



Green Budget Coalition's Recommendations for Budget 2019

**Submission to
House of Commons Standing Committee on Finance
2018 Pre-budget consultations
August 2, 2018**



List of Feature Recommendations

The **Green Budget Coalition** has **five feature recommendations** for Budget 2019, each involving a number of specific budget measures we consider central to success in this area, plus complementary recommendations on other important issues. These recommendations are outlined below, with brief background information on the following pages, and more details available at www.greenbudget.ca.

1) Tackling Toxics & Pesticides:

Provide regulatory departments with sufficient resources to meet current and anticipated federal legislative requirements for managing toxic substances, including pesticides, to protect the health of Canadians and our environment.

1. Next generation chemicals management:

- a) Prepare to implement legislative changes to modernize the *Canadian Environmental Protection Act, 1999* (CEPA): **\$25 million over two years** for Environment and Climate Change Canada (ECCC) and Health Canada (HC).
- b) For ongoing chemical assessment, research and monitoring, and risk management activities beyond Phase 3 of the Chemicals Management Plan: **\$100 million annually**, starting in 2021-22 and ongoing for ECCC and HC.
- c) Enforcement of CEPA and pollution prevention provisions in the *Fisheries Act*: **\$50 million in 2019, and then \$100 million annually ongoing** for ECCC.

2. Improving pesticide regulation:

- a) Fulfill obligations under the Pest Control Products Act to assess risks from pesticides, and upgrade compliance and enforcement: **\$50 million in 2019, and then \$100 million annually ongoing** for Health Canada's Pest Management Regulatory Agency.
- b) Revive and expand the National Pesticides Monitoring and Surveillance Network: **\$10 million over five years** for ECCC.

2) Phasing out Fossil fuel Subsidies and Non-Tax Supports:

1. **Disclose costs** of all federal direct spending and value of annual tax deductions claimed for exploration, development and production of coal, oil and natural gas, and provide this information to the Parliamentary Budget Office.
2. Initiate work with partner countries to **define "inefficient" fossil fuel subsidies**.
3. Proceed with a **transparent and credible peer review** of Canada's fossil fuel subsidies with Argentina that reflects the recommendations on subsidies made in this document.
4. **Commit to not introduce new subsidies** for fossil fuels.

5. **Legislate a timeline for the phase-out of the following remaining deductions** for fossil fuel exploration and production:
 - Accelerated Capital Cost Allowance for Liquefied Natural Gas projects (before currently scheduled end in 2025)
 - Canadian Development Expenses claims
 - Canadian Exploration Expenses claims, including for unsuccessful exploration
 - Remaining Flow-through Share deductions for fossil fuels oil and gas sector
 - Canadian Oil and Gas Property Expense claims
 - Foreign Resource Expense claims

6. **Legislate a timeline for the phase-out of other non-tax supports** to the fossil fuel industry, starting with the following:
 - Duty Exemption for Imports of Mobile Offshore Drilling Units in the Atlantic and Arctic
 - The Natural Gas component of the “Deploying Infrastructure for Electric Vehicle Charging and Natural Gas and Hydrogen Refuelling Stations” program
 - Export Development Canada financing for oil and gas companies.

3) Delivering on Canada’s Commitments to Sustainable Agriculture

Invest to improve the sustainability, resilience and competitiveness of the agricultural sector:

1. **Agri-Environmental Programs - \$109 million per year for five years**, including:
 - Impact assessment of agriculture on biodiversity in Canada (\$2M/year)
 - Improvement of indicators/metrics for biodiversity (\$4M/year)
 - Establishment of a National Land Management & Stewardship Program (\$50M/year)
 - Development of a National Pesticide Reduction Strategy (\$12M/year)
 - Establishment of a National Perennial Cover Incentive Program (\$24M/year)
 - Establishment of a Pollinator Conservation Initiative (\$12M/year)
 - Creation of incentives for provinces to develop Safe Harbour Program (\$5M/year)

2. **R&D in Environmentally Sustainable Agriculture - \$4.4 million per year for five years**
 - On-farm participatory R&D to conserve, breed and adapt seeds that perform well under low-input and organic practices (\$2M/year)
 - R&D in agro-ecological climate change mitigation and adaptation practices (\$2.4M/year)

3. **Food Waste:**
 - Food Waste Prevention Program (**\$3.6 million per year**) to reduce the loss of additional natural habitat to farm production

4) Delivering 21st Century Management for Freshwater Protection

Invest to scale up the Freshwater Action Plan, building on work already underway in the Great Lakes and Lake Winnipeg watersheds:

1. **Improve Canada's ability to address water challenges** due to climate change and changing land-use through significant investment in better data-sharing and information and communication of results. **\$20 million/year for 5 years**
2. **Create an aquatic habitat restoration economy. \$110 million (total) over 5 years**
3. **Reduce land-based run-off** of nutrients and pollution in Canada's watersheds. **\$100 million/year for 5 years**
4. **Balance hydroelectric development with improved river connectivity and flow. \$5 million (total) over 3 years**

