

Standing Committee on Finance (FINA)

Pre-budget consultations 2012

Green Budget Coalition

Responses

1. Economic Recovery and Growth

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

The Green Budget Coalition (GBC) agrees with the Minister of Finance, the Honourable Jim Flaherty, who “emphasiz[ed] that the environment and the economy are inextricably linked, and that by ensuring that Canada has a clean and healthy environment we will be able to build an economy strong enough to maintain the enviable standard of living Canadians have come to expect.” [1] The GBC, active since 1999, brings together 16 of Canada’s leading environmental organizations, representing over 600,000 Canadians, to present an analysis of the most pressing issues regarding environmental sustainability in Canada and to make a consolidated annual set of recommendations to the federal government regarding strategic fiscal and budgetary opportunities. We continue to believe that budgets are best restricted to their core matters of fiscal and monetary policy, and that preserving and strengthening federal governance and institutional capacity regarding environmental issues is critical for preserving Canada’s environment and Canadians’ prosperity. The Green Budget Coalition’s feature recommendations for Budget 2013 are: 1) Develop an ambitious National Conservation Plan for Canada, as supported by the House of Commons Environment and Sustainable Development Committee’s June 2012 Report.[2] Such a plan should focus on completing a connected network of protected areas throughout all regions of Canada, on land and sea, and on ensuring sustainable use of the rest of the land and seascape. To develop an effective Conservation Plan, strong federal leadership will be required. To successfully implement this Conservation Plan, five fundamental budget actions are required: investing in protected areas (\$50M one-time, plus \$50M/year ongoing), ocean health and conservation (\$50M/year ongoing), private lands, and migratory birds, plus improving the ecological gifts program. 2) Create critical health and environmental co-benefits for First Nations’ communities - especially their children - by investing in, and integrating, green infrastructure thinking into programs and policies that are needed for planning, building, updating and repairing First Nations infrastructure. While some progress is being made, in many First Nations communities, drinking water systems and housing stock are both in dire need of improvement and upgrading. At the same time, energy use and prices are often higher than the rest of Canada. A co-ordinated approach which takes advantage of latest technologies, opportunities for First Nations communities to participate in green technology development, training for First Nations youth, and integration of green infrastructure approaches can pay big dividends for First Nations communities. 3) Further reduce the over \$1.3 billion in federal subsidies to fossil fuels and extend these efforts to the mining sector, honouring Canada’s commitment to the G20, and building on measures in the 2007, 2011 and 2012 budgets. Direct and indirect subsidies of all types to the coal, oil, gas and mining sectors should be reduced or eliminated. Doing so would make these industries more globally competitive, help balance the federal budget, and help Canada invest in the clean energy economy of the future. 4) Preserve and restore the federal government’s core science, institutional and governance capacity. Canada’s environmental capacity plays a critical role in ensuring clean air and water for our day-to-day health, in providing the natural resources that power our lives and economy, and in preserving the wild spaces and species that attract over a billion dollars annually in economic activity. Please note that further details on these recommendations are included in the subsequent questions, and that more specific details are available upon request and will

be forthcoming in our Preliminary Recommendations for Budget 2013 document in September 2012. [1] Department of Finance Canada, 14 September 2011, "Government of Canada Promotes Economic Prosperity Through Support for Small Business", <http://www.fin.gc.ca/n11/11-080-eng.asp>. [2] House of Commons Standing Committee on Environment and Sustainable Development, June 2012, Study to Provide Recommendations Regarding the Development of a National Conservation Plan, <http://www.parl.gc.ca/HousePublications/Publication.aspx?DocId=5641863&Language=E&Mode=1&Parl=41&Ses=1>.

2. Job Creation

As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?

To be successful, a federal job creation strategy needs to nurture and advance jobs that will be sustainable in a global green economy, and advance environmental sustainability for Canadians. Key opportunities in Budget 2013, as highlighted in question 1, are:

- Reducing fossil fuel and mining subsidies, to make renewable energy more competitive, energy efficiency measures more financially beneficial, and put metal and mineral recycling on more of an even playing field;
- Investing in water systems and energy efficient housing for First Nations communities;
- Strengthening federal capacity for environmental science, programs and policy;
- Investing in protected areas, private land protection, and migratory birds;
- Recent research shows that \$800 million invested in national parks generated \$4.6 billion towards Canada's GDP, and supported 64,000 full time equivalent jobs across the country. [1]
- Investing in oceans health and conservation:
- Designating Marine Protected Areas which help recover fish stocks, boost tourism, maintain stable jobs for the future, and contribute to Canada's \$30B/year ocean economy: \$35M/year ongoing;
- Investing in the developing of marine management tools to ensure both economic and ecological prosperity: \$10M/year ongoing;
- Investing in state of the ocean reporting to set marine environmental quality standards for responsible resource development: \$5M/year ongoing;

