:

- Our Paid Sick Leave policy proposal
- Our open letter on behalf of all workers in BC with the list of signatories to the open letter

Kindly acknowledge receipt by reply email.

Sincerely,

W. LAIRD CRONK SUSSANNE SKIDMORE

President Secretary-Treasurer

BC Federation of Labour | 200-5118 Joyce Street | Vancouver BC V5R 4H1

tel: 604-430-1421 | email: exec@bcfed.ca | www.bcfed.ca

The BC Federation of Labour is located on unceded xʷməθkʷəy̓əm (Musqueam), səfilwətaʔl (Tsleil-Waututh), Skwxwú7mesh (Squamish) territories.

Sent by: Angela Boscariol | aboscariol@bcfed.ca 

Cc: Amanda van Baarsen, Alex MacDonald

Signatories to the open letter re. Paid Sick Leave for all workers:

Dani-Rose Coates
John Johnby
Joan Johnby
George De Witt
Harminder Kaur
Nadine Bennett
Cheryl Carter
Caprice Christl
Patricia Thompson
Leah Burdett
Megan Burdett
Emily Shiach
Angela Clark
Tracy Lingham
Anthony Moniz
Melvin Petovello
Naisa Tufail
Wendy Johnston
carmen gagnon
Petra Maassen
Matthew David Landberg
Erika Malmberg
Cassandra Strain
Cheryl Bailey
Audrey Denoon
Karla MacIntyre
Nitish Goel
Tiffany Ross
Abigail Hakim
Penny Shaver
Christopher Waizenegger
Linsey Benson
Pamela Gonzalez
Melissa Nahanee
Chris Sorio
Jeniah Lee
Heather Scott
Lee Smith
Lorenda Tiongson
Angela Woods
Shannon Pearson
Sarah Hoggard

Kelly Price
Margaret Deneault
Jonah Colinco
Domenic Arrotta
Theresa sfr
Shelley Sherwood
Nancy Maloney
Teresa Ngan
Pawel Szopa
Kelly Tamara
Meagan Bagley
lisa descary
Randy Baker
Michelle Murray
Steve Wood
Elisa Paoluzzi
Hilary Olsen
Blaine Adamson
Frank Dalziel
Norma Orsonez
Karen Johnson
Janette Purdy
Sierra Hendriks
Sheila Dunnachie
Aye Thu
Shirin Dehghan
Susan Tait
Rosanne Mackenzie
Nikki Imbeau
Kelly Bonnett
Amber ouellet
Cynthia Schadt
Sukhjinder Johal
Caroline Broughton
Tisha Cooper
Amy Reyes
Lauren DeCarlis
Narinders Sanghera
Wade Findlay
Wendy Robb
BRENDA FUSSELL
Tina Thiessen
Cynthia Hayes
Colin Wessels
Frabcisco Gomez Mesa

Michael Moizumi
Carmen Richardson
Herbert Estrada
Donna Boyes
Jason Arnold
Clayton Morton
Darshanpal Shanasara
Jeannie Yeung
HALEY WOLOVETZ
Adrienne Watt
Sharlene Hunter
Sarah Chapman
Jennifer Spinney
Bruce Alexander
Travis Mead
Kevin Frances
ken likness
Sherry Routledge
Derek Clutche
Joseph Archie
Jennifer Witcher
Kaylene Tong
Sandra Kucheran
WADE WATSON
Shivonne St Pierre
Deb McKenzie
Jeannette Horsfield
Tammy Gauvin
Aye Thu
Sarah Lockerbie
Kim Wood
Deborah Lee
Melanie Blendell
Jeremy White
Charlene Ross
Gayle Stewart
Lori Zacharuk
Terry Gall
Blesilda Buco
Debbie Comer
Kris VanSantvoord
Corinne Mcdonald
Donna Guay
Sarah Chapple
Brynne Sinclair-Waters

