



# Budget 2022 Wins for Business

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. The Canadian Chamber was happy to see a number of policy wins for business in the Budget aligned with our pre-budget submission and/or policy resolutions passed at previous AGMs.

## Innovation

- Funding of \$875.2 million over five years, plus an ongoing \$238.2 million per year to respond to cybersecurity threats. This goes towards the Communications Security Establishment as well as other departments and crown corporations.
- Review of the Scientific Research and Experimental Development program, including a consideration of implementing patent boxes.
- Additional \$750 million over six years for the Innovation Cluster (formerly Super Clusters), which will be allocated between them on a competitive basis.

## Critical minerals

- \$1.5 billion over seven years for infrastructure investments to support critical mineral supply chains, plus a further \$1.5 billion 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, rare earth elements, vanadium, tellurium, gallium, scandium, titanium, magnesium, zinc and platinum.

## Infrastructure

- Additional \$450 million over five years for the National Trade Corridor Fund, with a rebranding of the fund to focus on supply chains.
- \$136.3 million over five years to develop industry-driven solutions to use data to make supply chains more efficient.
- Accelerating the deadline for provinces to fully commit to their remaining “Investing in Canada” Infrastructure Program to March 31, 2023 or else funding will be reinvested. The construction deadline was extended to 2033.



## Security and defence

- A defence policy review to update the previous *Strong, Secured, Engaged*. There will be an \$8 billion uplift in defence spending over five years, with a noted focus also on cybersecurity.
- \$159.6 million in 2022-23 and \$33.4 million on an ongoing basis for protecting research from foreign threats.
- Moving forward with NORAD modernization, with 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.
- \$875.2 million over five years, plus an additional \$283.2 million on an ongoing basis to support government cybersecurity.

## Trade

- Commitment to introduce legislation to adjust the trade remedy system as well as funding for Canadian Border Services Agency (CBSA) to enable more participation by SMEs in trade remedy issues.

## Cannabis

- Launch a cannabis strategy table led by Innovation, Science and Economic Development Canada (ISED) to identify ways to grow the sector.
- 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.
- \$20 million over two years, starting in 2022-23, in support of a new Indigenous Tourism Fund.

## Net-zero

- \$1.7 billion over five years for extending the Incentives for Zero Emissions Vehicles (ZEVs) under March 2025, with a broadening of eligibility. There will also be \$547.5 million over four years for medium and heavy-duty ZEVs.
- An investment tax credit of up to 30% for net-zero technologies, battery storage solutions and clean hydrogen. More details will come in the Fall Economic Statement 2022.
- Creation of a Carbon Capture, Usage and Storage (CCUS) Investment Tax Credit. The input tax credit (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.



- \$120.6 million over five years related to Small Modular Reactor (SMR) research and \$250 million over four years for pre-development projects.
- A broadened mandate for the Canadian Infrastructure Bank to focus on low-carbon supports such as SMRs, clean fuel production, hydrogen and CCUS.
- Creation of the Canada Growth Fund, which operates 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 \$15 billion over five years, and aim to attract three times that in private capital. The details about the launch of the fund will occur at the Fall Economic Statement.
- Up to \$30 million 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.

## Workforce

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

## Immigration

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

## Tax

- Introducing a gradual phase-out of access to the small business tax rate, with access to be fully phased out once a business reaches \$50 million of capital rather than the current \$15 million. This will save small businesses an estimated \$660 million over four years.
- A consultation will launch on Bill C-208 passed by the last Parliament to reduce loopholes in the execution of intergenerational business transfers.



## Agriculture

- \$329.4 million over six years, starting in 2022-23, to triple the size of the Agricultural Clean Technology Program.
- \$469.6 million over six years, starting in 2022-23, to expand Agriculture Climate Solutions program's On-Farm Climate Action Fund.
- \$150 million for a resilient agricultural landscape program to support carbon sequestration, adaptation and other environmental co-benefits.
- \$100 million 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.
- \$48.2 million towards a new streamlined foreign worker program for agriculture and fish-processing employers.

## Indigenous

- Committing to implementation of the *United Nations Declaration on the Rights of the Indigenous Peoples Act* in partnership with Indigenous peoples, including \$65.8 million over five years, starting in 2022-23, and \$11 million ongoing, to Justice Canada and Natural Resources Canada to accelerate work to meet legislated requirements, including the co-development of an action plan with Indigenous partners.
- As announced in the 2030 Emissions Reduction Plan, Budget 2022 provides \$29.6 million over three years, starting in 2022-23, to Crown-Indigenous Relations and Northern Affairs Canada to support the co-development of an Indigenous Climate Leadership Agenda to support self-determined action in addressing Indigenous peoples' climate priorities. The funding will also support the phased implementation of distinctions-based climate strategies.
- Funding of \$27.9 million over two years, starting in 2022-23, for the Line 3 and the Trans Mountain Expansion Project pipelines' Indigenous Advisory and Monitoring Committees, to enable Indigenous communities to identify common priorities and provide informed advice on these projects.
- \$150 million over five years, starting in 2022-23, to Indigenous Services Canada's Lands and Economic Development Services Program and Community Opportunity Readiness Program, to advance shovel-ready economic opportunities in Indigenous communities. Budget 2022 also provides \$15 million over five years, starting in 2022-23, to the Canadian Northern Economic Development Agency to support Indigenous economic development in the North.
- \$35 million over five years, starting in 2022-23, to Indigenous Services Canada to increase economic capacity supports, including specialized training opportunities delivered by Indigenous-led organizations.
- To further support Indigenous SMEs, Budget 2022 forgives up to 50% of the COVID-Indigenous Business Initiative loans that supported businesses in need during the pandemic. This action will help ensure that Indigenous-owned businesses are positioned for long-term success.