

## 2022 Federal Budget CPHR Canada's Overview

On April 7, Canada's Deputy Prime Minister and Minister of Finance, the Honourable Chrystia Freeland tabled her second budget entitled: A Plan to Grow Our Economy and Make Life More Affordable.

While the main spending areas include housing construction and the military, there are several measures that address innovation and economic growth. The government believes that Budget 2022 puts in place the measures needed to create an environment that stimulates the investments needed to boost Canada's economy, create new high-paying jobs, and grow the middle class. Many feel, however, that it could have done more to address the many labour issues that are troubling workplaces.

### Budget Overview

The budget calls for \$56 billion in new spending over six years. The deficit is \$52.8 billion in 2022-23 and the debt will be at 41.5% of the GDP in 2026-27.

### Growth and a Strong Economy

The budget aims to make Canada's economy, among other things, more innovative and productive, and to make it easier for businesses to invest, expand and create jobs in Canada. A number of measures are being taken to achieve these goals, including:

- the creation of a Canada Growth Fund to attract significant private sector investment (\$15 billion over the next five years);
- the creation of an Innovation and Investment Agency with a budget of \$1 billion over five years to support its initial operations;
- the creation of the Employee Ownership Trust - a new, dedicated type of trust under the Income Tax Act to support employee ownership.

### Diversity and Addressing Workforce Shortages

As of February 2022, the unemployment rate stood at 5.5 percent, which is lower than the pre-pandemic rate. Because of this lower unemployment rate than almost ever before, many

businesses are still having difficulty finding workers. Measures to address the labour shortage are therefore part the budget.

Among other things, it proposes to increase the workforce by removing barriers faced by mothers, Black and racialized Canadians, newcomers, people with disabilities, young Canadians and others who are under-represented in Canada's workforce.

These initiatives respond to a pre-budget recommendation by CPHR Canada that encouraged the government to increase its commitment to equity, diversity and inclusion in the workplace.

### **Diversity and Inclusion**

The budget provides \$272.6 million over five years to Employment and Social Development Canada to support the implementation of an employment strategy for persons with disabilities. It also provides \$1.9 million in 2022-2023 to complete the review of the Employment Equity Act in the coming months. A final report will be released in late fall 2022. CPHR Canada will be making suggestions as part of this review.

### **Immigration**

The Government has committed \$2.1 billion over five years and \$317.6 million thereafter in new funding to support the processing and resettlement of new permanent residents to Canada under the Immigration Levels Plan.

In addition, \$385.7 million over five years and \$86.5 million thereafter will be provided to Immigration, Refugees and Citizenship Canada, among others, to facilitate the efficient and timely entry of a growing number of visitors, workers and students.

### **Foreign Workers**

The 2022 budget also proposes to provide \$115 million over five years and \$30 million thereafter to expand the Foreign Credential Recognition Program and help up to 11,000 foreign-educated health care professionals per year get their credentials recognized and find work in their field.

### **A Workforce for the 21st Century Economy**

Changes to the Employment Insurance Act will be made so that more workers are eligible for support before they become unemployed (e.g. skills training, career counselling, job search assistance), and employers can receive direct assistance to retrain their employees.

### **Towards a Better Employment Insurance Program**

The government is continuing its consultations to improve the Employment Insurance (EI) program and will then release its long-term plan. However, the budget does take some measures in this area.

In 2018, in an effort to close gaps in Employment Insurance support from season to season, the government launched a pilot project to provide up to five additional weeks of benefits to eligible seasonal workers.

The 2022 budget proposes to extend these rules until October 2023, while the government explores 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, beginning in 2022-2023.

CPHR Canada will be closely monitoring the ongoing consultations on the modernization of the Employment Insurance program and its eventual implementation. CPHR Canada believes that the time has come to modernize the EI program to recognize the accelerated transformation of the workplace and the workforce and to take into account the many learnings from the COVID-19 experience. In addition to being an inclusive safety net for the workers in need, EI renewed should first incentivize workers return to work. CPHR Canada has made recommendations in that sense and hope that the government will soon proceed with a complete modernization as the consultations has been going on for sometime now.

### **Temporary Foreign Worker Program**

A number of measures are planned to increase protections for temporary foreign workers and reduce administrative burdens for trusted employers.

These include \$64.6 million in funding over three years to increase capacity to process employer applications within established service standards.

## **Strong Public Health Care**

### **Supporting Mental Health and Wellness**

As noted by CPHR Canada in its pre-budget recommendations, mental health issues represent a \$51 billion annual economic burden in this country (Mental Health Commission of Canada). The 2022 budget includes some investments in this as area, including:

- \$140 million in funding over two years, beginning in 2022-2023, for the Wellness Together Canada portal so that it can continue to provide mental health and wellness tools and services to Canadians;
- \$100 million over three years, beginning in 2022-23, for the Substance Use and Addictions Program to support harm reduction, treatment and prevention at the community level.

## **Making Housing More Affordable**

### **Launching a New Housing Accelerator Fund**

Budget 2022 proposes to provide \$4 billion over five years, starting in 2022-23, to the Canada Mortgage and Housing Corporation to launch a new Housing Accelerator Fund. This new fund will target the creation of 100,000 net new housing units over the next five years.

This fund is encouraging news, as its focus will be on increasing supply of real estate, especially for smaller communities and rural communities that are growing rapidly. These communities are struggling with a shortage of real estate supply that acts as a brake on labour recruitment.

### **Next Steps**

CPHR Canada will monitor the introduction of the Budget Implementation Act and participate in relevant consultations as appropriate. Where appropriate, we will also write to Ministers to reinforce our desire to be part of the solution of ensuring organizational success through employee well-being, thus contributing to the overall success of the Canadian economy.

For more information: <https://budget.gc.ca/2022/report-rapport/toc-tdm-en.html>