

Relevant budget 2021 commitments for Canada's business aviation sector

The federal government's April 19 budget has proposed a series of actions that could have significant impact on Canada's business aviation sector and its ability to endure and rebound from the impacts of COVID 19. The CBAA is working with its Hill + Knowlton Strategies team to probe deeper into what the implications of these action are and determine our next steps.

CBAA will work with government to promote positive change, such as the development of low-emission fuel, while also working to mitigate any proposed actions, **such as a luxury tax on personal aircraft that would negatively impact the operation or sales of aircraft used for business purposes.** We will share our progress with members on WhatsApp, social media and in our weekly e-newsletter.

Transportation:

- \$82.5 million in 2021-22 to Transport Canada to support major Canadian airports in making investments in COVID19 testing infrastructure.
- \$105.3 million over five years, starting in 2021-22, with \$28.7 million in remaining amortization and \$10.2 million per year ongoing to Transport Canada to collaborate with international partners to further advance the Known Traveller Digital Identity pilot project, which will test advanced technologies to facilitate touchless and secure air travel.
- \$6.7 million in 2021-22 to the Canadian Air Transport Security Authority to acquire and operate sanitization equipment.
- \$271.1 million in 2021-22 to CATSA to maintain operations and enhanced screening services at the 89 airports where it works.
- \$656.1 million over five years, beginning in 2021-22, and \$123.8 million ongoing, to the Canada Border Services Agency (CBSA) to modernize our borders through touchless and automated interactions and preclearance pilots.

Preparing Canada's Aerospace Sector for Recovery

- \$250 million over three years, on a cash basis, starting in 2021-22, for the regional development agencies to deliver an Aerospace Regional Recovery Initiative, which would support small and medium-sized firms in improving productivity, strengthening commercialization, and greening their operations and products.

Supporting Innovation and Industrial Transformation

- \$2.2 billion over seven years, and \$511.4 million ongoing to support innovative projects across the economy—including in the life sciences, automotive, aerospace, and agriculture sectors.
- \$1.75 billion in support over seven years would be targeted toward aerospace in recognition of the longer-lasting impacts to this sector following COVID- 19. This is in addition to the \$250 million Aerospace Regional Recovery Initiative, outlined in section 4.2, providing a combined support of \$2 billion to help this innovative sector recover and grow out of the crisis.

Accelerating Canada's Net-zero Transformation Through Innovation

- \$5 billion over seven years (cash basis), starting in 2021-22, to the Net Zero Accelerator. Building on the support for the Net Zero Accelerator announced in the strengthened climate plan, this funding would allow the government to provide up to \$8 billion of support for projects that will help reduce domestic greenhouse gas emissions across the Canadian economy.

Low Carbon Fuels

- To support the long-term development of low-emission marine and aviation fuels, \$227.9 million over eight years, starting in 2023-24, to the Treasury Board Secretariat to implement a Low-Carbon Fuel Procurement Program within the Greening Government Fund.

Luxury Tax

- Budget 2021 proposes to introduce a tax on the sales, for personal use, of luxury cars and personal aircraft with a retail sales price over \$100,000, and boats, for personal use, over \$250,000. The tax would be calculated at the lesser of 20 per cent of the value above the threshold (\$100,000 for cars and personal aircraft, \$250,000 for boats) or 10 per cent of the full value of the luxury car, boat, or personal aircraft. This measure would come into force on January 1, 2022.