



***Green Budget Coalition's  
Recommendations for Budget 2015***

**Submission to  
House of Commons Standing Committee on Finance  
2014 pre-budget consultations  
August 6, 2014**

*GBC Members:*

**Bird Studies Canada  
Canadian Environmental Law  
Association  
Canadian Parks and Wilderness Society  
David Suzuki Foundation  
Ducks Unlimited Canada  
Ecojustice Canada  
Ecology Action Centre**

**Friends of the Earth Canada  
Greenpeace Canada  
International Institute for  
Sustainable Development  
Nature Canada  
Nature Conservancy of Canada  
Pembina Institute  
WWF-Canada**

## **Executive Summary and Introduction:**

### **Canada's environment is central to Canadians' prosperity.**

The **Green Budget Coalition (GBC)**, active since 1999, brings together fourteen of Canada's leading environmental and conservation organizations (*listed on front cover*), representing over 600,000 Canadians, to present an analysis of the most pressing issues regarding environmental sustainability in Canada and to make recommendations to the federal government regarding strategic fiscal and budgetary opportunities.

The Green Budget Coalition has welcomed the Government of Canada's progress over recent years on subsidy reform, nature conservation, fresh water, and green infrastructure, particularly for First Nations communities.

### ***To build on this progress, the Green Budget Coalition is making three feature recommendations:***

- 1) Accelerate clean energy employment and climate change leadership** by committing to an integrated set of fiscal measures.
- 2) Build on the federal government's announcement of a National Conservation Plan** with a focus on achieving Canada's international nature conservation commitments – the 2020 Aichi biodiversity targets.
- 3) Ensure healthy environments for all Canadians** by creating a new Commission of Inquiry, Federal/Provincial/Territorial Committee, and Office, all to advance environmental health equity and modeled on similar U.S. institutions.

### **Implementing these GBC recommendations could lead to pivotal progress on each of the Finance Committee's pre-budget consultation themes:**

- Increasing competitiveness of Canadian businesses and maximizing jobs for Canadians - by advancing an integrated clean energy employment and climate change leadership agenda,
- Balancing the federal budget - by generating revenues to finance clean energy initiatives,
- Ensuring prosperous and secure communities - by creating key economic, environmental and health benefits through all recommendations,
- Supporting families and helping vulnerable Canadians - by institutionalizing environmental health equity priorities,
- Improving Canada's taxation and regulatory regimes - through targeted *Income Tax Act* refinements.

## Detailed Feature Recommendations

### **1) Accelerating Clean Energy Employment and Climate Change Leadership**

The Cleantech industry is likely the fastest-growing sector in the world, estimated to have reached US\$170 billion in market capitalization<sup>1</sup> and to be growing at roughly 20% annually. Accelerated progress in clean energy innovation and commercialization in Canada could capture some of this market and lead to major short- and medium-term benefits in jobs, economic activity and tax revenues, as well as in situating Canada and Canadians to be successful and prosperous in the coming decades. Equally important, such progress could play a key role in accelerating progress, in Canada and globally, on mitigating dangerous climate change.

Climate change is a critical challenge for Canada and countries worldwide. It threatens the health and safety of millions of Canadians, billions of people worldwide, and much of Canada's cherished nature and biodiversity. Many credible analyses have suggested the cost of preventive measures is much smaller than the likely costs of inaction.<sup>2</sup> For example, the International Panel on Climate Change's recent report stated that the potential co-benefits and positive effects of mitigation, such as improved human health and ecosystems, sufficiency of resources, and increased energy security, outweigh the potential costs. However, there is a need for early and ambitious action to limit warming to 2°C, beyond which the impacts are more likely to be severe and irreversible. As one of the world's wealthier nations, with one of the highest per capita emissions, Canada has a responsibility and opportunity to play a leadership role, domestically and globally, in limiting dangerous climate change.

There are many federal measures that are key to driving progress on cleantech and climate change. Implementing even a few will lead to significant economic and environmental benefits.