Heather Breckon
Troy Polyak
Kim Scobie
Greg Fraser
Susan Jordan
Barbara Kieser
Bobin Monga
Gary Durmin
Neil hamilton
Anita Skaalid
RUBINA SADIQ
Elaine May
Nicola Meyers
Lisa Clark
Amanda Jewell
Janet Pietracci
Stephen Von Sychowski
Robert Demand
Robert MacDonald
Melissa Carson
Mark Carreon
Sara Bureau
Catherine Pineda
Gail Fennings
Stephen Crozier
Elizabeth A Mason
Melissa purcha
Jan Davis
Ky Gauley
Sheila Nyman
Jessica Orcutt
Megan Zaugg
Louella Vincent
virginia anderson
Cheryl Berard
Yvonne Hackworth
Alison Bell
Mike Krazanowski
Margaret Kyle
Stanley Cheng
Angie Soper
Dorothy Campbell
Jack Tataryn
Chantelle Leason
Laura Vaughan

Shannon Dass
Nancy Edgar
Ildiko Duha
Eve Wilgosh
Sharon Negrin
Jane Heyman
Maire Kirwan
Denise Korn
Ronnie Nicolasora
Bal Sandhu
Renée Guigueno
Pamela Widmer
Janet Pohl
Loree Nicholson
Nimfa Torrente
Lynne Vander Linde
Keisha McRae
Wanda McGuire
anne bull
Tobie Caplette
Gulzar Grewal
Theresa Anderson
Maria Caliciuri
Lucy Monroe
Tammy McDonald
Christine Clark
Judi Reid
Michelle Schreinders
Starla Bayley
Peter John
Shane Lange
Emilie Henderson
Erin Riordan
Kathleen Sharp
Chloe Smith
Nina Dhillon
Cheryl Williams
Laura Drennan
Jayson Reynolds
Chrystal Latham
Manjit Dhillon
Trisha Rimmer
Kim Turton
Mardonio Tavera
Terry-lynn Jensen

Kathy Kebarle
Deborah Lee
Michelle Harman
Lori Jones
Amanda Schanz
Mohammad Yusufi
Conor Moore
Pat Blaney
Margaret Hashimoto
Tracy Cameron
Christine Nielsen
Grace Touchie
Natasha Bernoe
Aditya Chourasiya
Sheila Moir
Karla Salinas-Valle
Bal Dosanjh
Alissa Benteau
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Dave McIntosh
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Sileshni Devi
Jessie Smith
Reah Arora
Disha Chawla
Jacqueline Levitin
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Troy Polyak
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C.M. Grahame
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Santa Vo
Gloria Weileby
Randall Grant
barbara findlay
Divyanshi Jindal
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K. D.

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Cheryl Lahti
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Robin Jackman
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Richard Nofield
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Callie Langlois-Torgerson
merian wassbauer
Julie Burns
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Angela Redman
AJ Roberge
Louella Vincent
Nora Hooper
Heidi Gonzalez
Sarah Hulme
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Dubravka Franic-Mihajlovic
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Simon Jones
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Karen Mason
Lindsay MacDonald
Krystal Madill
Ron Eddicott
Selena Martens
Amanda Morgan
Hayleigh Giesbrecht

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Leah Palmer
M. Ali McEwan
David Dobinson
George Scott
Leonard Piggin
Lrslie Gilderdale
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Milena Kollay
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Adair Bastin
Sabrina Weeks
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Dave Greenbaum
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Thoung (Henry) Khine
Chelley Caldwell
Laureen Richards
Amanda McDonald
Amanda Deo
Lee-Anne Clarke
Lisa Carr
Melissa Nelson
Sheilagh Mans

Cheryl Wolfe-Milner
James Sanyshyn
Mike Schmidt
Raymond Austin
Aimee Cho
Robin Saini
Mark Sandberg
Jana Rayne MacDonald
Marylou Fonda
chris rae
Connie Graham
Arvid R Vimb
Erlinda Palines
Naomi Zukowski
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Tommie Murphy

