

Fall economic and fiscal update 2021 ^[1]

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Excerpts from news release

December 14, 2021 - Ottawa, Ontario - Department of Finance Canada

Today, the Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance, released the *Economic and Fiscal Update 2021*. The document provides Canadians with a transparent report of the nation's finances and updates Canadians on the government's plan to finish the fight against COVID-19, support Canadians and Canadian businesses, and ensure a strong recovery for everyone.

Last year, the Government of Canada put in place an economic response plan with unprecedented measures to meet the unprecedented challenge of the pandemic. The plan is working: Canada has exceeded its goal of creating a million jobs, well ahead of expectations; Canada has the second-fastest jobs recovery in the G7; and Canada has recouped 106 per cent of the jobs lost at the depths of the pandemic, compared to only 83 per cent in the United States. Canada's GDP is expected to return to pre-pandemic levels by the first quarter of 2022.

The best economic policy continues to be a strong public health policy. Canada has a world-leading vaccination campaign with 84 per cent of the eligible population (five years of age and up) having received their first dose, but the Omicron variant of concern is a reminder that work remains to end the pandemic. The Update outlines federal investments to: ensure booster shots are available, free of charge, to all eligible Canadians; procure pediatric vaccines for all eligible children; provide millions of rapid tests to provinces, territories, and Indigenous communities, for free; secure COVID-19 therapeutics; support a standard proof of vaccination credential in all provinces and territories; and more.

To protect Canada's economic resilience in the face of possible resurgences of the virus, the government is moving forward on proposed measures including the Canada Worker Lockdown Benefit and Local Lockdown Program, which would deliver needed support to local economies and their workers should restrictions be required. Furthermore, the government has laid out a plan to help prevent outbreaks at workplaces and schools, including improvements to indoor ventilation and air quality. It is also moving forward with 10 days of paid sick leave for workers in federally regulated workplaces.

The federal government continues to support Canadians and Canadian businesses in sectors particularly hard hit by the pandemic to foster an inclusive economic recovery. A new \$60-million fund will deliver support for workers in the live performance sector. Targeted support programs will continue to provide wage and rent subsidies to tourism and hospitality businesses, as well as organizations that are facing deep and enduring losses. To help address labour shortages and help businesses grow, the government is taking action to reduce immigration processing backlogs.

While economic reopenings have created jobs and rejuvenated the economy, they have also brought new global challenges, including inflation. Factors like global supply chain disruptions and climate change impacts are driving up the prices of energy, groceries, and other everyday goods. Yesterday, the Government of Canada renewed the Bank of Canada's two-per-cent inflation target to help ensure that the current inflation rate does not become entrenched. **The government is committed to making life more affordable for the middle class and those working hard to join it, including through significant investments in early learning and child care that will save young families thousands of dollars a year.**

The government entered the COVID-19 recession with the best net debt-to-GDP ratio in the G7 and has increased Canada's relative advantage over the course of the pandemic. The government will continue to prudently manage public finances and keep the federal debt-to-GDP ratio on a downward track.

Quotes

“By delivering significant fiscal policy support to the economy and avoiding the harmful austerity policies that followed 2008, our investments have supported a rapid and resilient recovery so far. In fact, we have recovered 106 per cent of the jobs lost at the peak of the pandemic. But we know there is

more to do, and the future remains uncertain. As Omicron has reminded us, COVID-19 threatens us still. As 2021 draws to a close, finishing the fight against COVID-19 remains our most important national project.”

The Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance

Quick facts

- The *Economic and Fiscal Update* proposes new measures to see Canadians through the pandemic and support a robust and resilient recovery. These investments include:
 - \$1.7 billion to increase access to rapid testing supplies across Canada, helping to identify cases early, break the chain of transmissions, and reduce outbreaks.
 - \$2 billion to procure lifesaving COVID-19 therapeutics and treatments.
 - \$100 million through the Safe Return to Class Fund and \$10 million for First Nations on-reserve schools to improve ventilation in schools and protect students, teachers, school staff, and parents from outbreaks.
 - The government also proposes to expand the Eligible Educator School Supply Tax Credit so teachers can claim a refundable tax credit worth 25 per cent (up from 15 per cent) of up to \$1,000.
 - \$70 million to support ventilation projects in public and community buildings like hospitals, libraries, and community centres.
 - The proposed new Small Businesses Air Quality Improvement Tax Credit of 25 per cent of the cost of upgrading ventilation systems and air filtration, up to \$10,000 per location and \$50,000 in total.
 - \$60 million to support workers in Canada’s live performance industry through the new temporary Canada Performing Arts Workers Resilience Fund.
 - One-time payments to alleviate financial hardship of Guaranteed Income Supplement (GIS) and Allowance recipients who received the Canada Emergency Response Benefit (CERB) or the Canada Recovery Benefit (CRB) in 2020.
 - Provide debt relief to students who need to repay the Canada Emergency Response Benefits they were not eligible for by proposing to offset it with the amount they would have been eligible for under the Canada Emergency Student Benefit.
 - \$50 million to help relieve supply chain congestion in Canada by launching a call for proposals under the National Trade Corridors Fund to assist Canadian ports with the acquisition of cargo storage capacity and other measures to alleviate congestion.
 - \$85 million to reduce backlogs in Canada’s immigration system, speed up the process of citizenship, reunite families, and welcome people who can help address Canada’s labour shortages.
- Today, the Department of Finance Canada also released the Annual Financial Report of the Government of Canada for 2020–21. The report shows that the federal government’s final deficit for 2020-21 is lower than projected in Budget 2021, due to an increase in government revenues from improved economic performance and somewhat lower-than-expected spending on COVID-19-related programs.
- Today, the government tabled two Notices of Ways and Means Motions in advance of proposed legislation. The first aims to make life safer and more affordable for Canadians, including through the introduction of the Small Businesses Air Quality Improvement Tax Credit, expanding the Eligible Educator School Supply Tax Credit, a new Underused Housing Tax, and extending the Northern Residents Deduction, among other measures. The second would include legislative proposals regarding the Digital Services Tax, on which stakeholder input is invited.

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