The GBC thus urges the federal government to commit to a strong, comprehensive clean energy and climate change agenda including the following actions:

#### *Top Priority:*

1. Create a technology fund as part of the government's sector-by-sector regulatory approach to greenhouse gas pollution, requiring that some or all of the revenues raised be invested in near-term emission reductions (such as those below), learning from experiences in Alberta, British Columbia and Quebec, and providing a fiscal incentive for innovation.
2. Advance clean energy production, transmission and use:
  - a. Amend *Income Tax Act* Classes 43.1 and 43.2 to include expenditures on tangible

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<sup>1</sup> EY (Ernst & Young Global Limited), August 2013, Cleantech industry performance 2013 report.

[http://www.ey.com/GL/en/Newsroom/News-releases/News\\_Global-cleantech-industry-grows-by-value-and-size](http://www.ey.com/GL/en/Newsroom/News-releases/News_Global-cleantech-industry-grows-by-value-and-size)

<sup>2</sup> See, for example: Risky Business: The Economic Risks of Climate Change in the United States (June 2014),

<http://riskybusiness.org/report/overview/executive-summary>; TD Economics; and Natural Catastrophes: A Canadian Economic Perspective (April 2014), <http://www.td.com/document/PDF/economics/special/NaturalCatastrophes.pdf> .

stand-alone energy storage assets, for all types of electricity storage.

- b. Invest in infrastructure and incentives to transition transportation demand to lower carbon emitting alternatives (e.g., for electric vehicles).
3. Play a leadership role in global negotiations to secure global, realizable commitments for mitigating dangerous climate change, including committing annual funding of \$400 million in 2015 and 2016 for climate change adaptation and mitigation in developing countries, through the Green Climate Fund and Climate and Clean Air Coalition.

*Important Priority:*

4. Protect Canadians – and our unique environment – from increasingly volatile weather events by:
  - a. Investing additional funds in updated infrastructure and conserved ecosystems as buffers to extreme weather events;
  - b. Making environmental criteria, particularly greenhouse gas emissions, central to infrastructure project funding proposal assessment and approval.
5. Further reduce inefficient tax incentives to oil and gas, and mining sectors.

## **2) Achieving Canada's Nature Conservation Commitments**

In May 2014, the federal government announced a National Conservation Plan, providing welcome support for important conservation programs, including significant investments in private land stewardship, through the Natural Areas Conservation Program, and wetlands as well as support for marine protected areas.

Building on these first steps, we recommend the federal government focus next on achieving its agreed-to 2020 conservation targets<sup>3</sup> endorsed by the global community as critical next steps to safeguard the natural systems people depend on for survival. This includes a commitment to protect at least 17% of land and freshwater and 10% of Canada's oceans in well-managed, well-connected protected areas by 2020. Only 10% of Canada's landscape and 1% of our oceans are currently protected. Given that governments (federal, provincial, territorial and Aboriginal) manage about 90% of our land base and all of our ocean estate, we recommend a particular focus on protecting Canada's public land and water – a notable gap in the first phase of the federal government's conservation plan.

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<sup>3</sup>Known as the Aichi Biodiversity Targets – part of the United Nations Convention on Biological Diversity Strategic Plan for Biodiversity 2011-2020.

**To strengthen the National Conservation Plan**, the GBC recommends that the federal government make the following investments:

1. \$20M per year for five years to **provide conservation science support** for all jurisdictions' efforts to achieve the Aichi targets– with a focus on:

- Scientific assessments of areas of high conservation value in each of Canada's ecozones;
- Identifying gaps in current system of protected areas, and providing scientific guidance for regional conservation planning initiatives to fill these gaps.
- Providing science support for key areas of conservation concern, for example declining populations of insect-eating birds.

This funding could be leveraged by supporting university-based "Centres of Conservation Excellence" to bring together academics and other scientists and funding, with an initial five year goal of applying the best science to achieving the Aichi conservation targets.

2. \$40 million per year, for five years, to **renew federal Species at Risk Act implementation funding** currently scheduled to "sunset" in March 2015.

As noted in the federal Environment Commissioner's fall 2013 report, there is still a significant backlog in completion of species recovery documents, as well as a gap in development of policy tools needed for stakeholders to move forward with their own protection measures for species. This federal investment, a slight increase over Budget 2012's renewal of previous funding, is intended to overcome this backlog.

3. \$60 million per year to demonstrate federal protected areas leadership:

- \$40 million per year on-going to **complete national parks system and ensure Parks Canada's science-based conservation programs are adequately resourced,**
- \$20 million per year to complete proposed National Wildlife Areas and for upkeep and management of existing ones.

