

Federal Budget 2021

Building resiliency in our communities

Brief submitted by **Équiterre** as part of the pre-budget consultations



August 2020

List of recommendations

Mobility

Recommendation 1: That the government implement a Canada-wide standard for **zero-emission vehicles** to reach the objective of 100% electric vehicle sales by 2040.

Recommendation 2: That the government develop and implement a national strategy **on low-carbon ways to transport goods in urban areas** to reduce GHG emissions from the transportation sector and to improve quality of life in urban areas.

Agriculture

Recommendation 3: That the government create and fund an **AgriResilience program** to help farmers transition to lower-carbon agriculture practices, thereby reducing the growing climate risk in this sector.

Recommendation 4: That the government adopt and fund a national strategy with **nature-based solutions** in the agriculture sector to limit growth in its GHG emissions and protect soil health.

Energy

Recommendation 5: That the federal government publish, in Budget 2021, a roadmap to eliminate **ineffective fossil fuel subsidies by 2025** to respect Canada's G20 commitment in this area.

Supply

Recommendation 6: That the government implement a **strategy for a locally sourced institutional food supply** for all government departments and agencies to ensure the vitality of the Canadian agriculture sector.

Mobility

In the context of a global economic and climate crisis, Canada has a historic opportunity to direct public funds to a green recovery plan that focuses on clean technology. The country has set an objective of 30% zero-emission vehicle (ZEV) sales by 2030 and 100% by 2040. To achieve this goal, an **ambitious, long-term structuring strategy** must be implemented, which covers all sectors of road transport.

Recommendation 1: Implement a Canada-wide standard for zero-emission vehicles.

While Canada has included the electrification of transport in its decarbonization strategy, it is currently falling quite far behind in its transition to electric transport. While Canada is the 12th-largest automaker in the world, building around two million vehicles every year, electric vehicles account for only 0.4% of its production, which is 80% below the global average.

In Ontario, Chrysler, Ford, General Motors, Honda and Toyota plants produce primarily gas-powered vehicles, while in China, Europe and even the United States, these same companies are investing billions of dollars to produce electric vehicles. On the international market, the Canadian automotive industry is less and less competitive. Paired with the growing trend toward fuel-inefficient vehicles in Canada's vehicle fleet, this situation is unsustainable in a decarbonization context.

Recommendation: That the government **implement a Canada-wide standard for zero-emission vehicles** to reach the objective of 100% electric vehicle sales by 2040.

Combined with financial incentives such as a tax on fuel-inefficient vehicles and subsidies for buying electric vehicles, adopting a ZEV standard would be the most efficient way to promote building ZEVs in Canada. Together, these measures would **stimulate demand for ZEVs and ensure a sufficient supply**, so that Canada can make up lost ground.

With more ambitious policies in place, like a federal ZEV standard, the ZEV sector could be worth as much as \$152 billion and employ 1.1 million workers in 2040, which is three times higher than projections based on the policies currently in place.¹

Recommendation 2: Transporting goods in urban areas

While all of society has mobilized to fight the COVID-19 pandemic, the temporary closure of most stores led companies to turn to e-commerce. As a result, delivery services in urban areas have led to more and more negative externalities, such as air pollution and greenhouse gas (GHG) emissions.

Even though businesses have now reopened for in-store shopping, consumers may maintain

¹ ICCT, [Simulating zero emission vehicle adoption and economic impacts in Canada](#), 2020

their new online shopping habits. For example, in the Montreal region, 80% of goods are delivered by delivery trucks. If deliveries associated with online purchases continue to increase without decarbonizing delivery methods, emissions associated with transport are likely to increase sharply and exacerbate public health issues caused by pollution.

Recommendation: That the government **develop and implement a national strategy on low-carbon ways to transport goods in urban areas** to reduce GHG emissions from the transportation sector and to improve quality of life in urban areas.

Équiterre recommends that the federal government work in collaboration with Canadian municipalities to develop and **implement a national strategy to reduce the environmental footprint of transporting goods** for last-mile delivery in urban regions across the country. To date, several solutions that can be adapted to the Canadian context have been explored. This non-exhaustive list provides a number of possible starting points to address the transportation of goods in urban areas:

- Urbanism (e.g., implementing low-emission zones);
- Reduction at the source (e.g., information campaigns on responsible consumption);
- Logistics for urban areas (e.g., installing lockers accessible to all delivery companies); and
- Modes of transport adapted to delivery (e.g., cargo bicycles, electric trucks, etc.)

Agriculture

Équiterre's recommendations for agriculture will ensure that stakeholders in the sector can adapt to the challenges of the 21st century, increase their resiliency, ensure food security for the population, and contribute to the federal government's efforts to fight climate change. The most promising solutions are nature-based, which minimize the use of chemical fertilizers and focus on regenerating soil health.

