



## Budget 2021

April 20, 2021

On April 19<sup>th</sup>, the federal government released their first budget in over 2 years. It has been long anticipated to show the direction for Canada's COVID recovery. It was anticipated to be big, and they weren't wrong. The document is over 700 pages long! Check it out! [Budget 2021](#)

Generally, this budget focusses clearly on a shift towards a green economy. They have increased their GHG reduction target beyond what the Paris Agreement calls for, aiming for 36% below 2005 by 2030, up from 30%. There is also a strong COVID recovery direction with significantly higher spending in 2021-22 than in later years.

The news has covered a lot of the big things; Universal Childcare, COVID relief, minimum wage, affordable housing, etc., I will focus this update on items within the budget that are relevant to cycling and active transportation.

### Active Transportation

The commitment to the Permanent Transit Fund (PTF) is renewed within this budget, for a total of \$14.9B over 8 years. That breaks down to \$5.9B over the next 5 years, then \$3B a year after that. The Active Transportation Infrastructure Fund (ATIF), \$400M over 5 years, is part of the transit fund. The allocation of the ATIF has not been determined, but, as an indicator, the PTF would be about \$1.2B per year evenly spread over the 5 years, but the budget is allocating only \$328M in year one. This would be an indication that the ATIF will be considerably lower in 2021-22 than \$100M.

## Not-For-Profits

Not-for-profit and charities have been hit hard by the pandemic, with many suffering significant loss of revenue from activities, such as cycling organizations that rely on Bike Valet service to generate revenue. In order to support NFP's & charities, there is a temporary Community Services Recovery Fund that is targeted specifically for charities and not-for-profits. This fund is \$400M and only available for the 2021-22 budget year. It will be administered through Employment & Social Development Canada.

The government has also indicated they are going to examine ways to increase their disbursement quotas going forward. Based on analysis by CRA, charitable foundations have increased their holding significantly over the last several years but the ratio of disbursements has not kept up. Private foundations are holding a lot more money and CRA will be examining how to unlock more funds for the sector. The estimation is that this could see an increase in funding of between \$1B & \$2B per year.

## Gas Tax Fund

The Gas Tax Fund has been a long-standing source of funding for municipalities. It is a predictable amount every year that allows municipalities to plan for larger projects. This fund provides roughly \$2B per year to municipalities across the country. For this year, the federal government is doubling the amount, to \$4.4B one time, then dropping it back down to the standard amount.

But, what is most important about the Gas Tax Fund is that they are changing the name of the fund to the **Community Building Fund**. While just a name change, this is significant. It sends a clear message of the intent of the CBF, whereas the GTF could be spent on roads and interchanges, as well as transit and recreation etc. Language is important, and a Community Building Fund sends a completely different message about priorities. Over the coming weeks, VCB will work to understand the intent behind the name change, whether criteria can be put in place at the federal level on how the CBF can be used. There is an opportunity for advocacy at the local level to ensure that this money is spent on actual community building projects, such as active transportation infrastructure rather than roads and interchanges!

## **Federal Green Bond**

The budget announces the launch of a Federal Green Bond to supplement other government bond offerings. Details on this will be forthcoming and putting bonds to auction will also depend on market conditions. This can be a good way for people to invest in bonds that will go to specifically to fund green infrastructure such as AT, clean tech, nature conservation, and other projects to address climate change & protect the environment. The estimate is that the Green Bond offering could generate \$5B for green projects.

## **Natural Infrastructure Fund**

Infrastructure Canada is getting \$200M over the next 3 years to establish a Natural Infrastructure Fund. This will go to support natural and hybrid projects. Again, these types of projects would fit well within the scope of AT, as the criteria are to improve well-being and mitigate the impacts climate change. During the AT Strategy consultations, we heard of a desire from all parties to embed more AT into natural remediation projects.

## **Zero-Emission Manufacturing**

Starting in 2022, there will be a 50% reduction in corporate and small business income tax for companies manufacturing zero-emission technology. This tax reduction will last 10 years, with a decline to zero over the last 5 years. This has the potential to support domestic manufacture of bikes.

## **Tourism**

There contains in the budget support for the struggling tourism sector. The budget identifies an additional \$500M to support tourism organizations and operators affected during the pandemic. This can help keep with adjustments to meet new COVID standards or to help shift their business focus area. With the increase of Canadians staying home and exploring close to home, as well as a greater focus on getting into nature, this seems to complement the general direction of the recovery funds. The tourism funding will be administered through regional development agencies (of which BC gets a new one, Western Economic Diversification is being split in two, BC and the Prairies).

The budget also allocates an additional \$100M to Destination Canada for marketing campaigns to help Canadians and others discover and explore the country.

## What wasn't in the Budget

As always, there are things missing from the budget. VCB was looking for an announcement on rebates for e-bikes, but there was no mention of that. As well, we had called for a review of tariffs and duties related to the importation of bikes and parts. That too was missing.

All that said, while the budget contained nothing new specifically for cycling and active transportation, overall, this budget contains a lot for us to work with in the near term. We have the ATIF of \$400M specifically set aside, which had already been announced. When you look at all the other areas in which we can lobby federally, provincially, and municipally to include active transportation in many much of their work. As well, we have the renamed Community Building Fund that can be directed towards sustainable transportation choices rather than more auto supportive construction.

We have a lot of work ahead of us, but it feels like for the first time, we have something to work with! There will also be a lot more “clarifying” coming from the government on this. As well, given we are in a minority situation, opposition parties are in a solid bargaining position to get amendments to the budget that they might want.

I hope you have found this helpful. Please don't hesitate to get in touch should you have any questions or comments.

Thank You.

Brian

Brian Pincott  
Executive Director  
Vélo Canada Bikes  
[www.canadabikes.org](http://www.canadabikes.org)