



# CUMBERLAND INSIGHTS

## Budget 2022: Impact on Canadian Agriculture



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On April 7, 2022, Finance Minister Chrystia Freeland tabled the 2022 Federal budget one week after Environment and Climate Change Canada revealed their 2030 Emissions Reduction Plan. The two announcements come after a record high year for the Canadian agriculture sector, which contributes almost \$140 billion to our national economy and is responsible for more than 2 million jobs across the country<sup>1</sup>. Many existing programs have been extended alongside the introduction of a few new initiatives. In a nutshell:

- Almost \$4.2 billion in funding is directed towards initiatives of interest to the Canadian agriculture sector, to be deployed, depending on the program, over a period of up to seven years
- With the exception of the foreign labour program for agriculture, the focus of new and ongoing programs is on reducing emissions, addressing climate change and supporting other environmental protection initiatives

The 2022 Budget highlights most relevant to Canadian agriculture include the following:

### New Actions:

**Transformative Science, Measurement and Knowledge Transfer** supports new practices such as clean technologies, climate-smart practices and data-collection tools that change how farmers operate. Collecting on-farm data such as weather conditions, soil carbon levels and nutrient levels can help farmers optimize practices with better environmental outcomes. This funding of \$100 million will support fundamental and applied research supporting a path to net-zero emissions, knowledge transfer, and developing metrics.

<sup>1</sup> <https://www.canada.ca/en/agriculture-agri-food/news/2022/02/record-growth-forecast-for-overall-farm-income-in-canada-in-2021.html>





[Resilient Agricultural Landscape Program](#) is a \$150 million fund to support sequestration, adaption and address other environmental co-benefits to be discussed with provinces and territories.

[Federal Granting Council](#) will provide \$100 million over six years to support post-secondary research in developing technologies and crop varieties that will allow for net-zero emissions agriculture.

[Temporary Foreign Worker Program](#) looks to improve on the existing program, which allows for foreign nationals to work in Canada temporarily to contribute to agricultural labour and food processing. Budget 2022 invests \$48.2 million over three years to implement a new foreign labour program for agriculture tailored to the unique needs of these employers and workers. This program will be reviewed closely by the minister of Employment, Workforce Development and Disability Inclusion.

### **Key Ongoing Actions:**

[The Agricultural Clean Technology Program](#) is a \$165.7 million fund for developing and adopting clean technologies that reduce emissions and enhance competitiveness. Consistent with other sectors, the path to net-zero requires the development and adoption of clean technology solutions that will reduce emissions while maintaining productivity. Since the program's launch in June 2021, it has supported the adoption of 79 green energy and energy efficiency, precision agriculture, and other clean technologies on Canadian farms.

**Budget 2022 proposes an additional \$330 million** in funding for the Agricultural Clean Technology program that will continue to support on-farm adoption of existing technologies, such as anaerobic digesters, smart irrigation infrastructure and tools for precision- while also investing in the development of transformative new technologies, practices, and production systems.

[The Agricultural Climate Solutions Program On-Farm Climate Action Fund](#) is a \$200 million program to support immediate on-farm action in the areas of improved nitrogen management, increased cover cropping and rational grazing. Barriers to the adoption of on-farm practices can include high costs, time, or uncertainty about benefits and production risks. Providing financial assistance addresses some of the monetary barriers producers face in adopting climate change mitigation practices.

**Budget 2022 invests an additional \$470 million to the On-Farm Climate Action Fund** to expand support of practices that contribute to the fertilizer emissions target and Global Methane Pledge.

[The Nature-Based Climate Solutions Fund](#) is a \$185 million fund that will help develop and implement farming practices to tackle climate change, such as shelterbelts, cover crops, intercropping and rotational practices. Investing in the protection of nature is among the most affordable climate action that the government can take.

**Budget 2022 provides an additional \$780 million over five years** to conserve, restore and enhance wetlands, peatlands, and grasslands to deliver emissions reductions from nature-based solutions. Through this fund, the government also commits to

- Continue to protect critical habitats such as old-growth specifically, British Columbia Forest conservation, that are culturally and spiritually significant and sequester large amounts of carbon.



- Cultivate the mitigation of potential blue carbon stored in the ocean and coastal ecosystems to advance reconciliation, conservation, and climate objectives.
- Explore the potential of nature-based emissions technologies, especially in the forest sector and facilities where biomass is used as an energy source.

**Low Carbon Economy Fund** supports a wide range of provincial and territorial programs up to \$1.4 billion through the Leadership stream and \$500 million to a wide range of local pollution cutting initiatives in communities across Canada through the Champions stream.

**Budget 2022 will invest an additional \$2.2 billion over 7 years** to reduce emissions, build resilient communities, and generate agriculture sector jobs for Canadians.

### **Our Takeaway:**

Despite Covid-19, the drought in Western Canada, the floods in British Columbia and other trade disruptions, the Canadian agriculture sector saw significant growth in 2021, with a positive outlook through 2022. The clear transformation of priorities from the Canadian Government to develop and adopt clean technology and on-farm practices and push climate change innovation is evident in the 2022 Budget. The Next Agricultural Policy Framework will begin in 2023 and governments are open for consultations with Canadians, including stakeholders such as producers, processors, Indigenous communities, women in agriculture, youth, environmental organizations, and small and emerging sectors to develop the Framework.

Initial consultations will seek stakeholder feedback on both current and potential challenges and opportunities facing the sector and on prospective priorities and vision for the next framework. Through this, all measures will be reviewed, and updates will be provided in the 2023 Environment and Climate Change Canada progress report.

*Cumberland Strategies has significant experience advising corporate clients in the agricultural and agri-food sector. If you would like advice on accessing these or any other government programs please do not hesitate to contact Cumberland Chair, Bliss Baker, at [bliss@cumberlandstrategies.ca](mailto:bliss@cumberlandstrategies.ca)*

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