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Anelia Guguchev
Val Sailer
Ingrid Trouw
Judy Hirsch

leila vance
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Susan McInnes
normela braletic
Rosamaria Mancini
Meg Stevens
Jane Kinegal
leanne sjodin
Hart Schorneck
Jimmy Jose
Joanne Hapke
Usabel Perez
Edison Pedro
Diana Dayao
Sali Roberts
Karen Reeves
Kathrine Wallace/Lepage
Kevin Drager
Shirley Zeeman
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Shelley Saje Ricci
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Ann Bradbury
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Graeme Hutchison
Fabricio Teló
Debra Elless
Rory MacDonald
Emilie Coyle-Brown
Kieran Mcarthur
Peter Breedon
Allison Jambor
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Sidney Allinson
Grant Halls
Bruce Richardson
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Mark Thompson

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Cathie Young
Debbra Jensen
Yvonne McClelland
Jolan Bailey
Sarah Lone
JONAH COLINCO
Robert Goodison
Michelle Vautour
Janet Matthew
Glenda Plecas
jennifer simpson
Ecil Setia
Rhonda Zeer
Nicole Biernaczyk
Karyn Methven
Cindy Cleggett
Russell Johnson
Amanda Thomas
Derek Imai
Francine Prevost
Patvinder Kiramathypathy
Patricia Powell
Karen Comeau
Michelle Larieta
Kathy Jang
Julien Anderson
Moria Jennings
Mitch Kelsey
Akram Nadir
Juanita Nolan
Harpreet Samra
Evan Manickam
Ian Mitchell
Vivian Lee
Dustin Craighead
Stacey Wilcox
Tony Penikett
Andrea Clark
Julian Gripich
Lezlie Gorosh
Grant Clubine

Perfecto Reclusado
Greg Alston
Colleen Bell
Robert Kirk
Denise Ferreira
Mary-Ann Kowalski
Korey Schentag
Bev Kuit
Jarrett Schill
Katherine Elliot
Jess Santos
Gerry Chidiac
Brenda Smith
Lisa English
Wj Hinestrosa
Marilou Bigsot
Kayla Field
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Keifer Sampson
Heather van Halteren
Belina Fernandez
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Roger Cannon
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Patrice Lapointe
Melissa Nahanee
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June Kaiser
Kim Nulty
Catherine McDonald
Teresa Farrell
Steve Campbell
Gordon Comeau
Alexandra Mortensen
Douglas Samms
Heather Tomlin
Julie Danyluk
Jannie Weaver
ELaurel C B Stranaghan
Samual Finnigan
Christina Burgess
Temidayo Ajidasile
Ashifa Valdez
Jacqueline Crummey
Cristie Stewart

Jerry Hockin
Janet Andrews
charles pratt
Margaret Woodhouse
Lynne Fordham
Carole Velne
Zery mitha
Carol McPhail
Hank & Eileen Hackett
Darcie Marie Olijnek
Karen Caston
Jonathan Jakubec
Laurel Lawford
Laurin Savage
g Johnson
Eileen Wunderlich
Simon Savage
Ian Taylor
Susan Mackenzie
Susan Abells
Kris Schmidt
Katt McGrath
Sloan Garrett
Laurel Axam
Serge Latreille
Garry and Lynn Crassweller
Shamus Vivian
Peter Prontzos
Joanne Long
Amie Mitchell
Leigh Bowie
Scott Stephens
Karissa Ahner
Roxanna Wong
George Talbott
Donald Dodge
Camila Mehai
Amy Read
Deb Billwiller
Marianne Alto
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Hamida Bendriss
Shinji Kasama
Margaret Coutts
Ed Martin

Shelley Jackson
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Cynthia Mendoza
Eric Kristensen
Meenal Salia
Lorraine Somers
Heather Duffy
Jeannette Mergens
Jessica Carson
Dave Wilson
Sadie Lucas
Leanne Ewen
Sharon Richards
Marshall McDonough
Gwen Welp
Kathy Miller
Susan Stout
Oosha Ramsoondar
Donna Stubbe
David Price
joan ezra
Nick Ford
Hans Mullock
Robert Martens
Jennifer Jordan
Ray Haynes
Iana cherries
James Scott
Ray Manning
Kathy Dangerfield
Tom Odwyer
GARY WITHERS
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Janet Vickers
Leslie Walerius
Mike Walmsley
Eileen Ferguson
Claire Anderson
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Ralph Davis
Barbara Lapierre