The GBC also encourages further federal funding for marine conservation, fisheries, migratory birds and wetlands to ensure actions in these areas also achieve Canada's commitments under the Aichi Targets.

### 3) A Healthy Environment for All Canadians

There is mounting evidence that low-income and minority Canadians endure disproportionate levels of preventable environmental health hazards (i.e., pollution, environmental degradation and effects of climate change).

**To ensure healthy environments for all Canadians, the GBC recommends that the Government of Canada:**

- Appoint a Commission of Inquiry on Environmental Health Inequity with a mandate to:
  - Examine the burden of preventable environmental health hazards on disadvantaged and vulnerable communities in Canada, as well as inequalities in access to environmental health benefits;
  - Assess the extent to which it may be possible to remedy any such inequalities;
  - Identify and prioritize mechanisms to ensure all Canadians enjoy equitable levels of protection and benefits.
- Convene a high-level Federal/Provincial/Territorial Committee on Environmental Health Equity, to:
  - Lead a co-ordinated effort to integrate environmental health equity into all relevant government programs, policies and activities;
  - Facilitate inter-governmental engagement in implementing Commission's recommendations.
- Establish an Office of Environmental Health Equity to:
  - Support ongoing assessment of preventable environmental health hazards and the health benefits of environmental protection measures, on disadvantaged and vulnerable communities in Canada;
  - Champion efforts to integrate environmental health equity in all relevant government programs, policies and activities;
  - Provide secretarial support to Committee.
- *Estimated costs:*
  - *Commission of Inquiry: \$30 million over three years.*
  - *Office (and Committee): \$30 million per year.*
- *Complementary:*
  - Amend *Income Tax Act* Section 118.2(2) to include, as allowable medical expense, radon mitigation by Canadian National Radon Proficiency Program-certified experts in homes where three-month test indicates radon level above federal guideline.
  - Extend funding beyond March 2016 for Clean Air Regulatory Agenda and Chemicals Management Plan.

## Levelling the “Fiscal Playing Field” for Natural Resources

The GBC encourages the Government to use subsidy reform and environmental pricing reform to level the “fiscal playing field” for natural resources towards:

- 1) Ensuring that governments’ fiscal treatment of the exploration, depletion, conservation and recycling of different natural resources is equitable (including consideration of market value, scarcity, and environmental and human health impacts), or else favours resources and processes whose life-cycle impacts are more positive;
- 2) Ensuring Canadians are fairly compensated for depletion of non-renewable natural resources.
- 3) Ensuring market prices for goods and services “tell the environmental truth” by accurately reflecting true values as well as full life-cycle costs and benefits – financial, environmental, and social – associated with development, production, transportation, sale, use and disposal.

Adherence to the “polluter pays” principle<sup>4</sup> is central to these strategies. The GBC was pleased to hear of the Government’s intention to “enshrine the polluter-pay system into law”<sup>5,6</sup>.

## Complementary Recommendations

The GBC also expects to make complementary recommendations on:

- 1) Principles for a Sustainable Canada, including strategies for “greening Canada’s economy”
- 2) Strengthening Canada’s Science Capacity
- 3) Protecting Canada’s Fresh Water
- 4) Environmental Statistics
- 5) Liability Regimes for the Arctic Offshore, Nuclear Power, and Rail Transportation

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*All the above recommendations will be further detailed in GBC’s Recommendations for Budget 2015, forthcoming in fall 2014, with preliminary version sent by September.*

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<sup>4</sup> On May 29, 2007, as Environment Minister, Hon. John Baird re-affirmed the government’s commitment to this principle by telling House of Commons Committee on the Environment and Sustainable Development that the government “believes that the polluter should pay.” <http://www.parl.gc.ca/HousePublications/Publication.aspx?DocId=2977081&Language=E&Mode=1>

<sup>5</sup> Speech from the Throne (16 October 2013), <http://www.speech.gc.ca/eng/full-speech>

<sup>6</sup> See Natural Resources Canada (18 June 2013): Federal-Provincial Cooperation Modernizing Liability for Offshore Petroleum Drilling Operators, news release, <http://www.nrcan.gc.ca/media-room/news-release/2013/7202>