



2021 Federal Budget – Summary Highlights for the New Economy Roundtable



This brief has been prepared for the New Economy Roundtable by the Canadian Poverty Institute to summarize key priorities relevant to the Roundtable in the 2021 federal budget.

Skills Training

- Budget 2021 proposes to provide \$960 million over three years, beginning in 2021-22, to Employment and Social Development Canada for a new **Sectoral Workforce Solutions Program**. Working primarily with sector associations and employers, funding would help design and deliver training that is relevant to the needs of businesses, especially small and medium-sized businesses, and to their employees. This funding would also help businesses recruit and retain a diverse and inclusive workforce.
- Budget 2021 proposes to provide \$55 million over three years, starting in 2021-22, to Employment and Social Development Canada for a **Community Workforce Development Program**. The program will support communities to develop local plans that identify high potential growth organizations and connect these employers with training providers to develop and deliver training and work placements to upskill and reskill jobseekers to fill jobs in demand.

Income Support

- The Government of Canada is announcing its intention to introduce legislation that will establish a **federal minimum wage of \$15 per hour**, rising with inflation, with provisions to ensure that where provincial or territorial minimum wages are higher, that wage will prevail. This will directly benefit over 26,000 workers who currently make less than \$15 per hour in the federally regulated private sector.
- Budget 2021 proposes to **expand the Canada Workers Benefit** to support about 1 million additional Canadians in low-wage jobs, helping them return to work and increasing benefits for Canada's most vulnerable. The government would raise the income level at which the benefit starts being reduced to \$22,944 for single individuals without children and to \$26,177 for families. This means that for the first time, most full-time workers earning minimum wage will receive significant support from this important benefit. Budget 2021 also proposes to allow secondary earners to exclude up to \$14,000 of their working income when income-testing the Canada Workers Benefit.

Labour Protection

- Budget 2021 reiterates the government's commitment to making legislative changes to **improve labour protection for gig workers**, including those who work through digital platforms. Following the conclusion of consultations recently launched on this topic by the Minister of Labour, the government will bring forward amendments to the *Canada Labour Code* to make these new, modernized protections a reality.

- To build on recent actions taken in 2020 to support temporary foreign workers affected by COVID-19, the Government of Canada will continue to protect our most vulnerable and isolated workers, ensuring their health, safety, and quality of life are protected while working in Canada. To this end, Budget 2021 proposes to provide:
 - \$49.5 million over three years, starting in 2021-22, to Employment and Social Development Canada, to support community-based organizations in the **provision of migrant worker-centric programs and services**, such as on-arrival orientation services and assistance in emergency and at-risk situations, through the new Migrant Worker Support Program.
 - \$54.9 million over three years, starting in 2021-22, to Employment and Social Development Canada and Immigration, Refugees and Citizenship Canada, to **increase inspections of employers** and ensure temporary foreign workers have appropriate working conditions and wages.
 - \$6.3 million over three years, starting in 2021-22, to Immigration, Refugees and Citizenship Canada, to support faster processing and **improved service delivery of open work permits for vulnerable workers**, which helps migrant workers in situations of abuse find a new job. The government has zero tolerance for any abuse of workers.

Social Economy

- Employee ownership trusts encourage employee ownership of a business, and facilitate the transition of privately owned businesses to employees. Both the United States and the United Kingdom **support and encourage employee ownership** through these types of arrangements. Budget 2021 announces that the government will engage with stakeholders to examine what barriers exist to the creation of employee ownership trusts in Canada, and how workers and owners of private businesses in Canada could benefit from the use of employee ownership trusts.
- Budget 2021 proposes to make available up to \$450 million on a cash basis over five years, starting in 2021-22, for a renewed Venture Capital Catalyst Initiative that would increase venture capital available to entrepreneurs. \$50 million of this amount would support a new **Inclusive Growth Stream** to increase access to venture capital for underrepresented groups, such as women and racialized communities.
- To ensure charities, non-profits, and social purpose organizations have the skills and capacity needed to access social finance opportunities, Budget 2021 proposes to renew the **Investment Readiness Program** for \$50 million over two years, starting in 2021-22. This program supports charities, non-profits, and social purpose organizations in capacity-building activities such as business plan development, expanding products and services, skills development, and hiring.

