Budget 2022: A Plan to Grow Our Economy and Make Life More Affordable

Highlights and Analysis

Questions concerning the content of this report should be directed to:

Joey Taylor
Manager, Public Affairs
Engineers Canada
joey.taylor@engineerscanada.ca
613.232.2474 Ext. 213
Overview

On April 7, 2022, the Honourable Chrystia Freeland, Canada’s Deputy Prime Minister and Minister of Finance, tabled *Budget 2022: A Plan to Grow Our Economy and Make Life More Affordable*. The government’s federal budget focuses on three pillars: investing in people, a green economy, and productivity and innovation, and details $60 billion in new investments including:

- $10.2 billion for affordable housing, including to help Canadians buy their first home
- $8.2 billion for defence and international assistance
- $12.4 billion to address climate change, help create jobs in green technology and protect land, lakes, and oceans
- $3 billion for a strategy to accelerate the production and processing of critical minerals
- $1 billion to create a Canadian Innovation and Investment Agency
- $4.5 billion for Indigenous reconciliation
- $603.2 million for better supply chain infrastructure

Budget 2022 lists the current deficit at $113.8 billion, which is down from estimates discussed in the fall, and anticipates a deficit of $52.8 billion for the fiscal year ahead. It outlines that the federal government will approach budgetary balance by 2026-2027 when the deficit is expected to be $8.4 billion.

Engineers Canada looks forward to its continued collaboration with the federal government on important priorities outlined in Budget 2022 including:

- Infrastructure
- Building Canada’s net-zero economy
- Innovation, research and development spending

Infrastructure

Overview

Budget 2022 details much infrastructure spending through various initiatives that include building affordable homes, new steps towards high frequency rail, increasing the impact of the Canada Infrastructure Bank (CIB), and accelerating the deadline to fully commit the remaining funding under the Investing in Canada Infrastructure Program for provinces by March 31, 2023, and for territories by March 31, 2025.

Budget 2022 proposes infrastructure investments that include:

- $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.
- A broadened mandate for the CIB to invest in private sector-led infrastructure projects that will accelerate Canada’s transition to a low-carbon economy. This will allow the CIB to invest in small modular reactors; clean fuel production; hydrogen production, transportation and distribution;
and carbon capture, utilization, and storage. These new areas fall under the CIB’s existing clean power and green infrastructure investment areas.

- $398 million over two years (2022-2024) to Indigenous Services Canada to support community infrastructure on reserve, including at least $247 million to support water and wastewater infrastructure.
- $1.5 billion over seven years (2023-2030) for infrastructure investments that would support the development of critical minerals supply chains.
- A combined investment of $43 billion in new and existing funding, between infrastructure funding and the new Housing Accelerator Fund, over the next 10 years to increase construction of homes.

Analysis and opportunities

Through our 2022 Pre-Budget Submission to the House of Commons Standing Committee on Finance, Engineers Canada specifically recommended that the federal government kickstart the economy through the acceleration of projects promised in the Investing in Canada Plan program. We are pleased to see the government’s intention to accelerate the deadline for provinces to fully commit their remaining funding under the Investing in Canada Infrastructure Program. These measures will help ensure that federal funding for infrastructure can continue to support transformative infrastructure projects across Canada.

Engineers Canada actively advocates for the need for sound and reliable core public and private infrastructure because it ensures public safety, the continuing delivery of critical services, and supports economic prosperity through our national positions on the Role of Engineers in Canada’s Long-term Economic Recovery, Infrastructure, and Infrastructure on Indigenous reserves and in remote Indigenous communities.

Building Canada’s net-zero economy

Overview

Budget 2022 places significant emphasis on Canada’s steps towards reducing its emissions by 40-45 per cent below 2005 levels by 2030, and towards reaching net-zero by 2050. It also introduces new measures that will make it easier and more affordable for Canadians and Canadian businesses to adopt clean technologies.

It includes investments of:

- $500 million invested in large-scale charging and refueling infrastructure to help accelerate adoption of zero-emission vehicles (ZEVs). This funding comes on top of investments for smaller, more localized ZEV charging infrastructure.
- $600 million over seven years (2022-2029) to Natural Resources Canada for the Smart Renewables and Electrification Pathways Program to support additional renewable electricity and grid modernization projects.
- $250 million over four years (2022-2026) to support pre-development activities on clean electricity projects of national significance such as inter-provincial electricity transmission projects and small modular reactors. Examples could include the Atlantic Loop or Prairie Link.
A commitment to build capacity and support green procurement. Public Service and Procurement Canada will develop new tools, guidelines, and targets to support the adoption of green procurement across the federal government.