Larry Gritzmaker
Heidi Ravenel
Jean Prescott
Rebeca Fonseca
David Bancroft
Diane Ockerman
Yassie Pirani
Duncan Sample
Ron Johnson
Sylvia Dyer
Henry Corness
mike gormley
Sharron Padden
Jodie Anderson
Kathleen Dubbin
Armando Ulpndo
Donna Shapcotte
Crystale Barrick
Patricia Seipp
Joyce Cunningham
Valerie Wright
Christine Mulligan
Harssh Siingh
David Kirkby
Maclean Low
Elizabeth DeMill
Jurek Golas
gladys Kemp
Lou Black
Sam Roberts
Edward Rubin
Brad Burton
Megan McCormick
sara Mann
Ling Savoie
Jacqueline Janum
Melody Shudo
Cyndia Cole
Nicole Blackall
Sangeeta Bedi
Dave Riopel
Louise Scott
Michael Helmer
Joanne Drummond
David Bouvier

Marci Wilson
Mark Simpson
Ryan heibloem
David Hay
Johnathawn Pinch
Aaron Thom
Dawn Diamond
Domingo Miranda
Katrine Ireland
Lorri Duncan
Wes Kmet
Patty Holmes
Renee Sellberg
Sharon Cruz
Philip De Rosa
Ian Shepherd
Jay Mitchell
Erica Scott
Mary Brennan
John Robinson
Sheree Czechowski
sunita Grewal
Sherri Molnar
Sarah Leslie
Mel Bivar
Ann Kooy
Kennedy Shah
Rob Esaiw
Gail Chaddock-Costello
Lynne Reside
Donna Bourque
Ronald Hughes
LAURA DORAY
Steven Wearing
Jessica Shumaker
Phil and Ruth MacNeill
Wiltrud Helbig
Lisa Parans
Jeanette Paley
Jim Murray
Jennifer Hollinshead
Thomas Sullivan
Petra Leinemann
Kimberley Olsen
Loran Lilwall

Heather Watt
Shifteh Shahid Saless
Brenda Sarvis
Mirella Wessel
Jim Lipkovits Lipkovits
Stephanie Rose
Stefani Ibsen
EUGENE BURLES
Andrew Skipsey
Eleonora Ikponmwosa
Nicole Hour
Andrew Fallis
Sandra Babcock
Ryan Knippelberg
howard STIFF
Stacey Easterbrook
Denis Ottewell
Sharnjit Sandhu
Robyn Kocis
Lindsay Hardy
Marla Kiland
Mary Gay
Donna Mottershead
M. F. Loraine Wellman
Douglas McCorquodale
Meagan Goudreault
Wilson Southam
Shetal Kishore
Dan McAskin
stephanie laprise
Jeffrey Rosenfeld
Patricia Hollinger
Rod Hiebert
Linda Leese
Sarah McGowan
Mike Logan
Anoop Mathew
Marilyn Lethbridge
Amanda Eady
Roger Cote
Ingrid Figueroa
Richard Yong
Krysta Mapplebeck
Penny Lewis
Karen Bibby

Robert Callihoo
Bill Windley
Glenn Fyfe
Eric Davidson
Lynne Rheas
Taranpreet Singh Sidhu
Regan Cameron
Joy French
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Greg Corp

