



***Investing in Canada's Water, Energy, & Ecosystems
to Preserve our Quality of Life***

**Submission to
House of Commons Standing Committee on Finance
for pre-budget consultations
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**Bird Studies Canada
Canadian Environmental Law Association
Canadian Parks and Wilderness Society
Centre for Integral Economics
David Suzuki Foundation
Ducks Unlimited Canada
Ecojustice Canada
Environmental Defence
Équiterre
Friends of the Earth
Greenpeace Canada**

**International Institute for
Sustainable Development
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Nature Canada
Nature Conservancy of Canada
Pembina Institute
Pollution Probe
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Executive Summary:

Canada can only take advantage of the “unprecedented opportunity to lead the way to a better, cleaner, healthier world,”ⁱ which Prime Minister Harper has highlighted, by making strategic investments now to secure long-term access to low-impact energy and clean water, to create green jobs, and to protect Canada’s critical ecosystems and biodiversity nationwide. Existing stimulus funds should be used where possible.

The **Green Budget Coalition** has been bringing together twenty of Canada’s leading environmental and conservation organizations, representing 600,000 Canadians, since 1999 to assist the federal government to develop and implement strategic budgetary and fiscal measures critical to long-term environmental sustainability.

Recommendations for 2010 Budget:

- 1) **Fund a national ecosystem based adaptation strategy, to protect Canada’s biodiversity nation-wide, in terrestrial and marine environments, in the face of real threats from global warming and resulting climate change.** Protecting the key elements of Canada’s natural environments is the best way to maximize the probability of securing functional and resilient ecosystems that maintain species, provide economic prosperity, and clean our air and water.
- 2) **Invest in Canada’s freshwater future, beginning with the Great Lakes - St. Lawrence basin. Begin delivering Canada’s promised federal water strategyⁱⁱ** by investing in water and wastewater infrastructure, the clean up and de-listing of existing Great Lakes Areas of Concern (AoCs), delivery of Ecological Rehabilitation Action Plans for both AoCs and the St Lawrence Zones d’intervention prioritaire (ZIPs) in Québec, and in preserving and protecting ecologically sensitive wetland habitat and near shore areas.
- 3) **Create clean energy jobs by renewing Canada’s commitment to low-impact renewable energy sources in order to help meet the government’s promise of achieving 90 per cent of Canada’s electricity from non-emitting sourcesⁱⁱⁱ.** Canada has an opportunity to become a significant player in the deployment and supply chains of renewable energy if it acts immediately to reduce market barriers and long-term policy uncertainty. First steps include an urgent re-investment in the successful ecoENERGY for Renewable Power program and the establishment of a Green Bonds program.

Crucial Complementary Measure:

- **Implement fair fiscal policies to ensure that market prices for goods and services accurately reflect the full costs and benefits to the environment and human health associated with their development, production, transportation, sale, use and disposal, as well as the true value of the required resources, today and in the future.**

Detailed Green Budget Coalition recommendations on these and other measures will be sent to Committee members by September 2010.

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“We cannot separate environmental and economic policy.”^{iv}

“We need to take action, we owe it to future generations.”^v

Prime Minister Stephen Harper

As Prime Minister Harper has highlighted, Canada has an “unprecedented opportunity to lead the way to a better, cleaner, healthier world.”^{vi} Furthermore, Canada now has a unique opportunity to utilise remaining stimulus funds to expedite the transformation of the Canadian economy into a globally-leading, environmentally-restorative economy, creating green jobs while simultaneously securing Canadians’ enviable quality of life.

Canada can only take advantage of these opportunities by making strategic investments now to secure long-term access to low-impact energy and clean water, to create green jobs, and to protect Canada’s critical ecosystems and biodiversity nationwide.

The transformation to a globally-leading, environmentally-restorative economy requires each of the following actions: major investments in renewable energy and water and wastewater infrastructure; a strong federal signal that polluters will pay for the environmental and health damage they cause; and making financial transfers to governments, and subsidies to industry, conditional on achieving defined environmental outcomes.

Prime Minister Harper has asserted that, “climate change is perhaps the biggest threat to confront the future of humanity today.”^{vii} Waiting longer to act will create real costs for Canadians - in missed business opportunities, in increased financial and economic costs for future environmental protection, and in greater risks to our collective health and climate. Sir Nicholas Stern has shown that the costs to the global economy of not taking action on climate change could reach \$7 trillion annually.^{viii}

Preserving our quality of life, in the face of dangerous climate change, requires an immediate commitment to protecting ecosystems and biodiversity. Healthy ecosystems can facilitate adaptation to climate change and maximize the probability of securing functional and resilient ecosystems that maintain species, support economic prosperity, and provide clean air and water.

The **Green Budget Coalition** contributes substantial expertise to meeting these challenges. The Coalition comprises twenty of Canada’s leading environmental and conservation organizations, representing over 600,000 Canadians as members, supporters, and volunteers, and has been assisting the federal government in advancing long-term environmental sustainability since 1999.