Extension of the Low Carbon Economy Fund with a further investment of $2.2 billion over seven years (2022-2029) to provinces and territories to reduce emissions, generate employment, and build resilient communities through infrastructure and technology improvements.

Announcement that the Department of Finance Canada will engage with experts to establish an investment tax credit of up to 30 per cent, focused on net-zero technologies, battery storage solutions, and clean hydrogen.

Analysis and opportunities

In our 2022 Pre-Budget Submission to the House of Commons Standing Committee on Finance, Engineers Canada specifically advocated for the federal government to invest in green infrastructure as a recovery strategy to help benefit both the economy post-COVID-19, as well as to deliver on Canada’s climate commitments. Engineers Canada was happy to see this specific ask addressed, as well as significant investments towards climate change adaptation, rehabilitation, and mitigation to strengthen and protect physical infrastructure across Canadian communities.

Engineers Canada has been advocating for the federal government to increase climate resiliency, adaptation, and mitigation policies at the federal level; specifically, through our national position statement on Climate Change and Extreme Weather Events, and our federal submissions to:

- Engineers Canada’s comments to Environment and Climate Change Canada on the Climate Science 2050 National Climate Change Science Plan
- Environment and Climate Change Canada – Draft National Climate Change Science and Knowledge Plan
- Comments to Canada’s Building Code in the Context of Climate Change, Adaption, and Sustainability – White Paper on the urgency of building code modernization and implementation

It is important that the federal government continue to consult and include engineers on federal climate adaptation, mitigation, and rehabilitation projects that require engineering expertise. Engineers are leaders in adaptation and are ready to work collaboratively with the federal government on environmental assessments and regulatory processes to provide unbiased, innovative, and transparent advice regarding climate change and its impact on infrastructure.

Innovation, research, and development spending

Overview

Budget 2022 acknowledges the need for Canadian businesses to innovate and become global leaders in the industries that will grow our economy and create new jobs. It includes the launch of a world-leading Canada Growth Fund, and the creation of a new Canadian Innovation and Investment Agency that will have a significant impact in making Canada’s economy stronger and more innovative.

As a result, Budget 2022 proposes to establish the Canada Growth Fund to attract substantial private sector investment to help meet important national economic policy goals:
1. To reduce emissions and contribute to achieving Canada’s climate goals
2. To diversify our economy and bolster our exports by investing in the growth of low-carbon industries and new technologies across new and traditional sectors of Canada’s industrial base
3. To support the restructuring of critical supply chains in areas important to Canada’s future prosperity—including our natural resources sector

It also discusses the creation of a Canadian Innovation and Investment Agency to work with new and established Canadian industries and businesses to provide them with tools needed to innovate, create jobs, and overall be competitive in the global economy. Budget 2022 proposes that the government will explore new ways to better integrate leading university researchers and business partners and further modernize the National Research Council to better invent, innovate, and prosper. It recognizes the need for a diverse, inclusive, and equitable research community. Finally, Budget 2022 also provides further support to innovation by supporting Canada’s Global Innovation Clusters.

Key investments include:

- $15 billion over five years to the Canada Growth Fund that will accelerate the investment of private capital into decarbonization and clean technology projects; help to promote the diversification of Canada’s economy; play a key role in helping to meet Canada’s climate targets; and strengthen both Canada’s economic resilience and capacity.
- 1 billion over five years to support initial operations of the new Canadian Innovation and Investment Agency.
- $40.9 million over five years, starting in 2022-23, and $9.7 million ongoing to the federal granting councils to support targeted scholarships and fellowships for promising Black student researchers.
- $38.3 million over four years starting next fiscal year and $12.7 million ongoing for the federal granting councils to add new and internationally recruited research chairs in STEM.

Analysis and opportunities

Engineers Canada has advocated for increased research, development, and innovation spending at the federal level through our national positions relating to Research, Development, and Innovation Spending. In addition, Engineers Canada also contributed to the House of Commons Standing Committee on Industry, Science and Technology regarding their study on the Canadian response to the COVID-19 pandemic to ensure that future economic recovery measures bring prosperity to all Canadians.

We were encouraged by these investments in research and development in Canada’s technology sector, as it is a key driver of Canada’s economic competitiveness on the global stage. Engineers are at the forefront of many technology companies and are key drivers of innovation. We believe that the federal government must continue to make investments into a strategic innovation agenda to support skills development and training to promote and improve Canadian innovation.