The Canadian Advocate is a monthly roundup of AEM’s ongoing advocacy efforts in Canada. Our industry supports over 149,000 good paying jobs in Canada and contributes $45 billion a year to the national economy. With over 100 member companies in Canada and growing, AEM is actively engaging lawmakers in Ottawa and throughout the provinces to advocate for policies helping equipment manufacturers succeed in Canada and around the world.

First Federal Budget in Two Years

The longest budget in Canadian history has now been tabled, two years after the last one. The key budget decision-makers challenged themselves by asking hard, yet essential, questions:

- As Canada’s economic engines begin to start up again, what role can the federal government play in making those engines roar, today and over the next decade?
- What do Canadians need to imagine their world becoming better after the fight of their lives?
- What measures can help unlock the potential and possibilities of Canada’s business community after so many had their doors shut, then re-opened, only to be shut once again as COVID-19’s vicious variants stormed relentlessly across the country?

This is a big-spending budget to power Canada out of the recession. A total of $101.4 billion is allocated to measures in the 2021-22 to 2023-24 period. Nevertheless, these new expenditures are not matched by massive tax increases.

Some key measures for AEM members include:

- **Enabling new equipment purchases**: A proposed a 100 per cent write-off for up to $1.5 million in capital investment by privately held companies. This relatively low-cost initiative could reap huge rewards for manufacturers over the next 3 years until December 31, 2023, the last date of eligibility for purchases.

- **Good news for precision agriculture**: Beyond the existing $185 million Agricultural Climate Solutions program, and the $165 million Agricultural Clean Technology Program—Budget 2021 is proposing to provide an additional $200 million over two years, starting in 2021-22, to launch immediate, on-farm climate action under the Agricultural Climate Solutions program. This will target projects accelerating emission reductions by improving nitrogen management, increasing adoption of cover cropping, and normalizing rotational grazing.

- **Avoiding new taxes**: A new tax on luxury vehicles is being proposed, but the budget specifically points out that “off-road, construction, and farm vehicles would fall outside the scope of the tax.”

- **Renewing our National Trade Corridors**: Another of AEM’s key budget requests is being acted upon. Budget 2021 proposes to invest $1.9 billion over four years, starting in 2021-22, to recapitalize the National Trade Corridors Fund. This is meant to spur investments in much-needed enhancements to our roads, rail, and shipping routes, build long-term resilience for the Canadian economy, and support trade,
While alleviating bottlenecks and congestion to reduce greenhouse gas emissions in Canada.

**Infrastructure spending still central:** It also comes as no surprise that infrastructure, both physical and social, is mentioned 150 times in Budget 2021. This emphasis is consistent with the Trudeau government’s massive $180 billion budget investments in infrastructure going back to its first budget in 2016.

**Expanding Canada’s labour force through historic childcare investments:** A core policy item in Budget 2021 is a Canada-wide Early Learning and Child Care system, with investments of $30 billion over five years and $8.3 billion ongoing. The aim is to reduce child care costs by 50% upfront, and move toward a $10 a day system similar to what already exists in Quebec. The National Child Care System is being positioned as an essential part of re-engaging a key segment of Canada’s workforce.

Although the Government of Canada has expended billions of dollars over the past year-plus supporting individual Canadians whose lives and livelihoods have been ravaged by COVID-19, it is apparent that meeting those needs must continue for some time. Accordingly, the budget addresses the ongoing needs of Canadians in the following ways:

- The Canada Emergency Wage Subsidy (CEWS), rent subsidy, and lockdown subsidy, introduced in 2020, are proposed to be extended by Budget 2021 until September 25, 2021. Attempting to begin weaning people away from these supports, the CEWS and rent subsidy will gradually decrease, starting July 4, 2021.
- The Canada Recovery Benefit is proposed to be extended by another 12 weeks, to a maximum of 50 weeks, as a support for workers. Likewise, the Canada Recovery Caregiver Benefit is proposed to be extended an additional 4 weeks, to a maximum of 42 weeks.
- Flexible access to EI is being maintained, and $3.9 billion is proposed over three years to make EI more accessible and simpler to use while the job market improves during the recovery.
- A new program proposed in Budget 2021 is the “Canada Recovery Hiring Program,” meant to assist employers who continue to see revenue declines by offsetting a portion of the cost employers take on as they reopen, either by increasing wages or hours worked, or hiring more staff.

**Election Showdown Delayed – for Now**

A week is a long time in politics, as the saying goes. A week in a pandemic, it follows, must feel even longer and give a chance for major changes to happen. The election ramp-up that the Liberal government was so eager ride last month with its upcoming spring budget has quickly been put off track by a third wave of lockdowns in Ontario. Despite riding high in the polls and eyeing a return to majority, Prime Minister Trudeau seems well-advised not to tempt the ire of the electorate when the country’s most populous province is under a stay-at-home order.

Jagmeet Singh, leader of the New Democratic Party, which holds enough seats in the House of Commons to keep the Trudeau Liberals in office, has also stated repeatedly that it would be irresponsible of him to cause an election to be held in the middle of a pandemic. This will be music to Conservative leader Erin O’Toole’s ears, given that while he opposes the federal budget, he will not want an election while still trying to get his own party in line on a new environmental plan.

We look now to the fall for a likely federal election, after there has been a longer opportunity for more vaccines to get into Canadian arms.

**Update on CNESST Regulatory Issue in Quebec**

As discussed in last month’s edition, AEM has made a submission to Quebec’s Workers Compensation Board, the Commission des normes, de l'équité, de la santé et de la sécurité du travail (CNESST), on proposed new regulations that would have an impact on
AEM members. The proposed regulations would require an engineer to certify modifications on equipment that does not have a Type C standard. Yet, what constitutes an engineer has not been well defined, nor has what would constitute a substantial modification.

The submission has been received and CNESST is undertaking some minor changes in advance of open up public consultations. AEM will remain engaged and update further as the issue progresses.

That’s all for this month. If you have any questions or would like to learn more, please contact Alex Russ at aruss@aem.org or call (202) 898-9006.

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