



Budget 2022 Summary

The federal government tabled its [Budget 2022](#) on April 7. The Budget focused on three pillars: investing in our people, growing the economy under the green transition, and tackling productivity and innovation. The Budget also contained a focus on Canada's place in the world. There was additionally a continued emphasis on existing government priorities such as affordable housing, climate change, healthcare, and inclusivity. Below is a non-exhaustive summary of the Budget, and the Canadian Chamber policy team looks forward to hearing further input from members as they undertake their own analysis.

Government fiscal posture

Against the backdrop of increased revenues due to inflation and higher oil prices, the federal government's fiscal position came as the following (all numbers in billions of C\$):ⁱ

	2021/22 (estimate)	2022/23	2023/2024	2024/25	2025/26
Budget 2021 balance	-154.7	-59.7	-51	-35.8	-30.7
FES 2021 balance	-144.5	-58.4	-43.9	-29.1	-22.7
Budget 2022 balance	-113.8	-52.8	-39.9	-27.8	-18.6
Budget 2022 balance as % of GDP	-4.6%	-2.0%	-1.4%	-0.9%	-0.6%
Budget 2022 federal debt at % of GDP	46.5%	45.1%	44.5%	43.8%	42.8%

Housing

- Investing \$4bn over five years for funding to the Canadian Mortgage Housing Corporation to launch a *Housing Accelerator Fund* to support cities increase supply, such as per-door incentives. The fund will take into account rural community situations.ⁱⁱ
- Tying subnational government access to infrastructure funding to increasing housing supply, where it makes sense to do so.ⁱⁱⁱ
- Creation of a *Tax-Free Home Savings Account* to provide prospective first-time home-buyers with the ability to save up to \$40,000. Contributions would be tax-deductible (like an RRSP), and withdrawals including investment income would be non-taxable (like a TFSA).^{iv}



Investment attraction

- Creation of the *Canada Growth Fund*, which operate at arms-length from the federal government, to attract investment towards the policy goals of emissions reductions, supporting exports, and supply chains. The fund will have an initial capital injection of \$15bn over five years and aim to attract three times that in private capital. The launch is aiming for the *2022 Fall Economic Statement*.^v

Innovation

- Creation of a *Canadian Innovation and Investment Agency* with \$1bn over five years. Further details will come at the time of the 2022 FES. Defence industries were cited as one industry that would receive funding.^{vi}
- Review of the *Scientific Research and Experimental Development* program, including a consideration of patent boxes.^{vii}
- Additional \$750m over six years for the *Innovation Cluster* (formerly Super Clusters), which will be allocated between them on a competitive basis.^{viii}

Critical minerals

- \$1.5bn over seven years for infrastructure investments to support critical mineral supply chains, plus a further \$1.5bn to support manufacturing, processing and recycling applications.
- Introduction of a 30% *Critical Mineral Exploration Tax Credit*, with a particular focus on nickel, lithium, cobalt, graphite, REEs, vanadium, tellurium, gallium, scandium, titanium, magnesium, zinc and platinum.^{ix}

Infrastructure

- Additional \$450mn over five years for the *National Trade Corridor Fund*, with a rebranding of the fund to focus on supply chains.^x
- \$136.3mn over five years to develop industry-driven solutions to use data to make our supply chains more efficient.^{xi}
- Accelerating the deadline for provinces to fully commit their remaining "*Investing in Canada*" *Infrastructure Program* to March 31, 2023 or else funding will be reinvested. Construction deadline extended to 2033.^{xii}

Industrial and regulatory policy

- The government confirmed its intent to introduce legislation to update the *Competition Act*, including fixing loopholes, addressing practices harmful to consumers, modernizing penalties and updates to reflect the digital economy.^{xiii}
- A commitment to renew efforts to advance work under the *Canada Free Trade Agreement*.^{xiv}



Security and defence

- A defence policy review to update the previous *Strong, Secured, Engaged*. There will be an \$8bn uplift in defence spending over five years, with a noted focus also on cybersecurity.^{xv}
- \$159.6mn in 2022-23 and \$33.4mn on an ongoing basis for protecting research from foreign threats.^{xvi}
- Moving forward with NORAD modernization. Significant investments to occur in the following four areas: advanced all-domain surveillance and intelligence; modernized command, control and communications; improved capacity to address threats; increased R&D.^{xvii}
- \$875.2mn over five years, plus an additional \$283.2mn on an ongoing basis to support government cyber security.^{xviii}
- \$500mn in 2022-23 to provide further military aid to Ukraine.^{xix}

Trade

- Commitment to amend the *Customs Act* to implement electronic payments and clarify importer responsibility for duties and taxes.^{xx}
- Commitment to introduce legislation to adjust the trade remedy system as well as funding for CBSA to enable more participation by SMEs in trade remedy issues.^{xxi}

Cannabis

- Launch a cannabis strategy table led by ISED to identify ways to grow the sector.^{xxii}
- Excise duty remittances for licenced producers on a quarterly rather than monthly basis.

