

Federal government to provide provinces and territories with \$19B for 'safe restart' of economy ^[1]

Money to fund COVID-19 testing, contact tracing, PPE, childcare spaces and municipalities

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EXCERPTS

The federal government will provide \$19 billion to the provinces and territories to help fund a "safe restart" of the Canadian economy, Prime Minister Justin Trudeau said today.

The direct transfers are part of a comprehensive agreement to help those governments cover some of their budgetary costs over the next six to eight months as they reopen and prepare for a possible second wave of COVID-19.

Trudeau previously pledged \$14 billion — but many premiers said that amount was not nearly enough to cover their needs.

"COVID-19 isn't just a health crisis. It's an economic crisis, too," Trudeau said at a press conference on Parliament Hill.

"When we talk about the recovery phase, it's not just about making sure we can detect, control and prevent future outbreaks. It's also about helping people, businesses and entire communities adjust to our new normal."

The funding will focus on seven priority areas, including \$4.2 billion for enhanced COVID-19 testing and contact tracing, \$4.5 billion for the purchase of personal protective equipment (PPE) for front line and essential workers, and \$625 million to fund more child care spaces so that parents can get back to work, according to a government background document.

The federal government will put up to \$2 billion toward the operating costs of Canadian cities for six to eight months; provinces and territories will be required to match that amount from their own funds. The feds also will match any new funding that provinces and municipalities put toward public transit, up to \$1.8 billion.

As part of the agreement, Ottawa will create a temporary national sick leave program — providing 10 days of paid sick leave to those who don't already have it through their employers — at an estimated cost of \$1.1 billion.

Additional funds will go toward improving the state of long-term care, and to fund mental health services and tackle homelessness.

Provinces agree to conditions for spending

The deal comes after weeks of at-times testy negotiations between the Liberal government and the provinces and territories. In those negotiations, which were led by Deputy Prime Minister Chrystia Freeland, the federal government wanted specific amounts earmarked for certain priorities, while the provinces wanted fewer strings attached to the funding.

Trudeau said the provinces agreed to conditions that will prevent them from taking money designated for one priority area and spending it on another.

"We managed to get to an agreement where the money that is designated for safe child care spaces, for example, the money that is designated for PPE, the money that is designated for testing and contact tracing, actually will get spent in those areas," said Trudeau.

Saskatchewan Premier Scott Moe is the current chair of the Council of the Federation, which includes all 13 provincial and territorial leaders. He said that while the deal locks in funding amounts for different priorities, provinces retain some flexibility.

"Provinces can really direct the dollars to addressing the challenges that we are facing, which are different from coast to coast to coast," Moe said in an interview on CBC's Power and Politics.

"There was much flexibility that was created within the envelopes."

Ontario Premier Doug Ford said today that his province will get around \$7 billion of the total, while B.C. Premier John Horgan said that British Columbia will get nearly \$2 billion. Nova Scotia Premier Stephen McNeil said in a statement that \$250 million will go to his province.

All three premiers praised the deal.

"Supporting our cities with public transit, making sure parents have access to affordable child care and protecting seniors are all key to looking after British Columbians as we build back stronger," Horgan wrote on Twitter.

"I'm pleased the federal government has joined us in doing that."

Horgan said the paid sick leave program, which he said would be "nationally funded and nationally co-ordinated," would help people make the choice to stay home from work when they are sick, reducing the risk of spreading COVID-19.

Sitting next to Trudeau, Freeland hinted that there may be a need for more funding in the future.

"No one can truthfully tell you that they know where Canada or the world will be in six to eight months, and I don't think any of us want to pretend otherwise," she said.

"We're going to continue working with the provinces and territories. We're going to continue working with the municipalities."

Municipal governments have been begging for aid for months, warning their finances are careening toward a brick wall. Many city revenue streams dried up during the pandemic as recreational centres and programs closed, and as transit riders stopped using buses and trains.

The Canadian Federation of Municipalities said in April that cities alone are facing a \$10 to \$15 billion shortfall due to a loss of revenue from property taxes, utility charges and transit fees.

The City of Toronto has reported that it's facing a \$1.35-billion deficit this year. Montreal says it has a \$500 million shortfall and Halifax expects to be short \$85.4 million.

Trudeau also confirmed that the agreement to restrict travel across the Canada-U.S. border will be extended into August.

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