**Memorandum**

**To:** Rebecca Raven, Executive Director – Canadian Federation of Library Associations

**From:**  Brianna Workman – Manager, Government Policy – IMPACT Public Affairs

**Subject:** Budget 2021

**Date:** April 19, 2021

**General**

Minister of Finance Chrystia Freeland unveiled the government’s first budget in over two years amid COVID-19 cases re-escalating across the country. This long-awaited budget is one of the most important budgets in recent history as many sectors of the economy are still reeling from the impacts of COVID-19, and provinces are navigating through new lockdowns and the vaccine roll-out. Budget 2021, which could double as a re-election pitch for the Liberals, provides the government’s roadmap to Canada’s economic recovery post-crisis and a plan to build a stronger and greener economy of the future.

Themes include support for the hardest-hit sectors, investments in green energy, and support for those who have been disproportionately impacted by COVID-19. This includes support for women, Indigenous peoples, young people and racialized Canadians, which are recurring themes throughout the budget.

Budget 2021 largely attempts to balance the need of providing an ongoing rescue plan for the damaged economy while setting the stage for a stronger economic rebound. To help businesses and workers while the pandemic still rages, the government proposes to extend the Canada Emergency Wage Subsidy (CEWS) and Canada Emergency Rent Subsidy (CERS) until September, while also implementing a new program to temporarily subsidize new hiring, providing $1,100 per month for every new employee. Overall, the budget proposes over $100 billion in stimulus spending in various programs and investments, including $30 billion in funding over five years for a national early learning and child care system.

**The Fiscal Update**

Last year’s deficit came in at $354.2 billion, lower than the $400 billion deficit projected in the Fall Economic Statement. The deficit is projected to reach $154.7 billion in 2021-2022 and $59.7 billion in 2022-2023.

**Key Highlights for CFLA-FCAB**

* The budget includes a large section on the application of the HST/GST to e-commerce. Under eligible deductions, Budget 2021 proposes an amendment to clarify that suppliers registered for the GST/HST under the simplified framework are eligible to deduct amounts for bad debts and certain provincial HST point-of-sale rebates to purchasers (e.g., in respect of audio books) from the tax that they are required to remit. It is specifically noted that **public libraries** and similar institutions are eligible to claim a rebate for the GST paid on audio books acquired from those suppliers.
* Budget 2021 also proposes to provide $14.9 million over four years, beginning in 2021-22, to support the preservation of Indigenous heritage through Library and Archives Canada. This will ensure that Indigenous women, girls, 2SLGBTQQIA+ people, and all people in Canada have meaningful access to their cultures and languages.
* This budget also notes a one-time investment of $2.2 billion to address and continue infrastructure priorities in municipalities and First Nations the Canada Community-Building Fund (formerly federal Gas Tax Fund). This funding could impact key community hubs, such as libraries.
* Budget 2021 also proposes an investment $500 million over two years in the Canada Community Revitalization Fund. This funding will go through the regional development agencies for community infrastructure to stimulate local economies and create jobs.
* The budget also proposes an investment of $6.0 billion over 5 years to support infrastructure in Indigenous communities, including:
	+ $4.3 billion over four years for the Indigenous Community Infrastructure Fund, a distinctions-based fund to support immediate demands, as prioritized by Indigenous partners.
	+ $1.7 billion over five years to cover the operations and maintenance costs of community infrastructure in First Nations communities on reserve.