Tourism

- The commitment to develop a post-pandemic *Federal Tourism and Growth Strategy*.
- \$20mn over two years, starting in 2022-23, in support of a new *Indigenous Tourism Fund*.^{xxiii}

Net Zero

- \$1.7bn over five years for extending the *Incentives for Zero Emissions Vehicles* under March 2025, with a broadening of eligibility. There will also be a \$547.5mn over four years for medium and heavy-duty ZEVs.^{xxiv}
- An investment tax credit of up to 30% for net zero technologies, battery storage solutions, and clean hydrogen. More details will come in FES 2022.^{xxv}
- Creation of a *CCUS Investment Tax Credit*. The ITC will operate on a sliding scale: 60% for investment in equipment related to air capture, 50% for equipment to capture in all other CO₂ projects, and 37.5% for investment in transportation, infrastructure, and use. These rates will be reduced by half over 2031-2040.^{xxvi}



- \$120.6mn over five years related to SMR research and \$250mn over four years for pre-development projects.^{xxvii}
- A broadened mandate for the Canadian Infrastructure Bank to focus on low-carbon supports such as SMRs, clean fuel production, hydrogen, and CCUS.^{xxviii}
- OSFI will consult on financial institutions climate disclosures in 2022 with an implementation starting in 2024.^{xxix}

Labour

- Amendments to the *Employment Insurance Act* to provide more support for worker re-training, including a commitment to modernizing *Labour Market Transfer Agreements*.^{xxx}
- A new labour mobility tax credit of up to \$4,000 per year to support temporary relocation within Canada by skilled trades people.^{xxxi}
- Commitment to explore a *Career Extension Tax Credit* to keep seniors in the workforce longer.^{xxxii}
- \$272.6mn over five years through the *Opportunities Fund* to support labour market integration for persons with disabilities.^{xxxiii}

Immigration

- Funding of \$29.3mn over three years for a *TFW Trusted Employer Model* that reduces red tape for regular users of the program. More details to be announced in 2023.^{xxxiv}
- \$115mn over five years to expand the *Foreign Credential Recognition Program*, including health care professionals.^{xxxv}
- \$385.7mn over 5 years, with an additional \$86.5mn per year ongoing, to facilitate the timely entry of workers and students.^{xxxvi}
- \$187.3mn over five years, and \$37.2mn ongoing, to invest in technology and tools to improve capacity for support services for prospective and incoming immigrants.^{xxxvii}

Corporate Governance

- Accelerating the implementation of a publicly accessible beneficial ownership registry to come into effect by end of 2023.^{xxxviii}

Health

- \$5.3bn over five years for dental care, with \$1.7bn on an ongoing basis. Starting with under 12 year olds in 2022 and then expanding in 2023 to include under 18 year olds, seniors, and those with disabilities. Family incomes threshold for access at \$90,000 with no co-pays for those with less than \$70,000 in household income.^{xxxix}



Tax

- Additional taxes on banks and insurance companies, including a one-time 15% tax on income above \$1bn under the *Canada Recovery Dividend*, and permanently raising the corporate income tax on banks and insurance companies by 1.5% on income over \$100mn.^{xi}
- Introducing a gradual phase-out of access to the small business tax rate, with access to be fully phased out once a business reaches \$50mn of capital rather than the current \$15mn. This will save small businesses an estimated \$660mn over four years.^{xli}
- A consultation will launch to consult on Bill C-208 passed by the last Parliament to reduce loopholes in the execution of intergenerational business transfers.^{xlii}

Small Business

- Continue consultations with stakeholders on solutions to lower the cost of credit card fees for merchants.^{xliii}
- Budget 2022 proposed to create the *Employee Ownership Trust* under the Income Tax Act to support employee ownership. The government will continue to engage stakeholders to finalize the development of rules for the EOT.^{xliv}
- Up to \$30mn over two years, starting in 2022-23, to Environment and Climate Change Canada to administer direct payments to support emission-intensive, trade-exposed SMEs in Alberta, Saskatchewan, Manitoba and Ontario.^{xlv}

Financial services

- Financial sector legislative review, with the first phase focused on digital currencies.^{xlvi}

Agriculture

- \$329.4mn over six years (with \$0.6mn in amortization), starting in 2022-23, to triple the size of the Agricultural Clean Technology Program.^{xlvii}
- \$469.6mn over six years (with \$0.5mn in amortization), starting in 2022-23, to expand Agriculture Climate Solutions program's On-Farm Climate Action Fund.^{xlviii}
- \$150mn for a resilient agricultural landscape program to support carbon sequestration, adaptation, and other environmental co-benefits.^{xliv}
- \$100mn over six years, starting in 2022-23, towards post-secondary research in developing technologies and crop varieties that will allow for net-zero emission agriculture.ⁱ
- \$48.2mn (with \$2.8mn in remaining amortization) towards a new streamlined foreign worker program for agriculture and fish processing employers.ⁱⁱ

Key items missing

- Debt relief for the hardest-hit sectors that used government support programs.



- Further information about the pharmacare program.
- No mention of the *Cannabis Act* review by Health Canada.
- Measures to advance regulatory reform.
- Cybersecurity funding to support businesses.
- New measures to support rural broadband deployment.

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