The Green Budget Coalition has identified the following **three priority recommendations**, and seven actions on other important issues, that our member groups believe to be the foremost budgetary opportunities to advance environmental sustainability in Canada, while simultaneously creating business and employment opportunities.

1) **Protecting ecosystems: A global warming necessity**

Canada should act now to fund a national ecosystem based adaptation strategy, to protect Canada's biodiversity nation-wide, in terrestrial and marine environments, incorporating:

1. Implementing integrated oceans management plans in five Large Ocean Management Areas (LOMAs) and completing a national system of marine protected areas that covers at least 30% of Canada's ocean area.
Invest \$50 million/year over 3 years.
2. Fully and effectively implementing Species At Risk Act.
Invest \$30 million/year over 2 years.
3. Inventory, research, monitoring and recovery of Canada's diverse natural wetlands. **Invest \$62.2 million (total)** over 5 years.
4. Completing Canada's national systems of national parks, national wildlife areas and migratory bird sanctuaries, and ensuring their long-term protection.

Canada continues to lose elements of its terrestrial and marine ecosystems due to many types of human activities. Protecting key elements of Canada's natural environments is the best way to maximize the probability of securing functional and resilient ecosystems that maintain species, provide economic prosperity, and clean our air and water.

2) **Investing in Canada's Freshwater Future:**

Beginning with the Great Lakes-St. Lawrence basin

Canada should deliver the promised federal water strategy^{ix}, with initial implementation in the Great Lakes-St. Lawrence basin, building upon the progressive actions in Budget 2007 and 2008. There is broad consensus among representatives of a cross-section of Canadian society^x that federal leadership is crucial in protecting Canada's freshwater resources. Priority areas for investment are:

1. Water Quantity and Quality

- a. Improve water quality by updating water and wastewater infrastructure and integrating conservation measures to ensure sustainability of water resources.
- b. Ensure the clean up and de-listing of existing Great Lakes Areas of Concern (AoCs) and delivery of Ecological Rehabilitation Action Plans for both AoCs and the St Lawrence Zones d'intervention prioritaire (ZIPs) in Québec.

2. Freshwater Ecosystems

- a. Foster healthy biodiversity through the preservation and protection of ecologically sensitive wetland habitat and near shore areas.
- b. Protect from invasive species.

Recommended Investment: \$1.8 billion over the next five years (2010-2014), *with an additional reallocation of \$5.2 billion in previously committed infrastructure funding* over the next 10 years (2010-2019).

3) **Renewable Energy: Towards a Sustainable Energy Future**

Canada should create clean energy jobs by renewing Canada's commitment to low-impact renewable energy sources in order to help meet the government's promise of achieving 90 per cent of Canada's electricity from non-emitting sources^{xi}.

In 2008, investment in new renewable energy outpaced investment in new nuclear, natural gas and coal electricity combined, according to the UN^{xii}. Canada has an opportunity to become a significant player in the deployment and supply chains of renewable energy if it acts immediately to reduce market barriers and long-term policy uncertainty. First steps include:

1. Urgent re-investment in the successful ecoENERGY for Renewable Power program. This production incentive, the major federal support mechanism for renewable energy development since 2002, will run out of funds in the 2009-10 fiscal year, creating market uncertainty at a time when global investment, particularly in the United States is ramping up. Without a renewed and expanded commitment to renewable power, Canada is at risk of losing significant investment and jobs to the US. **\$207 million/year (average) for 14 years**
2. Establishment of a Green Energy Bonds program to give Canadians an opportunity to support the development of clean power, while providing access to capital for renewable energy projects. **\$100 million/year for 10 years.**

In addition to these direct support mechanisms programs, priority should be given to building strategic inter-provincial power transmission connections and investing in “smart grid” technology.

The Green Budget Coalition also recommends the following seven actions on other important issues:

- Metal and Mineral Recycling: Closing the Loop
- Energy Efficiency
- Conserving Our Migratory Birds
- Extending Ecogift Tax Incentives to Inventory Lands
- Better Indicators
- Ending Chrysotile Asbestos Subsidies
- Using Carbon Pricing Revenues to Reduce Greenhouse Gas Emissions

Furthermore, the Green Budget Coalition firmly believes that Canada’s prosperity requires policies that ensure that market prices for goods and services accurately reflect the true value of the required resources, today and in the future, as well as the full costs and benefits to the environment and human health associated with their development, production, transportation, sale, use and disposal. Canada’s economy will only maximize benefits for Canadians, and be truly “green”, when market prices thus tell the environmental truth.

This approach is often called ecological fiscal reform (EFR), and could be implemented through a mix of market-based instruments, such as taxes, fees, rebates, credits, tradable permits and subsidy removal. True-cost pricing policies should be complemented by the transitional use of policies such as product incentives and “fee-bates” to shift buying and usage patterns for major purchases, such as heating systems, automobiles and appliances, towards those whose use creates more positive impacts on the environment and human health. The eco-Energy program represents a start.

