



OUR FAMILY PERSPECTIVES

INSIGHTS FROM CANADA'S LEADING FAMILY OFFICE

Speech From The Throne

September 23, 2020

Today, Governor General Julie Payette released a Throne Speech to open Canada's second session of the 43rd parliament. This speech presents the current Liberal government's agenda for the near-term.

The Throne Speech has led to much speculation about a potential election this fall. The speech will prompt a confidence vote in the House of Commons, and the Liberals will need at least one party to support their agenda to continue governing.

The Conservative Party and Bloc Québécois have already stated that they will not support the agenda put forward in the speech today. The NDP is undecided but did suggest that a commitment to certain legislation would have to be in place before the party would be supportive. The Green Party's position is uncertain.

Focus of the Speech

The government chose to focus on four core areas in the Throne Speech:

- Fighting the Pandemic
- Providing Financial Support
- Recovery Measures
- Reconciliation and Equality

To be sure, there were no numbers attached to any of the measures discussed in the speech, and so more will be known about the measures when a fiscal update is provided in the next few weeks.

In addition, much of what was announced in the speech is an extension of measures announced previously, and so the speech did lack any bold new vision. Nonetheless, here is a summary of the core areas addressed:

Fighting the Pandemic

The government says that beating COVID-19 is a "Team Canada effort." To this end, the government has said that it will:

- Assist provinces in increasing their capacity to test for COVID-19
- Pursue technology and every option to increase the speed of testing
- Create a federal Testing Assistance Response Team to meet surging testing needs, particularly in remote areas
- Work to secure access to, and support research for, a safe vaccine for the virus
- Continue to help securing personal protective equipment (PPE) for frontline health workers by supporting the building of domestic capacity for, and securing supply chains, for PPE
- Provide targeted financial support to businesses that are forced to temporarily shut down due to local public health decisions
- Continue to support, through wage top-ups, workers caring for those most at risk

Providing Financial Support

The impact of COVID-19 on the economic well-being of Canadians has been significant – far worse than the 2008 financial crisis. The consequences won't be short-lived.

In the Throne Speech, the government has said that “this is not the time for austerity”. That is, the government is focused on continued spending during this pandemic. In the speech, the government did say that “Canadians should not have to take on debt that their government can better shoulder.” (While increased spending is expected at this time, it's worth noting that the government debt is shouldered by all Canadians)

More specifically, the government has said the following:

Creating Jobs

Currently, unemployment is in double-digits and underemployment is high. According to the government, women, racialized Canadians, and young people have borne the brunt of job losses. The government has said that it will:

- Launch a campaign to create over one million jobs (restoring employment to previous levels) by direct investments in the social sector and infrastructure, immediate training to skill-up workers, and providing incentives for employers to hire and retain workers
- The Canada Emergency Wage Subsidy (CEWS) will be extended until next summer
- Scale-up the Youth Employment and Skills Strategy to provide paid work experiences next year for young Canadians
- Work to eliminate barriers between provinces to ensure full, free internal trade

Support Workers and Their Families

The government made the comment that the “economic restart is well underway.” With this in mind, the government said that it will:

- Replace the Canada Emergency Response Benefit (CERB) with the Employment Insurance (EI) system
- Create the transitional Canada Recovery Benefit (CRB) to meet the needs of those who would not normally qualify for EI

- Ensure the EI system is the sole delivery mechanism for employment benefits

Women in the Economy

The government has noted that women – and in particular, low-income women – have been hit hardest by COVID-19. As a result, the government has said that it will:

- Create an *Action Plan for Women in the Economy* to help more women get back into the workforce
- Make a significant, long-term, sustained investment to create a Canada-wide early learning and childcare system
- Work with all provinces and territories to ensure that high-quality care is accessible to all
- Continue subsidizing before- and after-school program costs (flexible care options are more important than ever)
- Accelerate the *Women's Entrepreneurship Strategy*

Supporting Businesses

Small businesses are the lifeblood of communities and the backbone of the economy. The government will help businesses adapt for the future by:

- Extending the CEWS (as already mentioned)
- Expanding the Canada Emergency Business Account (CEBA – the \$40,000 loan program)
- Improving the Business Credit Availability Program (BCAP)
- Introducing further support for industries that have been hit hardest, including travel and tourism, hospitality, and cultural industries like the performing arts

Fiscal Sustainability

Interest rates are extremely low today, and so central banks can only do so much to help restart the economy. The government plans to “do more while locking in the low cost of borrowing for decades to come.”

