

2022 Federal Budget Highlights

Overview

A Plan to Grow Our Economy and Make Life More Affordable, the federal government's 2022 budget, is a return to pre-pandemic spending. Nonetheless, Budget 2022 makes a significant investment in affordable housing and in a dental care program for low- and moderate-income Canadians, starting with children under 12.

Budget 2022 also announced the federal government's intention to table legislation to create a single, non-profit, external complaints body for banking services.

External complaint handling

- Budget 2022 announces the government's intention to introduce targeted legislative measures to strengthen the external complaints handling system and to put in place a **single, non-profit, external complaints body to address consumer complaints involving banks**.

Affordable housing

- **\$4 billion over five years provided to the Canada Mortgage and Housing Corporation to launch a new Housing Accelerator Fund**. The fund's focus will be on increasing supply, but government supports will be targeted to ensure a balanced supply that includes a needed increase to the supply of affordable housing. This new fund will target the creation of **100,000 net new housing units over the next five years**.
- **\$1.5 billion over two years provided to the Canada Mortgage and Housing Corporation to extend the Rapid Housing Initiative**. This new funding is expected to create at least **6,000 new affordable housing units**, with at least 25 per cent of funding going towards women-focused housing projects.
- **\$2.9 billion in funding under the National Housing Co-Investment Fund** to accelerate the creation of **up to 4,300 new units and the repair of up to 17,800 units** for vulnerable Canadians.

- **Reform the Rental Construction Financing Initiative, which incentivizes the construction of new rental housing, by strengthening its affordability and energy efficiency requirements.** Developers who significantly exceed these requirements and build highly affordable and energy efficient units will be eligible to have a portion of their repayable loans converted to non-repayable loans. Budget 2022 also announces that the RCFI will target a goal of having at least 40 per cent of the units it supports provide rent equal to or lower than 80 per cent of the average market rent in their local community.
- **\$475 million provided in 2022-23 to provide a one-time \$500 payment to those facing housing affordability challenges.**
- **Reallocate \$500 million** of funding on a cash basis from the National Housing Co-Investment Fund to launch a new **Co-operative Housing Development Program aimed at expanding co-op housing in Canada.** Budget 2022 also proposes an additional **\$1 billion in loans** to be reallocated from the Rental Construction Financing Initiative **to support co-op housing projects.** With the largest investment in building new co-op housing for more than 30 years, **an estimated 6,000 units will be constructed.**
- **\$150 million over two years to support affordable housing and related infrastructure in the North.** Of this amount, \$60 million would be provided to the Government of Nunavut; \$60 million to the Government of the Northwest Territories; and \$30 million to the Government of Yukon.
- **Multigenerational Home Renovation Tax Credit, which would provide up to \$7,500 in support for constructing a secondary suite for a senior or an adult with a disability.** Starting in 2023, this refundable credit would allow families to claim 15 per cent of up to \$50,000 in eligible renovation and construction costs incurred in order to construct a secondary suite.
- **\$4.4 billion to create the Canada Greener Homes Loan program, of which a portion will be used to make existing affordable housing more energy efficient, which will also help to lower energy bills.** Budget 2022 proposes to provide an additional **\$458.5 million** over the program duration to the Canada Mortgage and Housing Corporation **to provide low-interest loans and grants to low-income housing providers** as part of the low-income stream of the Canada Greener Homes Loan program.