David Dibdin
Brittany Brown
Marianne Brown
Conny Schaffer
Jeane Andrews
Lenea Bardaro
Martine Bilodeau
Jill Ellams
Conroy Briczin
Nancy Steyns
Christine Boyd
Cathy Edgar
Amber Wardley
April Beer
Elisabeth Jolliffe
Teresa Langlois
Ravi Punia
Amanda Marandola
Gloria Taylor
Glen Greenly
Chris Nokleby
Frederick Mark
Wendy Nuis
Surinder Bhullar
Kyle Irwin
Danica Penner
Alexandra Holmes
Michelle Hartford
Michelle kiniak
Samiha Jama
Heather Kopchia
Lena Savic
Randy Block
Latifah Brett
Rosemary Murray
rae Nix
J Martin
CoriAnne Neuman
Karen Johnson
Barb Hoodspith
Lorne Fiedler
Tracy Tifenbach
Kirsten Spate
Chris Harwood
Sarah Dow

Rick Enarson
Victor Wells
Pete Rozsa
Al Ina
Julie Roberts
Brianne Sexsmith
AMANDEEP SINGH
Mamdeep Singh
Avtar Badesha
gursimranjeet brar
Hardeep Badesha
Bikkar Singh Sandhu
Deepak Sharma
Harpinder Sandhu
karam kaler
Jagsir singh gill
TAJINDER Singh
Gurjeet Singh
Sukhwinder JASWAL
Inderjit Jandu
Jasvir Datewas
Sukhwant Hundal
Harnek Dhaliwal
Ramanpreet Sohi
Harbans Singh
Baljeet Sidhu
Kanwaljit Singh Manawala
ਵਿਕਰਮਜੀਤ ਸਿੰਘ ਸੰਧੂ
Lakhvir singh Grewal
Surinder Gill
Kuldip Shergill
Jaswinder Singh
Parmjit Grewal
Navneet Mutti
Kulwinder Parhar
ਮੁਰਜੀਤ ਸਿੰਘ ਤੱਖਰ
Mandeep Kumar
Raghbir Sahl
Kulwant Kaur
ਕੁਲਜੀਤ ਸਿੰਘ
zorawar singh
Rohit Aggarwal
Gurpreet Chahal
Amandeep kaur Sidhu
Jasveen kaur Natt

Arshdeep Natt
Sunny Loey
ਜਸਮੇਲ ਕੌਰ ਸਰਾਂ
Jagdeep Binopal
Vipindeep Sandhu
Ramandeep Singh
Simarjeet Bath
Sarbjit Dubb
Manpreet Kaur
ਚਮਕੌਰ ਸਿੰਘ ਸਿੱਧੂ
Ujjal Aulakh
Ujjal Aulakh
Tajinder Mangat
Simranjit Kaur
Sukhwinder Grewal
gagan whar
Onkar Singh Parmar
Gurjit Singh
Gurjit Singh
Jagjitpal Saini
Kulwinder Saini
Jasmail kaur Sran
Jashandeep Brar
jatinder Dhiman
Jaspreet Chauhan
Maninder Aulakh
Jeevanjot Virk
Hardeep Deol
Gurlal Brar
Sumandeep kaur Brar
Varinder Mattu
Rajvir Bsaanti
Santokh Maird
ਪਰਮਜੀਤ ਰੋਸਲ
Harjaspal Brar
Pritpal Kaur
Kulwant Khosa
Amandeep Sandhu
Narinder Bahia
Daljit Natt
Avtar singh Mangat
Baljinder Dhillon
Gagandeep Singh Mann
Rajwinder Singh
Gurmit kaur Rai

JAGJIT HANS

Jatinder Narang

Gurleen Dhiman

Ranvijay Randhawa

Baljeet Kaur

Jaspal Brar

Hanminder singh Purba

Balvir kaur Bains

Ramandeep Singh Dhaliwal

Jeevanjot Virk

Gurwinder Sidhu

Kanwalpreet cheema

Ranji Bharti

Nachhattar Atwal

ਚਮਕੌਰ ਸਿੰਘ ਸਿੱਧੂ

Baljit Dulai

Maricar Lanto

Kuopang Wei

Anthony Lee

Anthony Lee

Michelle Chen

From: [Lawson, Liam FIN:EX](#)
To: [Ashbourne, Jade FIN:EX](#); [Smith, Jimmy GCPE:EX](#)
Subject: RE: Paid Sick Leave
Date: April 22, 2021 10:36:11 AM

