



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

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The budget was tabled on April 7, 2022 and can be viewed [here](#). The budget consists of 9 chapters, with chapter 3 focusing specifically on climate change.

Minister Freeland's speech can be found [here](#).
The News Release from the Department of Finance Canada can be found [here](#).



Chapter 1: Affordable Housing

Energy-efficient rental units

Budget 2022 announces the government's intent to reform the Rental Construction Financing Initiative by strengthening its affordability and energy efficiency requirements.

Greener buildings and homes

- \$4.4 billion to help homeowners save on their energy bills through energy efficient home retrofits under the Canada Greener Homes Loan Program.
- \$150 million over five years, starting 2022-23, to Natural Resources Canada to develop the Canada Green Buildings Strategy.

Greener Neighbourhood Pilot Project

\$33.2 million over five years, starting 2022-23, to Natural Resources Canada, including \$6 million from the Green Infrastructure – Energy Efficient Buildings Program to implement a Greener Neighbourhoods Pilot Program in up to six community housing neighbourhoods to pilot an “Energiesprong” model in Canada. More on that model can be found [here](#).

Chapter 3: Clean Air and a Strong Economy

Zero-Emission Vehicles

- \$1.7 billion over five years to extend the Incentives for Zero-Emission Vehicles program until March 2025.
- \$547.5 million over four years to launch a new purchase incentive program for medium- and heavy-duty ZEVs to help businesses upgrade their fleets.
- Funding to build a national network of electric vehicle charging stations.



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Clean Energy Technology

- **Major Commitments**

- \$250 million over four years to support pre-development activities of clean electricity projects of national significance, such as inter-provincial electricity transmission projects and Small Modular Reactors;
- \$600 million over seven years for the Smart Renewables and Electrification Pathways Program to support additional renewable electricity and grid modernization projects;
- \$2.4 million to establish a Pan-Canadian Grid Council;
- \$25 million to establish Regional Strategic Initiatives to work with provinces, territories, and relevant stakeholders to develop net-zero energy plans;
- 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;
- \$2.2 billion to expand and extend the Low Carbon Economy Fund;
- \$194 million to expand the Industrial Energy Management Program; and
- Expansion of the accelerated tax deductions for business investments in clean energy equipment to include air-source heat pumps.

- ***Carbon Capture, Utilization and Storage***

- Refundable tax credit for businesses that incur eligible CCUS expenses.
- Tax credit rates will be reduced by 50% for the period from 2031-2040.

- ***Small Modular Reactors***

- \$69.9 million for Natural Resources Canada to undertake research to minimize waste generated from SMRs, support the creation of a fuel supply chain, strengthen international nuclear cooperation agreements; and enhance domestic safety and security policies and practices;
- \$50.7 million, and \$0,5 million ongoing, for the Canadian Nuclear Safety Commission to build capacity to regulate SMRs.

- ***Fossil Fuel Subsidies:*** Elimination of the flow-through share regime for fossil fuel sector activities (expected to increase federal revenues by \$9 million over 5 years).



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Conservation

- **Oceans and Freshwater**

- An additional \$2.0 billion over nine years, with \$78.7 million in remaining amortization, and \$136.4 million per year ongoing, to renew and expand the Oceans Protection Plan;
- \$43.5 million over five years and \$8.7 million ongoing to create a new Canada Water Agency, which will be stood-up in 2022;
- \$19.6 million in 2022-23 to sustain the Freshwater Action Plan;
- \$25.0 million over five years to support the Experimental Lakes Area; and
- \$44.9 million over five years and \$9 million ongoing to support the Great Lakes Fishery Commission.

- **Plastic Waste:** \$183.1 million to reduce plastic waste and increase plastic circularity.

- **Nature Smart Climate Solutions Fund:** \$780 to expand the Nature Smart Climate Solutions Fund (to support projects that conserve, restore and enhance wetlands, peatlands, and grasslands to capture and store carbon.

- **Wildfire Mitigation**

- \$269 million to NRC to help provinces acquire firefighting equipment;
- \$39.2 million to Indigenous Services Canada for firefighting equipment for FN communities;
- \$37.9 million for firefighting training, with the incorporation of Indigenous traditional knowledge in fire management; and
- \$169.9 million to deliver and operate a new wildfire monitoring satellite system.

- **Sustainable Agriculture**

- \$329.4 million to triple the size of the [Agricultural Clean Technology Program](#);
- \$469.5 to AAFC to expand Climate Solutions program;
- \$150 million for a resilient agricultural landscape program; and
- \$100 million to support post-secondary research.

- **Economy**

- Broadening of the role of 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 SMRs, clean fuel production, CCUS, etc;
- Sustainable Finance Action Council will develop and report on strategies for aligning private sector capital with the transition to net-zero; and
- OSFI will require financial institutions to publish climate disclosures - aligned with the TCFD (Task Force on Climate Related Financial Disclosures) framework starting in 2024.



