# Daily Update – 11 March 2021

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## Bank of Canada rate kept at 0.25%, central bank will continue bond buying program

The Bank of Canada is keeping its key interest rate target on hold at 0.25 per cent, saying economic conditions still require it even if things are going better than anticipated.

In a statement, the central bank says it expects economic growth in the first quarter of 2021 to be positive, as opposed to its previous forecast in January for a contraction to start the year.

The bank's senior decision-makers say resilience in the economy has to do with consumers and businesses adapting to new rounds of lockdowns and restrictions. The statement also points to a stronger-than-expected housing market as a driver of an expected rise in real gross domestic product for the first three months of the year. The central bank warns of considerable uncertainty about the path of the pandemic that muddies longer-term economic outlooks, including how long it will take for the labour market to recover from historic losses last year.

**Bond buying to continue**

In addition to cutting its rate, the bank also decided to try to stimulate the economy by buying up bonds, in a process known as quantitative easing. Buying bonds helps the economy by increasing the supply of money, as the bank releases cash into the system in exchange for bonds. And buying bonds also has the effect of making borrowing even cheaper, by pushing down the yield on those bonds.

There was some speculation that the bank may slow its pace of bond buying from its current rate of $4 billion a week. Instead, the bank signalled it will keep buying up bonds for now "To reinforce this commitment and keep interest rates low across the yield curve, the Bank will continue its QE program until the recovery is well underway".

Royce Mendes with CIBC said the bank's statement on bond buying makes it clear it wants to stay the course until it has a better picture of how the recovery from COVID-19 is unfolding.

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## B.C. allows outdoor gatherings of up to 10 people

British Columbians can gather outside in groups of up to 10 people, effective immediately, following four months of restrictions on social gatherings.

The province will also ban liquor sales at 8 p.m. on March 17 in an effort to limit gatherings on St. Patrick's Day.

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## Manitoba provincial budget to be tabled on April 7

Manitoba's 2021 budget will be released on April 7, Finance Minister Scott Fielding announced on Wednesday. In the province's last fiscal update, released in December, the province forecast a deficit of $2.048 billion by the end of March, down from the previously forecast $2.938 billion in September.

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## Ontario finance minister to deliver budget on March 24

Ontario Finance Minister Peter Bethlenfalvy announced Thursday that he will deliver the province's 2021 budget on March 24. Bethlenfalvy, promised no cuts to public services or tax hikes down the road. He also said the province's third-quarter finances show that Ontario is projected to spend $25 billion more in 2020-21 than it did in the previous year.

Ontario delivered its last spending package in November after delaying its normal March release. That budget had record spending of $187 billion, and a record deficit of $38.5 billion.

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## N.S. to review minimum wage approach

Nova Scotia has agreed to review its current approach to minimum wage increases as calls for higher wages in the province grow louder.

The Department of Labour says it is following a recommendation from the minimum wage review committee, an arms-length body mandated by Nova Scotia's Labour Standards Code to conduct an annual review of minimum wage.

The province did not say specifically what would be reviewed, but the review committee said in its annual report there were concerns that Nova Scotia's minimum wage should be closer to the middle of the pack nationwide and a leader in the Atlantic provinces as a way to better attract workers.

It also suggested a diversity and inclusion lens be applied when setting government policy in relation to the minimum wage, and noted that women make up 62 per cent of minimum wage earners.

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## US Update: Protecting the Right to Organize (PRO) Act moving forward

On March 9, by a vote of 225-206, the U.S. House passed the PRO Act. Among many other pro-union provisions, the imbalanced PRO Act includes the joint employer and independent contractor policies that would upend the foundation of franchising in federal labor law.

The IFA has been actively lobbying against the Acts passage. On March 8, *The Hill* published an op-ed written by IFA President & CEO Robert Cresanti that stated, *"The strength of the franchise system will be determined, in part, by Washington's willingness to hold off and moderate harmful policy changes like the PRO Act."*

The IFA was able to mobilize nearly 5,000 franchise owners and advocates writing letters to Congress in the past week, five Republicans actually voted in favor of the bill, and only one Democrat in the entire House opposed it.

The IFA's lobbying efforts are now shifting to the Senate where they will try to block passage. With a 50-50 split in the Senate between Democrats and Republicans it will be a challenge. Tie votes are broken by the Vice President, in her role as President of the Senate. Vice President Harris was an active proponent of the Bill in the past Congress.