- **\$562.2 million over two years**, beginning in 2024-25, for Infrastructure Canada to continue providing doubled annual funding for **Reaching Home: Canada's Homelessness Strategy**.
- **\$18.1 million over three years to Infrastructure Canada to conduct research about what further measures could contribute to eliminating chronic homelessness.**
- **\$62.2 million over three years**, beginning in 2024-25, for Infrastructure Canada, with support from Veterans Affairs Canada, **to launch a new Veteran Homelessness Program** that will provide services and rent supplements to veterans experiencing homelessness in partnership with community organizations.
- **A further \$4 billion over seven years** to Indigenous Services Canada and Crown-Indigenous Relations and Northern Affairs Canada **to accelerate work in closing Indigenous housing gaps** as follows:
 - \$2.4 billion over five years to support First Nations housing on reserves;
 - \$565 million over five years to support housing in First Nations Self-Governing and Modern Treaty Holders communities;
 - \$845 million over seven years to support housing in Inuit communities; and
 - \$190 million over seven years for housing in Métis communities.
- **\$300 million invested over five years** through the Canada Mortgage and Housing Corporation to **co-develop and launch an Urban, Rural, and Northern Indigenous Housing Strategy**.

Childcare

- To support the implementation of the Canada-wide early learning and child care system, provide **\$625 million over four years**, beginning in 2023-24, to Employment and Social Development Canada for an **Early Learning and Child Care Infrastructure Fund**.

Dental care

- Funding of **\$5.3 billion over five years and \$1.7 billion ongoing**, to Health Canada to **provide dental care for Canadians**. This will start with under 12-year-olds in 2022, and then expand to under 18-year-olds, seniors, and persons living with a disability in 2023, with full implementation by 2025. The program would be restricted to families with an income of less than \$90,000 annually, with no co-pays for those under \$70,000 annually in income.

Employment

- **\$272.6 million over five years** to Employment and Social Development Canada to support the implementation of **an employment strategy for persons with disabilities** through the Opportunities Fund. This will help to address labour market shortages through increased participation by persons with disabilities and make workplaces more inclusive and accessible. Of this funding, \$20 million will be allocated to the Ready, Willing and Able program to help persons with Autism Spectrum Disorder or intellectual disabilities find employment.
- **\$1.9 million** for an arm's length Task Force to complete the **Employment Equity Act Review** to advise the government on how to modernize the federal employment equity framework.
- 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**. 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.

Support for seniors

- Creation of **an expert panel to study the idea of an Aging at Home Benefit**. The panel will report to the Minister of Seniors and the Minister of Health.
- The Home Accessibility Tax Credit provides support to offset the costs to renovate or upgrade homes so seniors and persons with disabilities can live and age at home. Budget 2022 proposes to **double the qualifying expense limit of the Home Accessibility Tax Credit to \$20,000** for the 2022 and subsequent tax years. This will mean a tax credit of up to \$3,000—an increase from the previous tax credit of up to \$1,500—for important accessibility renovations or alterations.

Digital government

- Confirms the government's intent to introduce legislative amendments to the Financial Administration Act to **enable the Canadian Digital Service to provide its digital platform services more broadly**, including to other jurisdictions in Canada, and to clarify its responsibilities under the Privacy Act and Access to Information Act with respect to the services it provides.

CRA

- **Amend the *Canada Emergency Response Benefit Act* and the *Canada Emergency Student Benefit* in order to provide the Canada Revenue Agency with the authority to establish and collect debts**, on a weekly basis, due to overlapping weeks of payments in situations where a worker has accessed more than one benefit at once.
- Building on recent investments, provide **\$1.2 billion over five years for the CRA to expand audits of larger entities and non-residents engaged in aggressive tax planning; increase both the investigation and prosecution of those engaged in criminal tax evasion; and to expand its educational outreach.**

Financial institutions

- Introduce a **temporary Canada Recovery Dividend**, under which banking and life insurers' groups (as determined under Part VI of the Income Tax Act) will pay a **one-time 15 per cent tax on taxable income above \$1 billion for the 2021 tax year**. The Canada Recovery Dividend will be paid in equal installments over five years.
- **Permanently increase the corporate income tax rate by 1.5 percentage points on the taxable income of banking and life insurance groups** (as determined under Part VI of the Income Tax Act) **above \$100 million**, such that the overall federal corporate income tax rate above this income threshold will increase from 15 per cent to 16.5 per cent.