There were two distinct needs identified:

- Help Canadians in the short-term by supporting people and businesses through the pandemic
- Help longer-term by focusing on targeted investments to strengthen the middle class and generate growth

The government said that it will also identify additional ways to tax extreme wealth inequality, which will include many measures, including by finishing work started on the stock option deduction, established corporations, and addressing corporate tax avoidance by “digital giants”.

The government notes that “web giants are taking Canadians’ money while imposing their own priorities...The government will act to ensure their revenue is shared more fairly with our creators and media, and will also require them to contribute to the creation, production, and distribution of our stories, on screen, in lyrics, in music, and in writing.”

The government said that it will release an update to Canada’s COVID-19 Economic Response Plan this fall, outlining its economic and fiscal position, providing financial projections, and setting out new measures to implement the Throne Speech.

Recovery Measures

The government says that it needs to “build back better” by creating a “resiliency agenda” for the middle class, in the following areas:

Addressing Gaps in Social Systems

The government has committed that it will:

- Take any action it can to support seniors in long-term care while working alongside the provinces and territories
- Work with parliament on *Criminal Code* amendments to penalize those who neglect seniors under their care
- Work with the provinces and territories to set new, national standards for long-term care
- Take additional action to help people stay in their homes longer
- Increase Old Age Security (OAS) once a senior turns age 75, and boost the Canada Pension Plan Survivor’s Benefit
- Look at further targeted measures for personal support workers to better value their work and contributions
- Bring forward a Disability Inclusion Plan, including a new Canadian Disability Benefit modelled after the Guaranteed Income Supplement
- Ensure everyone has access to a family doctor or primary care team

- Continue to expand capacity to deliver virtual health care
- Continue to address the opioid epidemic
- Further increase access to mental health resources
- Remain committed to a national, universal Pharmacare program and to accelerate steps to achieve this system
- Continue implementing firearms policy commitments
- Accelerate investments in women’s shelters and transition housing
- Continue to advance a National Action Plan on Gender-Based Violence
- Invest in all types of infrastructure, including public transit, energy efficient retrofits, clean energy, rural broadband, and affordable housing
- Accelerate the connectivity timelines and ambitions of the Universal Broadband Fund to ensure all Canadians can access high-speed internet
- Work with partners to support regional routes for airlines
- Invest more than \$1 billion for people experiencing homelessness, including for this fall
- Add to the National Housing Strategy announced in 2017 by increasing investments to rapid housing in the short term, and partnering with not-for-profits and co-ops in the mid- to long-term
- Enhance the First-Time Home Buyer Incentive so families can afford to buy their first home
- Continue to address food insecurity in Canada, and strengthen local food supply

A Stronger Workforce

The government has said that the pandemic has laid bare inequalities that Canadians face in the workforce, and is committing to support workers by:

- Working with the provinces and territories to make investments in training for workers, including helping Canadians to build new skills in growing sectors, helping workers to achieve education and accreditation, and connecting them to employers and good jobs
- Making generational investments in updating outdated IT systems to modernize the government as it serves Canadians
- Working to introduce free, automatic tax filing for simple returns to ensure citizens receive the benefits they need

Action on Climate Change

The Liberals have said that climate action will be a cornerstone of their plan to create one million jobs across the country. The government has said that it will:

- Immediately bring forward a plan to exceed Canada's 2030 climate goal, and will legislate Canada's goal of net-zero emissions by 2050
- Create jobs retrofitting homes and buildings to cut energy costs for families and businesses
- Invest in reducing the impact of climate-related disasters, like floods and wildfires
- Help deliver more transit and active transit options
- Make zero-emission vehicles more affordable while investing in more charging stations across the country
- Launch a new fund to attract investments in making zero-emission products and cut the corporate tax rate in half for those companies to create jobs and make Canada a leader in clean technology
- Move forward with the Clean Power Fund to support projects that help transition coal-using regions to clean power
- Support investments in renewable energy and next-generation clean energy and technology solutions
- Support manufacturing, natural resource, and energy sectors as they work to meet a net zero future
- Recognize farmers, foresters, and ranchers as key partners in the fight against climate change, supporting their efforts to reduce emissions
- Continue with its policy to apply a carbon tax
- Plant two billion trees, expand urban parks, and protect one quarter of Canada's land and oceans in five years using nature-based solutions to fight climate change
- Ban single-use plastics next year, ensure more plastic is recycled, and modernize Canada's *Environmental Protection Act*.
- Create a new Canada Water Agency to keep our water safe, clean, and well-managed
- Look for opportunities to build more resilient water and irrigation infrastructure
- Continue to grow Canada's ocean economy to create opportunities for fishers and coastal communities

Reconciliation and Equality

The government is introducing measures to address systemic racism and promote a "road of reconciliation".