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Other:

- PSPC will develop new tools, guidelines, and targets to support the adoption of **green procurement** across the federal government.
- The **International Sustainability Standards Board** will develop global sustainability standards to enhance the quality and comparability of international corporate reporting on environmental, social and governance (ESG) factors. Government of Canada will support the start-up of the Montreal office of the ISSB.
- \$30 million to administer direct payments to support emissions-intensive, trade-exposed SME's (in an effort to **return portion of the proceeds from the price on pollution to SMEs**).
- **Canada's Trail Network**
 - \$55 million for the Trans Canada Trail.
 - \$2 million to Parks Canada to contribute to building new trails.
- **British Columbia Old Growth Nature Fund**
 - \$55.1 million to establish an Old Growth Nature Fund.

Chapter 7: Moving Forward on Reconciliation

- Taking steps to advance Indigenous climate leadership: \$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.





Reactions to Budget 2022

As this short brief was being drafted, more reactions to Budget 2022 were being released. This section therefore only provides an overview of the main reactions from Canadians and Environmental organizations.

The **Climate Action Network** has released a statement on the budget which can be found [here](#). While they congratulate the government on new investments in housing, childcare, pharmacare and dental care, they criticize that this budget lacks a focus on certain notable items. This includes an insufficient increase in Official Development Assistance; a lack of details around the Canada Growth Fund; the complete absence of solutions regarding energy poverty; and no dedicated funding and appropriate resources for a Just Transition.

Environmental Defence has raised concerns over the investments in carbon capture, utilization and storage. They have stated that: “CCUS has so far resulted in negligible emissions reductions, and that using government money to help heavy polluters adopt this technology could actually help the oil and gas sector increase production and ultimately lead to higher global emissions.” They have also very strongly criticized the government for their investment in the Bay du Nord project and consider it a “slap in the face to the climate scientists, communities across Canada and the world impacted by the climate crisis.”

The **World Wildlife Fund** was pleased to see a focus placed on nature-based solutions, but cautioned that optimism by highlighting that the execution will need to be well-developed. They have also stated their strong concerns regarding the Bay du Nord project and believe that this will lead to “devastating effects on nature and climate change.”

The **David Suzuki Foundation** welcomed much of the spending in climate action and environmental protection in their [statement](#) but said it failed on its promise to phase out public financing for oil and gas. They said the budget includes an inherent contradiction in offering a giant tax credit to the very companies fuelling the climate crisis. The new investment tax credit for businesses that spend money on carbon capture is seen to put money back into the pockets of the oil and gas sector.

The **West Coast Environmental Law Association** released a [statement](#) with criticism of the government’s investment in some high-tech solutions to climate change, without recognizing the limited role that science says they should play in addressing the climate crisis. Particularly, they addressed the budget’s commitment to fund over half (60%) of the costs of Direct Air Capture (DAC) facilities, an experimental technology which could impact water and energy use, and potentially increase greenhouse gas emissions. They noted that Canada does not currently have the laws in place to ensure that DAC projects are developed in a climate- and environmentally-responsible manner.



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Équiterre [stated](#) that the budget was hardly reflective of the climate emergency and the government's intentions of the emissions reduction plan (ERP). They welcomed the commitments regarding mandatory disclosure of financial risks related to climate change, while questioning the three year delay in the reporting. Équiterre was also concerned about the emphasis on technological solutions in agriculture, instead of funding the transfer of existing knowledge and natural technologies.

Nature Canada commended the budget's investments in nature protection with criticism of fossil fuel subsidies [in their latest statement](#). Amongst the budget's commitments for conservation and natural disaster mitigation, they applauded the commitment of \$50 million in funding to protect old-growth forests in British Columbia, \$2 billion made to continue the Ocean Protection Plan, the \$37 million funding to incorporate Indigenous knowledge into firefighting, and the further investment of \$470 million over six years that will help improve agricultural management to reduce emissions and benefit biodiversity and soil health. Furthermore, they stressed the importance of permanent ongoing investments for protected areas if the government intends to keep their campaign goal of protecting 30 percent of land and ocean by 2030 (30×30).

Canadian Cattlemen's Association (CCA) was pleased to find in the budget a commitment to continue investing in the Canadian Agriculture Partnership as well as an investment to address the significant labour challenges within the agriculture sectors, including \$48.2 million for a new foreign labour program for agriculture and fish processing. CCA also [noted](#) that new investments in rural infrastructure such as the \$2.75 billion earmarked for the Universal Broadband Fund to improve high-speed Internet access in rural and remote areas would be central to rural community viability.

Other concerns have been raised both through media sources and during the debate in the House of Commons. This includes the lack of legislated sales mandates regarding zero-emission vehicles to ensure these targets are met; a lack of attention placed on climate-resiliency; and general concerns regarding Canada meeting its climate commitments given the new investment in a one-billion barrel project.