Just because this came up on labour call,

s.13

From: Ashbourne, Jade FIN:EX
Sent: April 22, 2021 10:14 AM
To: Wood, Heather FIN:EX ; Lawson, Liam FIN:EX
Subject: FW: Paid Sick Leave
Jade Ashbourne (they/them)
Senior Ministerial Advisor
Minister of Finance
C: 250-213-3187
E: jade.ashbourne@gov.bc.ca

From: Smith, Jimmy GCPE:EX <Jimmy.Smith@gov.bc.ca>
Sent: April 22, 2021 10:14 AM
To: Ashbourne, Jade FIN:EX <Jade.Ashbourne@gov.bc.ca>; Leslie, Lisa GCPE:EX
<Lisa.Leslie@gov.bc.ca>
Subject: Paid Sick Leave

s.13

James Smith (He/Him)
Issues Manager
250.882.2892

From: [Lawson, Liam FIN:EX](#)
To: [Smith, Jimmy GCPE:EX](#)
Subject: **s.16**
Date: April 27, 2021 12:04:04 PM

-----Original Message-----

From: Meggs, Geoff PREM:EX <Geoff.Meggs@gov.bc.ca>
Sent: April 27, 2021 11:23 AM
To: Wanamaker, Lori PREM:EX <Lori.Wanamaker@gov.bc.ca>
Cc: Wood, Heather FIN:EX <Heather.Wood@gov.bc.ca>; Hockin, Amber PREM:EX <Amber.Hockin@gov.bc.ca>; McConnell, Sheena PREM:EX <Sheena.McConnell@gov.bc.ca>; Brownsey, Silas IGRS:EX <Silas.Brownsey@gov.bc.ca>; Hughes, Trevor LBR:EX <Trevor.Hughes@gov.bc.ca>; Lawson, Liam FIN:EX <Liam.Lawson@gov.bc.ca>
Subject: **s.16**

Hi everyone:

s.16

Geoff

GEOFF MEGGS
Chief of Staff, Premier's Office
West Annex, Parliament Buildings
Victoria, BC, V8V 1K7
250 387-1715

-----Original Message-----

From: Meggs, Geoff PREM:EX <Geoff.Meggs@gov.bc.ca>
Sent: April 27, 2021 11:15 AM
To: Meggs, Geoff PREM:EX <Geoff.Meggs@gov.bc.ca>
Subject: **s.16**

s.16

Page 140 of 142

Withheld pursuant to/removed as

s.16

From: [Ashbourne, Jade FIN:EX](#)
To: [Wood, Heather FIN:EX](#); [Lawson, Liam FIN:EX](#)
Subject: FW: Paid Sick Leave
Date: April 22, 2021 10:14:22 AM
Attachments: [Paid Sick Leave - Bains - KMQA - Final.docx](#)

Jade Ashbourne (they/them)

Senior Ministerial Advisor

Minister of Finance

C: 250-213-3187

E: jade.ashbourne@gov.bc.ca

From: Smith, Jimmy GCPE:EX <Jimmy.Smith@gov.bc.ca>

Sent: April 22, 2021 10:14 AM

To: Ashbourne, Jade FIN:EX <Jade.Ashbourne@gov.bc.ca>; Leslie, Lisa GCPE:EX
<Lisa.Leslie@gov.bc.ca>

Subject: Paid Sick Leave

s.13

James Smith (He/Him)

Issues Manager

250.882.2892

Key Messages

- As the Premier has said, our government will continue to work on the issue of paid sick leave in the face of the federal budget's failure to take any action.
- Since the outset of the pandemic, we have led the way in pushing for and developing increased supports for workers, so they don't go to work when they're sick.
- Across Canada, workers are pushing for action because they shouldn't have to choose between going into work sick or seeing a loss of income.
- We share those concerns and we are preparing for possible next steps in British Columbia.
- We need to do everything possible to make sure workplace transmission does not happen and people do not go to work when they are sick.