Further options include:

- Implementing a price on greenhouse gas emissions, through a cap-and-trade system or/and a carbon tax; this would help "level the playing field" between cleaner options and fossil fuels, making green development - and the associated employment growth - more economically viable, including the areas of energy efficiency and renewable energy;
- Developing a clean energy transition strategy for Canada. This could include skills development, training programs, certification courses, and transitional policies for workers and communities whose jobs could be lost or significantly changed by the shift to a greener economy;
- Investing in further programs to support Canadian businesses and individuals to capitalize on global opportunities linked to renewable energy, energy efficiency and climate adaptation funding. [1] The Outspan Group Inc. (2011) The Economic Impact of Canada's National, Provincial and Territorial Parks in 2009. A technical report prepared for the Canadian Parks Council. Available at <http://www.parks-parcs.ca/english/cpc/economic.php>.

3. Demographic Change

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?

A healthy environment, healthy, livable communities, and a stable climate will all be crucial to the health and quality of life of an aging population, as well as to restraining the growth of related health care costs and climate adaptation. Specific measures that should be implemented to advance these objectives are:

- Funding training for energy efficiency retrofits for homes and businesses, to create jobs and lessen Canadians' basic energy costs;
- Implementing a price on greenhouse gas emissions to mitigate the

dangerous impacts and costs of climate change; • Increasing funding for public transit and intra-city rail, and making them fundamental components of the forthcoming infrastructure funding framework. This will make life more livable and more affordable for aging Canadians, create thousands of jobs, and create better transportation options and cleaner air for all Canadians.

4. Productivity

With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

Specific federal initiatives that would increase productivity in Canada include: • Reducing subsidies to fossil fuels and mining - Productivity will be significantly enhanced by removing subsidies. Subsidies distort markets and removing these distortions forces affected industries to be globally competitive, encouraging innovation and increased efficiency. • Improving the health of First Nations communities, and thus increasing the capacity of Canada's workforce; • Investing in energy efficiency retrofits for homes and businesses, to reduce the money wasted on heating and cooling these spaces;

5. Other Challenges

With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?

One of the most critical challenges all Canadians face is preserving a healthy environment for current and future generations, one that provides clean air and water for our day-to-day health, and natural resources to power our economy. The specific federal actions which the GBC is featuring for Budget 2013 were outlined in Question 1, and are listed below, with further complementary comments. 1) National Conservation Plan: Strong federal leadership will be required to develop an effective Conservation Plan, to bring together federal, provincial/territorial, and Aboriginal governments, conservation organizations, industry representatives and individual Canadians to develop a shared vision, goals and strategy to protect Canada's wildlife and ecosystems. Funding details: New national parks: • New parks: \$30M/year ongoing, plus a one-time \$50M investment for land acquisition and establishment costs; • Ecological integrity: \$20M/year ongoing for science and monitoring and management actions to protect and restore ecological integrity of our national parks. Ocean health and conservation (see Q2) 2) Green Infrastructure for First Nations Communities: The highlighted water, housing and energy issues are closely related to each other as well as to impacts on the health of First Nations community members, especially their children. As First Nations issues are federal jurisdiction, it is incumbent on the federal government to facilitate progress in these areas through its budget documents. The benefits of action include improved human health in these communities; increased education and training opportunities; increased employment opportunities for First Nations youth both within and outside their home communities; and increased quality of life and control over their immediate environment. 3) Fossil Fuel and Mining Subsidy Reform In 2009 Canada and other G20 members agreed that they would "phase out over the medium term inefficient fossil fuel subsidies that encourage wasteful consumption" due to a recognition that "fossil-fuel subsidies encourage wasteful consumption, distort markets, impede investment in clean energy sources and undermine efforts to deal with climate change", a commitment that has been reaffirmed at subsequent G20 meetings. In its 2007 and 2011 budgets Canada committed to phase out its subsidies in the oil sands sector. These measures were estimated to increase federal revenues by approximately \$30M in 2012-2013. Eliminating federal fossil fuel subsidies would also permit substantial mitigation of greenhouse gas emissions with minimal impact on GDP, help build Canada's reputation as a 'Clean Energy Superpower,' and improve affected industries' international image. 4) Preserving and Strengthening Core Federal Science, Institutional and

Governance Capacity