



Member Bulletin: 2022 Federal Budget

The Government of Canada has today unveiled the 2022 federal budget, [A Plan to Grow Our Economy and Make Life More Affordable](#). The TIAC Team is reviewing the 300-page document and providing its analysis and insights on the April 12 Member Talk ([register here](#)).

Recognizing it as a top issue for Canadian voters, housing measures are a priority component of the new Budget. This includes a host of programs that invest in building affordable housing, retrofit existing housing stock, create new mechanisms for Canadians to buy a home, and limit the impact of foreign buyers in Canada's housing market.

Another key focus is on increasing defense spending and the modernization of Canada's readiness to combat foreign threats in 2022. This policy focus also includes measures to support Ukraine in its ongoing defense against the Russian invasion, and new pathways to bring Ukrainian immigrants into Canada.

The environment and climate figure prominently in several major new investments, such as a new investment tax credit for carbon capture, utilization, and storage, zero emissions vehicles and related infrastructure, a top-up for the low carbon economy fund, and major new funding for the government's Ocean Protection Plan.

Budget 2022 includes new investments in key industries and infrastructure priorities for the government. Central to this is a new, \$15 billion Canada Growth Fund to attract private sector investment in Canada. Other announcements are the development of a new R&D investment agency, funding to bolster critical minerals developments, and investments to provide further stability to Canada's supply chains.

In recent months, TIAC has been actively advocating the government for supports in three key priority areas to rebuild the industry back to the \$105 billion economic powerhouse it was pre-pandemic by 2025, and to position it for further growth by the end of 2026;

1. Branding and Barriers
2. Financial Supports
3. Labour Shortages

Since TIAC's Hill Day campaign in mid-February, significant strides have been made in removing barriers at the border. This includes the removal of pre-arrival testing for fully vaccinated travellers entering Canada and cruise tourism to restart on April 9.

TIAC advocated for amendments to a number of government support programs, including the Tourism and Hospitality Recovery Program, and significant changes to the Tourism Relief Fund to get support directly into the hands of tourism businesses.

Progress was also made on the labour file, as reflected in the recently announced Temporary Foreign Worker (TFW) program changes, which prioritize several sectoral groups within the tourism industry.

The following is a high-level snapshot of the supports outlined in the new Budget.



Support for Canada's Tourism Sector

To continue supporting Canada's tourism sector, the Minister of Tourism will work with the tourism industry, provincial and territorial counterparts, and Indigenous tourism operators to develop a new post-pandemic Federal Tourism Growth Strategy, which will plot a course for growth, investment, and stability.

BARRIERS AND BRANDING

Efficiently Welcoming Visitors, Students, and Workers to Canada

As the world recovers from the pandemic and travel restrictions are lifted, Canada can expect to see a growing number of temporary residence applications, visitor visas, and study permits.

- Budget 2022 proposes to provide \$385.7 million over five years, and \$86.5 million ongoing, for Immigration, Refugees and Citizenship Canada, the Canada Border Services Agency, and the Canadian Security Intelligence Service to facilitate the timely and efficient entry of a growing number of visitors, workers, and students.

Based on the economic and fiscal forecast tables provided in this Budget, spending on support for proof of vaccination, rapid test kits, and COVID-19 testing capacity and border operation funding are set to wind down over the coming years, suggesting testing protocol is intended to wane.

FINANCIAL SUPPORTS

Indigenous Tourism

To ensure Indigenous businesses are part of the recovery, Budget 2022 proposes two important measures.

- Budget 2022 proposes to provide \$20 million over two years, starting in 2022-23, in support of a new Indigenous Tourism Fund to help the Indigenous tourism industry recover from the pandemic and position itself for long-term, sustainable growth.
- Budget 2022 also proposes to provide \$4.8 million over two years, starting in 2022-23, to the Indigenous Tourism Association of Canada to support its operations, which continue to help the Indigenous tourism industry rebuild and recover from the pandemic.

The Next Steps Towards High Frequency Rail

High frequency rail has the potential to offer climate-friendly transportation and faster, more regular, and more reliable passenger rail service between Toronto and Quebec City—Canada's busiest travel corridor.



