

Department of Finance Canada

Supporting Canada's Rural Communities

Backgrounder

April 7, 2022

Canada's rural communities are a driver of economic growth, and home to a wide range of industries including agriculture, mining, and tourism. To support this growth, Budget 2022 announces a range of important programs and initiatives that are supporting Canadians living and working in rural communities.

Increasing Loan Forgiveness for Doctors and Nurses in Rural and Remote Communities

As one means of addressing the shortage of doctors and nurses in many rural communities, the federal government provides student loan forgiveness to those who work in underserved rural or remote communities, including in the North. Nearly 5,500 doctors and nurses benefitted from the loan forgiveness program in 2019-20.

- To help bring more health care workers to the communities that need them most, Budget 2022 proposes to provide \$26.2 million over four years, starting in 2023-24, and \$7 million per year ongoing, to increase the maximum amount of forgivable Canada Student Loans by 50 per cent—meaning up to \$30,000 in loan forgiveness for nurses and up to \$60,000 in loan forgiveness for doctors working in underserved rural or remote communities. The government will also be reviewing the definition of rural communities under the program to ensure it does not leave out certain communities in need.

Labour Mobility Deduction for Tradespeople

Workers in the construction trades often travel to take on temporary jobs—frequently in rural and remote communities—but their associated expenses do not always qualify for existing tax relief.

Improving labour mobility for workers in the construction trades can help to address labour shortages and ensure that important projects, like housing, can be completed across the country.

- Budget 2022 proposes to introduce a Labour Mobility Deduction, which would provide tax recognition on up to \$4,000 per year in eligible travel and temporary relocation expenses to eligible tradespersons and apprentices. This measure would apply to the 2022 and subsequent taxation years.

Supporting Critical Minerals Projects in Canada

Critical minerals are central to major global industries like clean technology, health care, aerospace, and computing. They are used in phones, computers, and in our cars. They are already essential to the global economy and will continue to be in even greater demand in the years to come.

In total, Budget 2022 proposes to provide up to \$3.8 billion in support over eight years, on a cash basis, starting in 2022-23, to implement Canada's first Critical Minerals Strategy. This will create thousands of good jobs, grow our economy, and make Canada a vital part of the growing global critical minerals industry.

Specific measures proposed in Budget 2022 to support critical mineral projects include:

- Up to \$1.5 billion over seven years, starting in 2023-24, for infrastructure investments that would support the development of the critical minerals supply chains, with a focus on priority deposits;
- \$79.2 million over five years on a cash basis, starting in 2022-23, for Natural Resources Canada to provide public access to integrated data sets to inform critical mineral exploration and development; and
- The introduction of a new 30 per cent Critical Mineral Exploration Tax Credit for specified mineral exploration expenses incurred in Canada and renounced to flow-through share investors.

Sustainable Agriculture to Fight Climate Change

Farmers across the country are experiencing the impacts of climate change like floods and droughts, and have already been leading the adoption of climate-friendly practices, like precision agriculture technology and low-till techniques. These technologies can help reduce emissions and save farmers both time and money. Budget 2022 proposes:

- A further \$329.4 million over six years with \$0.6 million in remaining amortization, to triple the size of the Agricultural Clean Technology Program;
- \$469.5 million over six years, with \$500,000 in remaining amortization to expand the Agricultural Climate Solutions program's On-Farm Climate Action Fund;
- \$150 million for a resilient agricultural landscape program to support carbon sequestration, adaptation, and address other environmental co-benefits, to be discussed with provinces and territories; and
- \$100 million over six years to the federal granting councils to support post-secondary research in developing technologies and crop varieties that will allow for net-zero emission agriculture.

Launching a New Housing Accelerator Fund

Building more housing will require investments, but it will also require changes to the systems that are preventing more housing from being built.

- With the target of creating 100,000 net new housing units over the next five years, Budget 2022 proposes to provide \$4 billion over five years, starting in 2022-23, to launch a new Housing Accelerator Fund that provides communities with support such as an annual per-door incentive or up-front funding for investments in municipal housing planning and delivery processes that will speed up housing development. The federal government will ensure that the program also takes into account smaller and rural communities that are growing quickly, like those in Atlantic Canada and northern Ontario.

Cutting Taxes for Canada's Growing Small Businesses

Small businesses are at the heart of our economy and our communities, and currently benefit from a reduced federal tax rate of 9 per cent on their first \$500,000 of taxable income, compared to a general federal corporate tax rate of 15 per cent. A business no longer has access to this lower rate once its level of capital employed in Canada reaches \$15 million. However, phasing out access to the lower tax rate too quickly—and then requiring a small business to pay more in tax—can discourage some businesses from continuing to grow and create jobs.

- Budget 2022 proposes to phase out access to the small business tax rate more gradually, with access to be fully phased out when taxable capital reaches \$50 million, rather than at \$15 million, delivering an estimated \$660 million in tax savings over the 2022-2023 to 2026-2027 period that can be reinvested towards growing and creating jobs.

This measure would apply to taxation years that begin on or after April 7, 2022.

Growing Canada's Trail Network

At 27,000 kilometres, the Trans Canada Trail is now the longest recreational trail network in the world, connecting Canadians to nature from coast-to-coast-to-coast and drawing tourists from around the world.

- To maintain and enhance Canada's trail network and benefit the communities that it connects, Budget 2022 proposes to provide \$55 million over five years, starting in 2022-23 for the Trans Canada Trail.

Support for Canada's Tourism Sector

Canada's tourism sector remains a key economic driver and job creator, especially for young and rural Canadians. To continue supporting Canada's tourism sector, the government will develop a new post-pandemic Federal Tourism Growth Strategy, which will plot a course for growth, investment, and stability.

- Budget 2022 proposes to provide \$20 million over two years, starting in 2022-23, in support of a new Indigenous Tourism Fund to help the Indigenous tourism industry recover from the pandemic and position itself for long-term, sustainable growth, as well as \$4.8 million over two years, starting in 2022-23, to the Indigenous Tourism Association of Canada to support its operations.

Improving the Temporary Foreign Worker Program

The Temporary Foreign Worker program allows foreign nationals to work in Canada on a temporary basis in order to fill jobs that Canadians are unavailable or unwilling to take, contributing to communities that depend on a range of sectors, including agriculture and fish and other food processing.

- Budget 2022 proposes a number of measures to increase protections for workers, to reduce administrative burdens for trusted repeat employers who meet the highest standards for working and living conditions, protections, and wages, and to ensure employers can quickly bring in workers to fill short-term labour market gaps.

Fighting and Managing Wildfires

Budget 2022 proposes additional action to counter the growing threat of wildfires in Canada, including by providing support to provinces, territories, and Indigenous communities for wildfire mitigation, response, and monitoring through the following:

- \$269 million over five years as exceptional, time-limited support to help provinces and territories procure firefighting equipment such as vehicles and aircrafts;
- \$39.2 million over five years to support the purchase of firefighting equipment by First Nations communities;
- \$37.9 million over five years with \$0.6 million ongoing to train 1,000 additional firefighters and incorporate Indigenous traditional knowledge in fire management; and
- \$169.9 million over 11 years with \$6.9 million in remaining amortization to deliver and operate a new wildfire monitoring satellite system.