



Fall Economic Statement 2022 Summary

This afternoon, Deputy Prime Minister and Minister of Finance Chrystia Freeland tabled the government's [Fall Economic Statement \(FES\)](#). The FES contains measures to invest in net-zero skills, clean technology incentives, and eliminating over-regulation in major Canadian projects.

What follows is a non-exhaustive summary of the FES which outlines its key measures. The Canadian Chamber Policy team looks forward to hearing members' perspectives as they undertake their own analysis.

Federal Fiscal Posture

Against the backdrop of increased revenues, partly due to inflation, the federal government's fiscal position is the following (all numbers in billions of C\$):

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Budgetary Balance – Budget 2022	-113.8	-52.8	-39.9	-27.8	-18.6	-8.4
Total – 2022 FES measures		-6.1	-5.2	-5.8	-4.2	-4.6
Budgetary Balance as a % of GDP	-4.6	-2.0	-1.4	-0.9	-0.6	-0.3
Federal Debt as a % of GDP	46.5	45.1	44.5	43.8	42.8	41.5

Key Measures

Skills

- Investing in Net-Zero Skills:** The FES proposes to provide \$250 million over five years, starting in 2023-24, to Employment and Social Development Canada to help ensure Canadian workers can thrive in a changing global economy. Specific measures include the Sustainable Jobs Training Centre, a new sustainable jobs stream under the Union Training and Innovation Program, and the Sustainable Jobs Secretariat. ¹

¹ Fall Economic Statement 2022, p. 27



Net-Zero

- **Launching the Canada Growth Fund:** The mandate of the Growth Fund will be to make investments that attract substantial private sector investment in Canadian businesses and projects to help seize the opportunities provided by a net-zero economy. The Growth Fund's investments will help meet the following important national economic policy goals:
 - Reduce emissions and achieve Canada's climate targets;
 - Accelerate the deployment of key technologies, such as low-carbon hydrogen and carbon capture, utilization, and storage (CCUS);
 - Scale up companies that will create jobs, drive productivity and clean growth, and encourage the retention of intellectual property in Canada; and,
 - Capitalize on Canada's abundance of natural resources and strengthen critical supply chains to secure Canada's future economic and environmental well-being.²
- **An Investment Tax Credit for Clean Technologies:** The *2022 Fall Economic Statement* proposes a refundable tax credit equal to 30 per cent of the capital cost of investments in:
 - Electricity Generation Systems, including solar photovoltaic, small modular nuclear reactors, concentrated solar, wind, and water (small hydro, run-of-river, wave, and tidal);
 - Stationary Electricity Storage Systems that do not use fossil fuels in their operation, including but not limited to: batteries, flywheels, supercapacitors, magnetic energy storage, compressed air storage, pumped hydro storage, gravity energy storage, and thermal energy storage;
 - Low-Carbon Heat Equipment, including active solar heating, air-source heat pumps, and ground-source heat pumps; and,
 - Industrial zero-emission vehicles and related charging or refueling equipment, such as hydrogen or electric heavy duty equipment used in mining or construction.³
- **An Investment Tax Credit for Clean Hydrogen:** The government is proceeding with its commitment, announced in Budget 2022, to establish an investment tax credit to support investments in clean hydrogen production. In the coming weeks, the Department of Finance will launch a consultation on how best to implement an investment tax credit for clean hydrogen based on the lifecycle carbon intensity of hydrogen. The U.S. *Inflation Reduction Act (IRA)* introduced carbon intensity tiers to guide the level of support to clean hydrogen projects. As outlined in the IRA, support would begin to be provided when emissions from the production of clean hydrogen are 4.0kg of CO₂e or less per kg of hydrogen,

² Fall Economic Statement 2022, pp. 29-30

³ Fall Economic Statement 2022, pp. 30-31



while the highest level of support would be provided where emissions are 0.45kg of CO₂e or less per kg of hydrogen. The consultation will seek input on:

- An appropriate carbon intensity-based system for the Canadian context; and,
 - The level of support needed for different production pathways in Canada.⁴
- **Investing in Canada’s Advanced Manufacturing Competitiveness:** To do this, the government will work with industry experts and unions to build on past investments and help make Canada the premier destination for investment in clean technology manufacturing that will create and maintain good-paying jobs, and help build a net-zero economy. Following these consultations, new measures will be announced, as part of Budget 2023, to ensure Canada’s competitiveness and create good jobs.
 - **Building on Canada’s Critical Minerals Strategy:** The government will ensure that Canada’s tax and investment programs, skills training, and research and development ecosystem help to grow our economy and support our democratic allies with sustainably developed clean technologies and goods.⁵

Small Business

- **Lowering SME Interchange:** The government intends to enter into negotiations with payment card networks, financial institutions, acquirers, payment processors, and businesses to lower credit card transaction fees for small businesses in a manner that does not adversely affect other businesses and protects existing reward points for consumers. The government has published draft legislative amendments to the *Payment Card Networks Act*. Should the industry not come to an agreed solution in the months to come, the government will introduce this legislation at the earliest possible opportunity in the new year and move forward on regulating credit card transaction fees.⁶

Transportation

- **National Supply Chain Task Force Findings:** The government is taking immediate actions that align with the National Supply Chain Task Force’s recommendations on strengthening Canada’s transportation supply chains, including:
 - Moving forward with Budget 2022 commitments to invest in critical transportation infrastructure, support industry-driven digitization of supply chains, and make supply chains more competitive by continuing to cut unnecessary red tape;