Reconciliation

The government has made it a priority to support Indigenous communities. It will continue this path by:

- Expediting work to co-develop Indigenous health legislation
- Accelerating work on the National Action Plan in response to the National Inquiry into Missing and Murdered Indigenous Women and Girls
- Continuing to close infrastructure gaps in Indigenous communities
- Introducing legislation to implement the United Nations Declaration on the Rights of Indigenous Peoples before the end of the year

Systemic Racism

The government has heard from Indigenous people and Black and racialized Canadians on the issue of change. The government has said that it will:

- Invest in the Black Entrepreneurship Program
- Close gaps in services for Indigenous communities
- Take action on online hate
- Increase diversity on procurement
- Implement an action plan to increase representation in hiring and appointments, and leadership development with the Public Service
- Take new steps to support the artistic and economic contributions of Black Canadian culture and heritage
- Introduce legislation and make investments to address systemic inequities in all phases of the criminal justice system
- Move forward on enhanced civilian oversight of law enforcement agencies, including the RCMP
- Modernize training for police and law enforcement, including around standards for using force
- Move forward on RCMP reforms with a shift towards community-led policing
- Accelerate work to co-develop a legislative framework for First Nations policing as an essential service

Protecting Official Languages

The defense of the rights of Francophones outside Quebec, and of the rights of the Anglophone minority within Quebec, is a priority for the government.

The government is committed to strengthening the *Official Languages Act* to take into account the unique reality of French.

Canada and Immigration

According to the government, immigration remains a driver of Canada's economic growth. The government aims to provide opportunity as the top destination for global talent, capital, and jobs. The government plans to do this by:

- Granting permanent residency to people who, although not Canadian citizens, have cared for the most vulnerable in long-term care homes and other medical facilities
- Bringing newcomers to support family reunification

Canada in the World

The government believes that it remains in Canada's best interest to create and maintain bilateral and multilateral relationships to advance peace and economic prosperity. To this end, the government will:

- Invest more in international development while supporting developing countries on their economic recoveries
- Support work to ensure that people around the world have access to a vaccine
- Stand up for human rights and the rule of law; it is unacceptable that any citizen be arbitrarily detained. Michael Kovrig and Michael Spavor must be brought home
- Fight for free trade, including by leading the Ottawa Group to reform the World Trade Organization

Conclusion

The Liberals have taken the approach that now is not the time for austerity measures. Spending and taking on significantly more debt is the plan, with the belief that low interest rates will make this borrowing manageable.

Currently, the deficit for 2020 is expected to be approximately \$348 billion, and our national debt will top \$1 trillion for the first time. Nothing was presented in the Throne Speech to discuss how the long-term impact of the accumulating debt will be dealt with. Financial projections were not provided, but the government plans to present an economic update in the coming weeks, where we will gain a clearer picture of the total cost of the measures presented in the Throne Speech.

It does seem that the federal government has presented several measures that tread into provincial jurisdiction. Time will tell what the provinces think of this.

As for the possibility of an election this fall, our guess is that the Liberals may just side-step an election if the NDP can be convinced to support the Throne Speech. Reading between the lines of comments made by NDP leader Jagmeet Singh today, it appears that some meeting of the minds may be possible.

Finally, we can't help but believe that tax increases are imminent. While there were no specific increases in today's Throne Speech, there was confirmation that wealthy Canadians will continue to bear the brunt of targeted tax measures – likely as soon as the next federal budget, which we expect in the spring, or potentially sooner in the economic update this fall.

At Our Family Office Inc. we continue to monitor developments related to COVID-19, the probability of tax increases, and prudent investment opportunities during this time. We are pleased with how our clients' "all-weather portfolios" are faring during these uncertain times and will be speaking to you about other strategies that may make sense given the current economic environment.

If you have any questions, concerns, or would simply like to speak with us, do not hesitate to contact us.

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