December 1, 2020

On November 30th, the Trudeau government delivered its 2020 fiscal update, entitled *Supporting Canadians and Fighting COVID-19*, to Canadians. While the fall fiscal update has traditionally been simply an economic snapshot of the country's fiscal state, this year's update *(237 pages)* resembled that of a 'mini-budget'. The update provided a snapshot on the fiscal state but also announced new and renewed supports to address the impact of COVID-19 along with putting stakes in the ground for federal commitments that will unfold in the 2021 federal Budget.   This was Minister Chystia Freeland's first fiscal update since taking on the role as Minister of Finance from Bill Morneau in August, 2020. The last time the Liberals had tabled a budget was March 2019 with no 2020 budget being tabled due to the COVID pandemic.

The full statement can be found [here](#)

This fiscal update contains political undertones that work to reassure Canadians that despite the pandemic, the Liberal government has not abandoned its election promises (including childcare) as they carefully placed markers to indicate modest progress on these items. The update also sets the stage for a spring 2021 budget that could be the trigger for a federal election.

Opposition Leader Erin O'Toole slammed the economic update for not including a detailed plan for vaccine delivery, while NDP Leader Jagmeet Singh said he would vote against the updates as it fell short on child care and pharmacare. There are elements of the fiscal update that will require legislation to be tabled and thus a potential confidence motion in the House of Commons. However, it is expected that the opposition will not trigger an eletion until the Spring.

Highlights of the Economic Statement

The federal government estimates it will run a historic $381.6 billion deficit this fiscal year. The deficit, the highest since the Second World War, is due mainly to massive spending to tackle the public health and economic crisis created by the effects of COVID-19.

The Liberal government also estimates it will spend from $70 to $100 billion over three years, starting in 2021-22, to stimulate a post-pandemic economy through the deployment of an 'ambitious stimulus package to jump-start a recovery.' Minister Freeland indicated that the government would spend roughly three to four per cent of GDP, over three years, for targeted investments to create jobs and boost growth.

The Liberal government made no apology for spending on both managing the present health crisis and supporting an economic recovery. Trudeau remained steadfast in his commitment to support Canadians

regardless of the costs. The fiscal update was heavily focused on the fight against COVID and committed significant dollars towards research, vaccine deployment, support for long-term care homes, PPE, testing, contact tracing and safety in classrooms.

In addition, the economic update focused on investments to support the return of economic health of Canada. These investments had a very strong focus on women. Specific support was identified for the most battered sectors including: airlines, arts, tourism and culture. Employment, skills development and training were also identified as a priority with a special focus on youth and women. COVID 19 support programs for businesses including wage subsidies and rent relief were extended.

There was also a strong social focus in the economic update with a number of commitments to Indigenous communities for health, housing and water. As well, the issue of systemic racism and discrimination was a strong theme throughout the update.

Support for the political 'middle class' were not left out with increases to child support payments, support for housing retrofits, and a modest commitment to moving forward with a national child care program. And as expected, the fiscal update had a strong 'green' theme.

Agriculture and Agri-Food

The economic update did not prioritize the agriculture or agri-food sector. That said, overall the update did not focus in on any specific sectors. Support to agriculture, the Liberals would likely argue, has been ongoing throughout the pandemic.

Below are the key commitments within the economic update that will be of most interest to NCFA and Canadian cattle feeders. Note that some of these initiatives are re-announcements:

- *Providing $98.4 million over ten years, starting in 2021-22, to Agriculture and Agri-food Canada to establish a new Natural Climate Solutions for Agriculture Fund. This fund will leverage $85 million in existing programming and be guided by a new Canadian Agri-Environmental Strategy to be developed in collaboration with partners to support the sector's actions on climate change and other environmental priorities towards 2030 and 2050.*

- *$34.4 million over four years, starting in 2020-21 to extend the existing Mandatory Isolation Support initiative for Temporary Foreign Workers Program through to the end of the 2020-21.*

- *$750.3 million over five years, starting in 2021-22, to support an increase in permanent resident admissions targets from 2021 to 2023.*

- *Raising the maximum Wage Subsidy rate back to 75% beginning December 20, 2020, and extending this rate until March 13, 2021.*

- *The government will accelerate the delivery of the $1 billion announced in Budget 2019 for the Universal Broadband Fund (UBF) and will allocate an additional $750 million over five years to the UBF to support large-scale broadband projects in rural and remote communities.*

- *$2.1 billion to deliver on the government's commitment to provide full and fair compensation to supply-managed farmers in relation to the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)*

- *Supporting up to 120,000 job placements through Canada Summer Jobs in 2021-22 – an increase of 40,000 from 2020-21 levels.*

This briefing was prepared for NCFA by Cathy Noble of NoblePath Consulting.