Social Procurement

- Budget 2021 proposes to provide Public Services and Procurement Canada \$87.4 million over five years starting in 2021-22, and \$18.6 million ongoing. This funding will be used to modernize federal procurement and create opportunities for specific communities by

diversifying the federal supplier base. Specifically, Public Services and Procurement Canada would:

- Implement a program focused on procuring from Black-owned businesses.
 - Continue work to meet Canada's target of 5 per cent of federal contracts being awarded to businesses managed and led by Indigenous peoples.
 - Improve data capture, analytics, and reporting.
 - Incorporate accessibility considerations into federal procurement, ensuring goods and services are accessible by design. Public Services and Procurement Canada will develop new tools, guidance, awareness, and training for federal departments.
- Budget 2021 also proposes to leverage supplier diversity opportunities through domestic procurement, such as ***running competitions open to businesses run by Canadians from equity deserving groups***. This would help build a more inclusive economy and boost the competitiveness of these businesses, and all Canadian businesses.

Equity

- Entrepreneurs, especially those from equity deserving groups such as racialized Canadians, young people, LGBTQ2 people, and more, face barriers to starting and growing a business. This holds our economy back. To help simplify and streamline the government's support programs, and to help equity deserving entrepreneurs access funding and capital, mentorship, financial planning services, and business training, the government will launch the ***Small Business and Entrepreneurship Development Program***. This will help all Canadians have an equal chance to succeed and contribute to economic recovery and growth.
- To provide affordable financing, increase data, and strengthen capacity within the entrepreneurship ecosystem, Budget 2021 proposes to provide up to \$146.9 million over four years, starting in 2021-22, to strengthen the ***Women Entrepreneurship Strategy***. Women entrepreneurs would have greater access to financing, mentorship, and training. Funding would also further support the Women Entrepreneurship Ecosystem Fund and the Women Entrepreneurship Knowledge Hub.
- The government will 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.
- The pandemic has highlighted and exacerbated systemic barriers faced by Black entrepreneurs and owners of small and medium-sized businesses in Canada. Black business owners make invaluable contributions to communities across the country, and their success will contribute to Canada's economic recovery. In September 2020, the Government of Canada, in partnership with financial institutions, announced an investment of up to \$221 million—including up to \$93 million from the government—to launch Canada's first ever ***Black Entrepreneurship Program***.
- Many newcomer women face multiple barriers to employment, including language, lack of Canadian experience, and in some cases gender- and race-based discrimination. In Budget

2018, the Government of Canada launched a three-year pilot to support employment-related services for racialized newcomer women, such as networking opportunities, employment counselling, and paid work placements. Budget 2021 proposes to provide \$15 million over two years, starting in 2021-22, to Immigration, Refugees and Citizenship Canada to extend the **Racialized Newcomer Women Pilot** initiative, which will continue to improve their employment outcomes and career advancement.

- The **Aboriginal Entrepreneurship Program** provides additional support for First Nations, Inuit, and Métis Nation entrepreneurs by lowering the cost of business financing, providing equity, and offering business support services. The program helps Indigenous entrepreneurs access affordable loans to start and grow their businesses. To help Indigenous entrepreneurs start and grow businesses, create jobs, and generate prosperity in their communities, Budget 2021 proposes to invest \$42 million over three years, starting in 2021-22, to expand the Aboriginal Entrepreneurship Program. This will directly support Indigenous-led businesses and help Indigenous communities generate wealth by improving access to capital and business opportunities.
- To foster inclusivity in the financial sector and ensure Canada's financial institutions are responding to changing social and economic conditions Budget 2021 proposes a public consultation on measures that would adapt and apply the *Canada Business Corporations Act* diversity requirements to federally regulated financial institutions. This objective is to **promote greater gender, racial, ethnic, and Indigenous diversity** among senior ranks of the financial sector and ensure more Canadians have access to these opportunities. Details on the consultation will be announced in the near future. In addition, Budget 2021 proposes that Crown corporations will be required to implement gender and diversity reporting, starting in 2022.

Early Learning and Childcare

- Up to \$27.2 billion over five years, starting in 2021-22 will bring the federal government to a 50/50 share of child care costs with provincial and territorial governments, as part of initial 5-year agreements. The next five years of the plan will also focus on building the right foundations for a **community-based and truly Canada-wide system of child care**.

Canadian Poverty Institute

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