



Fall Economic Statement 2022: Building an Economy That Works for Everyone

Climate Highlights

The Fall Economic Statement was unveiled on Nov. 3rd, 2022, and it can be viewed [here](#). It consists of 3 chapters. Minister Freeland's speech can be found [here](#). The News Release from the Department of Finance Canada can be found [here](#).



Investing in Skills for a Net-Zero Economy

- \$250 million over 5 years, starting in 2023-24 to Employment and Social Development Canada to help Canadian Workers thrive in a changing global economy. Measures include:
 - **Sustainable Jobs Training Centre:** to develop curriculum, micro-credentials and on-site learning to help 15 000 workers upgrade their skills for jobs in a low-carbon economy, especially high-demand jobs in the sustainable battery industry and low-carbon building and retrofits.
 - **Sustainable jobs stream under the Union Training and Innovation Program:** to support unions in developing green skills training that will benefit 20 000 apprentices and journeypersons in the skilled trades.
 - **Sustainable Jobs Secretariat:** to offer a one-stop shop for up-to-date info on federal programs, funding and services across government departments.
- \$60 million over 3 years to create **new supplemental supports** to existing federal and provincial/territorial programming

Securing Canada's Competitiveness and Creating Good Jobs for Workers

Canada Growth Fund

- The Canada Growth Fund will incentivize companies taking risks and investing in clean technology. The Growth Fund will focus on companies, including small and medium enterprises, and projects commercializing less mature technologies that have already been proven in pilots but are still not yet widely adopted.



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- The Growth Fund will be a financial solution provider using tools such as concessional loans and **contracts-for-difference**, to accelerate key technologies like low-carbon hydrogen, biofuels and carbon capture, utilization and storage.
- The Growth Fund will operate independently from government, by a team of professional investors. It will launch by the end of 2022, with a permanent structure to be put in place by the first half of 2023. More info can be found [here](#).
- Canada has also already launched the \$8 billion Net Zero Accelerator to support large-scale investments in high emitting sectors, and to develop the Canadian battery ecosystem.

What are carbon contracts-for-difference?

Carbon contracts-for-differences are a tool to remove uncertainty over future carbon prices, such as policy changes under new governments. Carbon contracts-for-differences are a commitment to companies from the Canada Growth Fund to pay out the difference between the scheduled carbon price and the revised carbon price. These contracts reduce risks, allowing investors to invest more confidently in low-carbon projects which depend on a high carbon price to be market feasible.

Investment Tax Credit for Clean Technologies

- **Refundable tax credit of up to 30% of capital costs** of investment, as long as companies meet certain labour conditions. About \$6.7 billion will be available for investments in Electricity Generation Systems, Stationary Electricity Storage Systems, Low-Carbon Heat Equipment and Industrial zero-emissions vehicles.

Investment Tax Credit for Clean Hydrogen

- Consultations will begin for a **refundable tax credit for low-carbon hydrogen** of up to 40% of capital costs, as long as companies meet certain labour conditions, with less support provided for less clean hydrogen projects. The consultations seek input on the level of support needed for different production pathways in Canada and the appropriate carbon intensity-based system for the Canadian context.

Investing in Canada's Advanced Manufacturing Competitiveness

- Consultations to begin with industry experts and unions to make Canada globally competitive for **investments in clean technology manufacturing**, including electric vehicle and battery manufacturing. New measures will be announced in Budget 2023. This builds on the government's previous \$3.8 billion commitment for Canada's Critical Minerals Strategy, to enhance the whole EV value chain from mining to vehicle assembly.



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A Productive and Innovative Economy:

Improving Regulatory Processes for Major Projects

- \$1.28 billion over six years and \$55.4 million per year ongoing to the Impact Assessment Agency of Canada, the Canada Energy Regulator, the Canadian Nuclear Safety Commission, and ten other federal departments. This will increase Canada's **impact assessment capacity** and speed up approval of natural resource and energy projects.
- FES reaffirms that work is underway to develop a **national benefits-sharing framework** in partnership with First Nations, Metis and Inuit communities for major resource projects in their territories.

Launching a Canadian Innovation and Investment Agency

- The agency will operate independently from the government, using \$1 billion announced in Budget 2022, to **provide advice, technical support and financial support** to businesses making investments to innovate, commercialize, grow and create good jobs.

Modernizing National Research Council Facilities

- \$962.2 million on a cash basis over 8 years, with \$121.1 million per year ongoing, to **modernize the National Research Council's** scientific infrastructure.

Other:

- Before the end of 2022-23, the government will release the first allocation report and the first impact report for the \$5 billion inaugural **green bond issuance**, from March 2022. Another green bond issuance is planned before the end of 2022-23
- \$1 billion for **Hurricane Fiona**-related requests from provinces under the Disaster Financial Assistance Arrangements which commits the federal government to cover up to 90% of eligible provincial expenses following a disaster. This is on top of the \$300 million Hurricane Fiona Recovery Fund announced in October 2022.



Reactions to the Fall Economic Statement 2022

Environmental Defence

“Just months ago, the United States passed the Inflation Reduction Act (IRA) — the largest investment in emissions reduction in US history. The Government of Canada should have used this moment to announce similarly ambitious new measures. Instead, the new clean technologies tax credit – capped at a rate of 30% and expected to generate \$6.7 billion over five years – is a fraction of what is on offer in the United States. It’s lower than the previously announced 50% CCUS tax credit – and a fraction of the financial support given to the fossil fuel sector each year... **Carbon capture and fossil hydrogen are not climate solutions – they’re greenwashing schemes used to justify more fossil fuel production**, and they funnel public money to shareholders and executives.”

- Julia Levin, National Climate Program Manager ([Source](#))

Clean Energy Canada

“The global economy is changing. Clean energy is replacing fossil fuel energy, and the way in which nations are planning their economic futures is changing too. America’s new clean energy tax credits could catalyze climate spending in the country—both public and private—to the tune of US\$1.7 trillion over 10 years. For scale, that’s nearly the entire annual GDP of Canada. **Canada simply had to respond, and today’s Fall Economic Statement does just that.**”

- Mark Zacharias, Executive Director ([Source](#))

Pembina Institute

“Initiatives aimed at scaling up private investment in clean technology, including renewable power and battery storage to support a net-zero electricity grid, as well as in projects that will reduce emissions from heavy industries, **demonstrate the government’s recognition that private capital will be crucial in transforming Canada’s economy to net-zero.**”

- ([Source](#))

Mining Association of Canada

“This investment tax credit [for clean technology] will serve to benefit Canada’s mining industry in several ways as the deployment of zero emission vehicles and non GHG emission solutions is accelerating across our sector. **The urgency of addressing climate change and the need for materials to support technological evolution is a priority for our industry and this tax credit will support our sector in accomplishing its climate action priorities.**”

- Pierre Gratton, President and CEO ([Source](#))

Pathways Alliance (Formerly the Oil Sands Pathways to Net Zero Alliance)

“**The Pathways Alliance is encouraged by the urgency expressed by Ottawa to advance major energy infrastructure projects and to stay globally competitive on clean technology investment in Canada.** We’re pleased to see the federal government’s continued confidence in carbon capture and storage (CCS), clean technology and other emissions reduction technologies being developed by Pathways Alliance companies as essential tools to mitigate the critical challenge of climate change.”

- Kendall Dilling, President ([Source](#))