Such EFR policies create many benefits. They reward environmental leaders among businesses and citizens, preserve natural resources for higher value uses, stimulate environmental innovations with global export potential, and expedite the development of economies where

economic success brings concurrent environmental and human health benefits, and where self-interested economic choices are more frequently those with the most social and environmental benefits. Furthermore, such policies provide enhanced fairness to citizens and business through the “polluter pays principle”^{xiii}, by forcing polluters to pay for the harm they cause.

The Green Budget Coalition has commended the Government of Canada’s past budgets for taking important steps towards implementing ecological fiscal reform, and highlights many prime opportunities in its upcoming budget document to build upon those measures. *Metal and Mineral Recycling: Closing the Loop* would build upon changes to capital cost allowance rates in *Budgets 2007-2009* to advance Canada farther towards a sustainable resource future.

The Green Budget Coalition expects to continue promoting and refining these recommendations until they are adopted. *For further information, please contact:* Andrew Van Iterson, Program Manager, Green Budget Coalition, 613-562-8208 ext. 243, avaniterson@naturecanada.ca.

ⁱ Speech by Prime Minister Stephen Harper in Sydney, Australia, on September 7, 2007.
<http://www.ecoaction.gc.ca/speeches-discours/20070907-eng.cfm>.

ⁱⁱ In the 2007 Speech from the Throne, Canada’s government committed to a “new water strategy”. Steps have been taken toward fulfilling this commitment under the *Government of Canada’s Action Plan for Clean Water*.

ⁱⁱⁱ Speech from the Throne November 2008, to open the First Session Fortieth Parliament of Canada, available at: www2.parl.gc.ca/Parlinfo/Documents/ThroneSpeech/40-1-e.html, Accessed August 8, 2009.

^{iv} AFP. <http://www.canada.com/topics/technology/science/story.html?id=beae4406-b427-4197-9c6f-27c1c915a3d7>
31 October 2008: “Canada to seek continent-wide approach to climate change”.

^v Speech by Prime Minister Stephen Harper in Sydney, Australia, on September 7, 2007.

^{vi} Speech by Prime Minister Stephen Harper in Sydney, Australia, on September 7, 2007.
<http://www.ecoaction.gc.ca/speeches-discours/20070907-eng.cfm>.

^{vii} Speech by Prime Minister Stephen Harper in Berlin, Germany, on June 4, 2007.
<http://www.pm.gc.ca/eng/media.asp?category=2&id=1681>.

^{viii} “\$7-trillion warning on global warming” (Globe and Mail, October 30, 2006). Available from <http://www.theglobeandmail.com/servlet/story/RTGAM.20061030.wenvironment30/BNStory/Front/>.

^{ix} In the 2007 Speech from the Throne, Canada’s government committed to a “new water strategy”. Steps have been taken toward fulfilling this commitment under the *Government of Canada’s Action Plan for Clean Water*.

^xIncluding the Canadian Chamber of Commerce, National Council of Women of Canada, Canadian Water Resources Association, Pollution Probe, Canadian Water Issues Council, Canadian Water Network, Council of Canadian Academies, and Insurance Bureau of Canada. Details are cited in a July 2008 advertisement in *The Hill Times* by Federal Leadership On Water (FLOW: Nature Québec, World Wildlife Fund, University of Victoria Polis Project on Ecological Governance, Centre for Indigenous Environmental Resources, Soil and Water Conservation Society, UBC Program on Water Governance) and endorsed by 26 organisations, including the Assembly of First Nations, Canadian Federation of University Women, Canadian Water Network, Environmental-Aboriginal Legal Guardianship through Law and Education (EAGLE), Federation of Ontario Cottagers’ Associations, National Council of Women of Canada, Trout Unlimited Canada, Unilever Canada, and Watershed Watch Salmon Society.

^{xi} Speech from the Throne November 2008, to open the First Session Fortieth Parliament of Canada, available at: www2.parl.gc.ca/Parlinfo/Documents/ThroneSpeech/40-1-e.html, Accessed August 8, 2009.

^{xii} <http://sefi.unep.org/english/globaltrends22009.html>.

^{xiii} The government defined “polluter pays” in *Budget 2005* as meaning that “the polluter should bear the costs of activities that directly or indirectly damage the environment. This cost, in turn, is then factored into market prices.” [<http://www.fin.gc.ca/budget05/bp/bpa4e.htm>] On May 29, 2007, as Environment Minister, the Hon. John Baird re-affirmed the government’s commitment to this principle by telling the Standing Committee on the Environment and Sustainable Development that the government “believes that the polluter should pay.” The “polluter pays principle” was previously defined in the 1972 OECD Guiding Principles on the International Economic Aspects of Environmental Policies, as cited in OECD (2001): *Environmentally Related Taxes in OECD Countries: Issues and Strategies*, Paris, p.16.