⁴ Fall Economic Statement 2022, p. 31

⁵ Fall Economic Statement 2022, p. 32

⁶ Fall Economic Statement 2022, p. 24



- Launching a Supply Chains Regulatory Review to consider further regulatory changes that could improve the efficiency and resiliency of Canada's supply chains;
- Modernizing cargo and clearance inspection practices;
- Streamlining operating policies and regulatory practices that impact the flow of goods through our international gateways;
- Exploring ways to bolster protection and remedies for shippers and service providers due to service disruptions; and,
- Improving data reporting and monitoring.
- As part of this effort, the government will introduce legislative amendments to help ease congestion and strengthen our strategic trade gateways by updating the way that Canada's ports are managed and operated. Additionally, the government is continuing to advance proposed amendments to the *Freight Rail Data Regulations* (Transportation Information Regulations) to collect new freight rail information to enhance the transparency and competitiveness of the freight rail system.⁷

Innovation

- **Launching a Canadian Innovation and Investment Agency:** Budget 2022 announced the government's intention to establish a Canadian innovation and investment agency, and committed \$1 billion over five years, starting in 2022-23, to support its initial operations. The Canadian agency will work to help new and established Canadian firms innovate, commercialize research, and create new economic opportunities for workers and businesses in Canada. The agency will be accountable to Parliament but will operate independently from government on a day-to-day basis and draw on private sector experts to create new jobs, generate new and improved goods and services, and help Canadian businesses succeed in a changing global economy.⁸
- **Modernizing National Research Council Facilities:** The *2022 Fall Economic Statement* proposes to provide \$962.2 million on a cash basis over eight years, starting in 2022-23, with \$121.1 million per year ongoing, to modernize the National Research Council's scientific infrastructure and help continue to propel Canadian innovation. This funding would continue ongoing efforts to modernize the National Research Council and help ensure it is able to effectively collaborate with business and university partners.⁹

Regulatory Affairs

- **Improving Regulatory Processes for Major Projects:** The *2022 Fall Economic Statement* proposes to provide up to \$1.28 billion over six years, starting in 2022-23, with \$0.5 million in remaining amortization and \$55.4 million per year ongoing

⁷ Fall Economic Statement 2022, pp.32-33

⁸ Fall Economic Statement 2022, p. 33

⁹ Fall Economic Statement 2022, p. 34



to the Impact Assessment Agency of Canada, the Canada Energy Regulator, the Canadian Nuclear Safety Commission, and ten other federal departments. This funding will ensure agencies designed to protect our environment can increase their capacity and improve the efficiency of assessments in order to respond to a growing number of major projects being proposed.

- As announced in Budget 2022, work is also underway to develop a national benefits-sharing framework, in partnership with Indigenous communities, to ensure that First Nations and Métis communities can directly benefit from major resource projects in their territories and that Inuit communities benefit from major resource projects in Inuit Nunangat. Further details will be provided in 2023 ¹⁰

Infrastructure

- **Making Progress on Canada's Infrastructure Investments:** The Investing in Canada Infrastructure Program is providing \$33.5 billion for public infrastructure across Canada. Under this program, provinces and territories prioritize and submit projects to Infrastructure Canada for review. To date, the program has approved more than \$23 billion for over 5,200 projects submitted by provinces and territories across the country. To more quickly deliver needed infrastructure projects, the government signalled its intent in Budget 2022 to accelerate the deadline for provinces to commit their remaining funding to priority projects to March 31, 2023. The 2022 Fall Economic Statement reaffirms this intent, as well as the Budget 2022 commitment to reallocate funds left uncommitted to other priorities. The existing deadline of March 31, 2025 will remain unchanged for the territories.¹¹

Immigration

- **Canada's 2023-2025 Immigration Levels Plan:** The 2023-25 Immigration Levels Plan tabled on November 1, 2022 laying out a path to further increase immigration in the coming years to reach 500,000 immigrants in 2025—the majority of whom will be skilled workers who will help to address persistent labour shortages, including in healthcare, manufacturing, and the building trades. This builds on steps the government has already taken to respond to Canada's labour market needs as part of the Express Entry System.
 - To support the processing and settlement of new permanent residents to Canada as part of the 2023-25 Immigration Levels Plan the government has committed \$1.6 billion over six years and \$315 million ongoing in new funding.
 - To address ongoing application backlogs, speed up processing, and allow for skilled newcomers to fill critical labour gaps faster, the government

¹⁰ Fall Economic Statement 2022, p. 34

¹¹ Fall Economic Statement 2022, pp. 34-35



has committed an additional \$50 million in 2022-23 for Immigration, Refugees, and Citizenship Canada.¹²

Taxation

- **Scientific Research and Experimental Development (SR&ED) tax incentive program:** In Budget 2022, the federal government announced its intention to review the SR&ED program to ensure it is efficient and providing adequate support, which would include consideration of adopting a patent box regime. Work is underway on this review and further details will follow in Budget 2023.¹³
- **A Tax on Share Buybacks:** The 2022 Fall Economic Statement announces the government's intention to introduce a corporate-level 2 per cent tax that would apply on the net value of all types of share buybacks by public corporations in Canada, similar to a recent measure introduced in the United States. The details of this new tax will be announced in Budget 2023, and the tax would come into force on January 1, 2024.¹⁴
- **International Tax Reform:** FES 2022 reaffirms Canada's commitment to the global minimum tax on large corporations. Canada will collaborate with international partners to develop a coordinated implementation framework, to be put in place in a timely and coordinated manner.¹⁵

¹² Fall Economic Statement 2022, p. 35

¹³ Fall Economic Statement 2022, p. 33

¹⁴ Fall Economic Statement 2022, p. 39

¹⁵ Fall Economic Statement 2022, p. 39