- Budget 2022 proposes to provide \$396.8 million over two years, starting in 2022-23, to Transport Canada and Infrastructure Canada for planning and design steps in support of high frequency rail between Toronto and Quebec City.

Investing in VIA Rail Stations and Maintenance Centres

In 2019, 4.8 million passengers rode VIA Rail trains in the Windsor to Quebec City corridor. Demand for passenger rail was significantly affected by the pandemic, but ridership on VIA trains is now rebounding and is expected to continue to rise as we come through the pandemic. However, many of VIA Rail's maintenance centres and stations are decades-old and require significant investments to ensure they can provide the quality rail service that Canadians deserve.

- Budget 2022 proposes to provide \$42.8 million over four years, starting in 2023-24, with \$169.4 million in remaining amortization, to VIA Rail Canada to construct, maintain, and upgrade stations and maintenance centres in the Windsor to Quebec City corridor.

THE LABOUR SHORTAGE

As announced in Budget 2021, the government also intends to amend the *Immigration and Refugee Protection Act* to improve Canada's ability to select applicants that match its changing and diverse economic and labour force needs. These people will be from among the growing pool of candidates seeking to become permanent residents through the Express Entry System.

Improving the Temporary Foreign Worker Program

Budget 2022 proposes measures to increase protections for workers, to reduce administrative burdens for trusted repeat employers, and to ensure employers can quickly bring in workers to fill short-term labour market gaps.

- These include:
 - \$29.3 million over three years to introduce a Trusted Employer Model that reduces red tape for repeat employers who meet the highest standards for working and living conditions, protections, and wages in high-demand fields. Further details on this program will be announced in the coming year.
 - \$48.2 million over three years, with \$2.8 million in remaining amortization, to implement a new foreign labour program for agriculture and fish processing, tailored to the unique needs of these employers and workers. The program will be regularly reviewed by the Minister of Employment, Workforce Development and Disability Inclusion for its impact on local labour markets to maximize the employment of Canadians and permanent residents and to ensure the program is not negatively impacting wages for Canadians and permanent residents.
 - \$64.6 million over three years to increase capacity to process employer applications within established service standards.



- \$14.6 million in 2022-23, with \$3 million in remaining amortization, to make improvements to the quality of employer inspections and hold employers accountable for the treatment of workers.
- Budget 2022 proposes to amend Part II of the *Employment Insurance Act* to ensure more workers are eligible for help before they become unemployed, and that employers can receive direct support to retrain their workers. Over the coming year, the government also intends to intensify work with provinces and territories to modernize these agreements, reflecting the changing needs and challenges of both the current and future Canadian labour market. This will include working together to support mid-career workers in transitioning to new sectors and help local economies adapt and prosper.

Extending Temporary Support for Seasonal Workers

In 2018, to address gaps in EI support between seasons, the government introduced a pilot project in 13 regions of the country to provide up to five additional weeks - for a maximum of 45 weeks - for eligible seasonal workers. The temporary support was extended in Budget 2021 to ensure continued support during the pandemic.

- Budget 2022 proposes to extend these rules until October 2023 as the government considers a long-term solution that best targets the needs of seasonal workers. The cost of this measure is estimated at \$110.4 million over three years, starting in 2022-23.
- As part of this extension, the government proposes to maintain a recently introduced legislative fix to ensure that the timing of COVID-19 benefits does not affect future EI eligibility under the rules of the program.

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MISCELLANEOUS

Cutting Taxes for Canada's Growing Small Businesses

Small businesses currently benefit from a reduced federal tax rate of 9 per cent on their first \$500,000 of taxable income, compared to a general federal corporate tax rate of 15 per cent. A business no longer has access to this lower rate once its level of capital employed in Canada reaches \$15 million.

However, phasing out access to the lower tax rate too quickly - and then requiring a small business to pay more in tax - can discourage some businesses from continuing to grow and create jobs.



- Budget 2022 proposes to phase out access to the small business tax rate more gradually, with access to be fully phased out when taxable capital reaches \$50 million, rather than at \$15 million.
- This would allow more medium-sized businesses to benefit from the reduced rate, increase the amount of income that can be eligible for the reduced rate, and deliver an estimated \$660 million in tax savings over the 2022-2023 to 2026-2027 period that can be reinvested towards growing and creating jobs. This measure would apply to taxation years that begin on or after Budget Day.

