

Advocacy Bulletin

The 2022 Federal Budget

Dear WRLA Members,

April 16, 2022

The 2022-23 federal budget recently released by Deputy Prime Minister and Finance Minister Chrystia Freeland contains several initiatives that may be of interest to your business. As usual, we are available at any point to discuss these matters further or seek additional information if you wish.

The federal government is set to spend \$31.2 billion in new spending commitments over five years, recording a deficit of \$52.8 billion in 2022-23. Canada's debt to-GDP ratio will decline from its pandemic heights to 45.1 percent. This is in part thanks to increased government revenues from rising inflation (including oil prices) and record low interest rates. (Although rates are set to rise rapidly over the course of this year, and oil could decline at any time as well. Cost pressures will likely ramp up over the medium-to-long term.) The economy continues to recover from the depths of the pandemic; the government forecasts that the economy will increase by 3.1 percent in 2022 and continue to grow at a 2 percent in 2023.

Housing was a key feature of the budget, and encompassed an entire chapter. Budget 2022 proposes measures that—in partnership with steps that must be taken by other orders of government—will put Canada on the path to double our construction of new housing and meet Canada's housing needs over the next decade.

Budget 2022 measures that are aimed at building more homes and making housing more affordable include:

- Putting Canada on the path to double our housing construction over the next decade;
- Helping Canadians buy their first home;
- Protecting buyers and renters;
- Curbing unfair practices that drive up the price of housing; and,
- Continuing to fight homelessness and support housing affordability, particularly for the most vulnerable.

This budget also Budget 2022 proposes to establish the Canada Growth Fund to attract substantial private sector investment to help meet important national economic policy goals:

- To reduce emissions and contribute to achieving Canada's climate goals;
- 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; and
- To support the restructuring of critical supply chains in areas important to Canada's future prosperity—including our natural resources sector.

- **Tax relief for some businesses**
 - If your business has between \$15-\$50 million in taxable capital assets, your federal tax rate will go down. However, this is not the case for businesses that are smaller.
- **Impacts to your Company benefits program**
 - New dental plan is coming for family incomes under \$90,000. This is going to be phased in starting with children under 12, then under 18, etc. over the next few years. If you have a company dental plan, you may want to start working with your insurer to understand how this could reduce your company benefit plan costs without reducing your employee benefits.
- **New business opportunities**
 - Thinking about electric vehicles? Over \$125 million per year will be available to businesses replacing gas/diesel medium- and heavy-duty vehicles with electric ZEV's (zero emission vehicles). More detail is pending. However, even if you are thinking that medium- and heavy-duty ZEVs are *not* practical for you yet, consider this:
 - If you supply medium- and heavy-duty parts or services, you should consider the opportunities and impacts to your business
 - If you up-fit or manufacture commercial vehicles, you also should consider the potential opportunities and impacts to your business revenues
 - If you want to replace a smaller business-use vehicle with electric, they are extending the EV purchase subsidy program
 - Thinking of pivoting or expanding your business into "green" tech, emission reduction or renewable energy products? Over \$5 billion of federal investment money will become available based on \$1 federal dollar for every \$3 dollars of private funding. This is *in addition* to \$875 million being spent on clean energy generation projects with the provinces.
 - If you deal with the natural resource or O&G sector, any restructuring of these "critical supply chains" will qualify for Federal funding. Expect many of your clients to be considering big investments in building new areas of *their* businesses. Think about how you could be a supplier or partner in these projects.
 - If you are in the construction, real estate, or building materials industry, there are opportunities that merit consideration, such as:
 - First time home buyers are getting receiving a tax credit of \$1500. This may encourage home and new apartment/townhouse construction
 - Tax-free first home savings account - contributions are tax-deductible and withdrawals to buy a first home are tax-free up to \$40,000
 - Up to \$7,500 in tax credits per home will be available to construct a *secondary suite*, ostensibly to welcome a family member unable to afford to their own home.
 - Over \$1 billion per year to help cities and municipalities accelerate housing projects and affordable housing units

- **New employee opportunities in the trades**

- The temporary foreign worker program has removed the seasonal cap, extended the LMIA paperwork coverage from 9 to 18 months, and doubled the percentage of low-wage workers from 10% to 20% (30% in construction and food industries). They are also committing to speed-up application processing
- Out of province tradespersons and apprentices can deduct up to \$4k in relocation expenses. This may make it easier to get qualified people to move here to take a job
- Over \$20m/year will be available to help women, immigrant newcomers, people with disabilities, indigenous and other racial minorities to help get into union apprenticeship programs. If you have unionized workforces, get the best people by getting connected to the program early
- Canada is welcoming many Ukrainian and Afghan refugees over the next 12 months, who *will be eligible to work* in Canada. Many of these may be skilled workers worth considering for hire

Sincerely,

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