



**Climate Action Network Canada    Réseau action climat Canada**

**BRIEF  
TO  
2012 PRE-BUDGET CONSULTATIONS  
OF THE  
HOUSE OF COMMONS STANDING COMMITTEE ON  
FINANCE**

**SUBMITTED BY  
CLIMATE ACTION NETWORK CANADA/  
RÉSEAU ACTION CLIMAT CANADA**

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# Executive Summary

Climate Action Network Canada is grateful for the opportunity to submit our recommendations to the House of Commons Standing Committee on Finance. As instructed by said Committee, we have focused on the themes of **how to create quality sustainable jobs**, and **how to achieve a sustained economic recovery in Canada**.

By eliminating unnecessary and inefficient subsidies to fossil fuel producers as well as investing in renewable energy and other potential green stimulus initiatives, we can raise revenue for investments that will contribute to quality sustainable jobs and sustained economic recovery in Canada, while simultaneously reducing Canada's greenhouse gas emissions.

With these objectives in mind, we strongly recommend that the Government of Canada:

**(1)** eliminate the Canadian Exploration Expense and the Canadian Development Expense benefits. This would increase annual Government revenues by approximately \$761 million.

**(2)** recycle the revenues from the elimination of fossil fuel subsidies into a reestablished ecoEnergy for Renewable Power program, as well as other direct investments in renewable energy technologies such as wind and solar.

## Rationale for Recommendations

### **(1) Ending Subsidies for Fossil Fuels**

A 2010 study by the International Institute for Sustainable Development found that the six targeted federal subsidies for the oil and gas sector (the Canadian Exploration Expense, the Canadian Development Expense, the Canadian Oil and Gas Property Expenses, Flow-Through Shares, the Capital Cost Allowance for Oil sands leases and building mines, and the Atlantic Canada Investment Tax Credit) amount to approximately \$840 million in foregone government revenue. The report also estimates that eliminating the Canadian Exploration and Development Expense benefits would increase government revenues even when accounting for losses in royalty payments and corporate income taxes from the oil sector. In its *Recommendations for Budget 2011*, the Green Budget Coalition estimates that eliminating these two key subsidies would increase government revenues by approximately \$761 million annually, and would have the additional benefit of reducing GHG emissions.

### **(2) Restoring Funding for Renewable Energy**

In Budget 2011, the Federal Government failed to re-establish funding for its popular ecoEnergy for Renewable Power program. We call on the Government of Canada to recycle the revenues from the elimination of fossil fuel subsidies into a reestablished ecoEnergy for Renewable Power program, as well as other direct investments in renewable energy technologies such as wind and solar. This would create jobs and give Canada an advantage in the clean energy economy of the future.

# Bibliography

International Institute for Sustainable Development, November 2010. *Fossil fuels: at what cost? Government support for upstream oil activities in three Canadian Provinces.*

<http://www.iisd.org/media/pres.aspx?id=180>

Green Budget Coalition, November 2010. *Recommendations for Budget 2011.*

[http://www.greenbudget.ca/pdf/Green%20Budget%20Coalition%20Recommendations%20for%20Budget%202011%20\(November%202010\).pdf](http://www.greenbudget.ca/pdf/Green%20Budget%20Coalition%20Recommendations%20for%20Budget%202011%20(November%202010).pdf)