Improving Support Services for Immigrants and Visitors to Canada

As global demand to visit, study, and work in Canada increases - in addition to a growing number of permanent residents moving to Canada – so, too, must the government’s ability to provide accessible, timely, and responsive services.

- Budget 2022 proposes to provide \$187.3 million over five years, and \$37.2 million ongoing, for Immigration, Refugees and Citizenship Canada to improve its capacity to respond to a growing volume of enquiries and to invest in the technology and tools required to better support people using their services.
- To support the processing and settlement of new permanent residents to Canada as part of Canada’s Immigration Levels Plan, including the government’s increased commitment to Afghan refugees, the government has committed \$2.1 billion over five years and \$317.6 million ongoing in new funding.

To modernize the process of obtaining Canadian citizenship, the federal government recently launched new online services, which include the ability to submit applications electronically. However, current legislation limits the government’s ability to modernize the citizenship application process through digitization, meaning processing takes longer and online tools are limited.

To further improve the experience of applicants and to enable the Citizenship Program to accommodate higher levels of applications, the government intends to introduce legislative amendments to the *Citizenship Act* to enable automated and machine-assisted processing and the safe and secure collection and use of biometric information.

Leading in the Global Fight Against COVID-19

Since February 2020, Canada has committed more than \$2.7 billion in international assistance to fight the pandemic, including a contribution of more than \$1.3 billion to the Access to COVID-19 Tools Accelerator (ACT-A)—a global effort to improve equitable access to COVID-19 vaccines, tests, and treatments.

This made Canada one of only six countries to meet or exceed the independently assessed voluntary contribution target for the ACT-A’s 2020-21 funding cycle.

Budget 2022 proposes to provide \$732 million in 2022-23 to Global Affairs Canada to further support the efforts of the Access to COVID-19 Tools Accelerator and to ensure that Canada continues to provide its fair share to global efforts to improve access to vaccines, therapeutics, and other tools to fight COVID-19. This will bring Canada’s total contribution to the Access to COVID-19 Tools Accelerator to more than \$2 billion since the start of the pandemic.



Growing Canada's Trail Network

The Trans Canada Trail is a national initiative that began in 1992 with the goal of developing a network of recreational trails that would stretch across Canada.

At 27,000 kilometres, the Trans Canada Trail is now the longest trail network in the world, connecting Canadians to nature from coast-to-coast-to-coast. To maintain and enhance Canada's trail network, Budget 2022 proposes to provide \$55 million over five years (starting in 2022-23) to the Parks Canada Agency for the Trans Canada Trail.

- To improve access and promote tourism and recreational activities around Rouge National Urban Park, Budget 2022 proposes to provide \$2 million over two years (starting in 2022-23) to the Parks Canada Agency to contribute to building new trails outside and connecting to trails inside the Urban Park.

A Ban on Foreign Investment in Canadian Housing

For years, foreign money has been coming into Canada to buy residential real estate. This has fueled concerns about the impact on costs in cities like Vancouver and Toronto and worries about Canadians being priced out of the housing market in cities and towns across the country.

To make sure that housing is owned by Canadians instead of foreign investors, Budget 2022 announces the government's intention to propose restrictions that would prohibit foreign commercial enterprises and people who are not Canadian citizens or permanent residents from acquiring nonrecreational, residential property in Canada for a period of two years.

Strengthening Global Health Security

Canada is a long-standing contributor to global health security, which is a shared challenge that requires strong and consistent collaboration between countries around the world.

Budget 2022 proposes to provide an additional \$296 million over four years, starting in 2023-24, and \$74 million ongoing, to Global Affairs Canada to help support efforts to address global health security priorities, such as infectious disease prevention and response.

There are other significant pieces outlined in the budget document that will impact our sector including more on affordable housing, inclusive workforce efforts, climate change, foreign investment, and fuel prices and we will provide a more robust update at the April 12 Member Talk with TIAC President and CEO Beth Potter ([register here](#)).