Recommendation 3: Create and fund a new AgriResilience program

Farmers are among the first to feel the ever-growing impacts of climate change. Crop losses due to climate change are not only on the rise, but also affect GDP, profitability, the viability of rural communities and the mental health of farmers, as well as government insurance programs, for which spending is bound to increase.

Recommendation: That the government create and fund an **AgriResilience program** to help farmers transition to lower-carbon agriculture practices, thereby reducing the growing climate risk in this sector.

An AgriResilience program would reward innovation and the adoption of new, more resilient farming practices, thereby helping to reduce climate risk.² This program would have two objectives:

- Help the agricultural industry adapt to a changing climate; and
- Contribute to the fight against climate change.

AgriResilience would be intended for both conventional and organic farmers, and would encourage them to adopt practices to promote healthy soil. Research and field experience show that advisory services that are not related with the agricultural inputs sales industry (pesticides, fertilizers) have a positive impact on the adoption of environmentally friendly farming practices. The AgriResilience program must therefore include independent advisory services.

Recommendation 4: Adopt and fund a national strategy with nature-based solutions

The soil quality in Eastern Canada is declining noticeably, and agricultural practices are a factor.³ Worldwide, scientists agree that healthy soils can better weather and mitigate the effects of climate change. Degraded soil is less productive. It absorbs carbon less efficiently, which contributes to climate change, and climate change in turn exacerbates the degradation of soil by increasing the intensity of precipitation, flooding, the frequency and intensity of drought, heat stress and wind.

Recommendation: That the government **adopt and fund a national strategy with nature-based solutions** in the agriculture sector to limit growth in its GHG

² Équiterre, [Toward the Creation of an AgriResilience Program](#), 2020.

³ Government of Canada, [Soil Organic Matter Indicator](#), 2020

emissions and protect soil health.

Regenerative farming practices (based on soil regeneration) have many other benefits in addition to reducing GHG emissions. They not only improve the fertility of the soil and therefore yield, but also increase the nutritional value of foods, water absorption and filtration capacity, and biodiversity. Farms that implement these practices increase their resilience to the impacts of climate change considerably, which has a positive effect on all agri-systems.

Energy

Since the planet has already heated up by one degree compared with pre-industrial levels, it is clear why action is urgently needed to keep global warming under the 1.5-degree threshold, as laid out in the Paris Agreement. However, since 2015, GHG emissions in Canada are on the rise, and the country may miss its 2030 target, which was to reduce GHG emissions by 30% compared with 2005 levels.⁴ Moreover, it has not reached any of the targets it has set in the past. In addition, the significant contribution of the oil and gas sector is worth noting. In 2018, this sector accounted for 26% of Canada's GHG emissions.

Recommendation 5: Eliminate fossil fuel subsidies

Filling the coffers of the Canadian oil and gas industry does not seem to be a sustainable solution: the ongoing expansion of oil and gas production is not compatible with government commitments to reduce GHG emissions. Rather, the federal government should work with its provincial and territorial partners to strengthen the clean and renewable energy production and distribution sectors.

A growing number of investors and companies are choosing not to contribute to expanding the oil sands and infrastructure dedicated to fossil fuels. Asset managers are increasingly reluctant to take on the risks associated with the Canadian fossil fuel industry, as decisions by Total, Teck and Berkshire Hathaway show.^{5 6 7}

Recommendation: That the federal government publish, in Budget 2021, a roadmap to eliminate **ineffective fossil fuel subsidies by 2025** to respect Canada's G20 commitment in this area.

⁴ Government of Canada, [Progress towards Canada's greenhouse gas emissions reduction target](#), 2020

⁵ Total, [Short Term Price Revision and Climate Ambition](#), 2020

⁶ Teck, [Teck Withdraws Regulatory Application for Frontier Project](#), 2020

⁷ Radio-Canada, [Projet de GNL Québec: un investisseur majeur abandonne le navire](#), 2020

Supply

Recommendation 6: Aim for locally sourced food supply

With COVID-19, food security and buying local are hot topics. The federal government released emergency funding to help Canadian farmers get through the crisis. But, in addition to the ad hoc funding granted to farmers, we need to help our producers build and strengthen the resilience of the Canadian agriculture sector and the viability of Canadian farms.

We believe the federal government can support farmers by introducing a strategy for government departments and agencies to source their food supply locally.

According to Équiterre's calculations, budget amounts associated with the federal government's food supply are around \$150 million.

Recommendation: That the government substantially increase allocations and adjust criteria to favour an **institutional food supplied from local sources** instead of food supplied by the lowest bidder.

The shift to support a locally sourced food supply would revitalize local economies by supporting vegetable farms. Implementing short distribution channels for local food supply has the additional benefit of reducing GHG emissions in the transport sector.