5) Investing in the Health and Sustainability of Canada's Oceans

1. **Ocean co-management and governance, marine spatial planning and MPA networks**
 - **\$247.5 million in 2019-2020**
 - **\$236 million per year over 2020-2024**
 - **Ongoing funding of \$94 million per year thereafter**
2. **Rebuild and enhance stock assessment capacity - \$30 million per year over 5 years**
3. **Aquaculture related** environmental research, monitoring, enforcement, and alternative production method- **\$20 million per year over five years**

Regarding plastic in the oceans, the Green Budget Coalition is separately recommending **\$80 million per year over five years** for **Enhancing Canada's Role in the stewardship and reduction of plastic waste in the Circular Economy.**

The Green Budget Coalition is also making select **complementary recommendations for Budget 2019**, related to the following important issues: carbon pricing, international climate financing, zero emission vehicles, community ownership of clean energy, labelling home and building energy efficiency, attributing costs of climate change, cleaner ship fuels in the Canadian Arctic, birds, First Nations drinking water and wastewater infrastructure, a national scientific and data management strategy, and on allocating the Budget 2018 funding for protected areas, species at risk, and environmental laws.

Brief Background and Rationale on Recommendations

The following pages provides a brief rationale for the above feature recommendations. More detailed initial versions of these recommendations, including gender-based analysis, are already available online in the Green Budget Coalition's [Preliminary Recommendations for Budget 2019](#), and the Green Budget Coalition's refined final *Recommendations for Budget 2019* document is expected to be available between mid-August and mid-September at greenbudget.ca, in English and French.

1) Tackling Toxics and Pesticides

Pollution and exposure to toxic substances have a significant impact on Canadians' health, the environment and our economy. The annual economic cost of adverse health effects caused by toxic exposures is estimated to be in the tens of billions of dollars. There is growing scientific evidence that toxic chemicals, including pesticides, are associated with cancer, learning and behaviour problems in children, asthma, allergies, diabetes and other chronic conditions. Nearly nine in ten Canadians are concerned about children's exposure to toxics from consumer products and impacts on wildlife.

Pesticides are a unique category of toxic substances. Toxicity to targeted pests is intentional. However, pesticides can contaminate the environment and sometimes harm non-target organisms, as well. Human exposure to even very low levels of pesticides is also associated with a wide range of adverse health effects.

New and additional funding is required to address these challenges and meet legislative requirements for assessing and managing toxics.

2) Phasing out Fossil Fuel Subsidies and Non-Tax Supports

The federal government has committed a number of times to stop subsidizing fossil fuels in Canada, recognizing that inefficient subsidies for fossil fuels undermine efforts to deal with climate change, encourage wasteful energy consumption, reduce energy security, and impede investment in clean energy. However, in 2017, Canada's Auditor General found that certain tax provisions in support of the fossil fuel industry have not been reformed by the Finance Department and that the Finance Department had not developed an implementation plan with timelines to support the phase-out by 2025.

We specifically note that unsuccessful exploration expenses can still be deducted from business income and that exploration and development expenses for fossil fuels can still be renounced as flow-through shares. After 2019, the World Bank Group will no longer be financing upstream oil and gas projects, in addition to other climate actions and commitments to increase transparency, and we recommend Export Development Canada move in a similar direction.

Changes announced in Budget 2017 on fossil fuel subsidy reform were a positive step forward. The Green Budget Coalition calls on the Government to take the most important next steps, as listed on the preceding pages.

3) Delivering on Canada's Commitments to Sustainable Agriculture

Agricultural pollution, land conversion and climate change are increasingly jeopardizing the competitiveness and resilience of Canada's agricultural sector - a sector that is key to our thriving economy. Canada is already committed to minimizing the environmental impacts of our working agricultural landscapes, through various international and domestic targets on sustainable agriculture and on-farm biodiversity conservation, such as the UN Sustainable Development Goals and Canada's 2020 Biodiversity Targets. However, as noted by the federal Commissioner of Environment and Sustainable Development Spring 2018 reports, Canada will fail to meet both these targets unless it takes urgent and decisive action through strategic and targeted investments beyond announcements already made under the new Canadian Agricultural Partnership and a Food Policy for Canada.

4) Delivering 21st Century Management for Freshwater Protection

Water stewardship is a great challenge of our time. Growing populations. Increasing demand for food and energy. Urbanization. Climate change. These 21st century pressures are mounting and compounding. Effective water management is critical to the health of our environment, our economy and to the people of Canada.

While the mandate to manage freshwater is a shared jurisdiction between all levels of government, the federal government is uniquely positioned to take a leadership and convening role in freshwater science, data sharing technology and communication to Canadians of freshwater health.

5) Conserving Our Oceans

Long-term, stable funding is necessary to support fulfillment of Canada's domestic and international commitments to ocean governance, co-management and conservation, to support Indigenous Reconciliation and a Blue Economy. The proposed investments will ensure Canada is prepared for post-2020 international ocean conservation targets and will restore federal leadership on ecosystem-based ocean management. Additional funding is recommended to address enhanced fisheries stock assessment, aquaculture research, and the reduction of marine litter and plastic pollution to move Canada towards a more circular economy.

Complementary Recommendations on Other Important Issues

The Green Budget Coalition has also developed complementary recommendations to advance the following select issues:

Climate Change and Energy Sustainability:

1. Carbon Pricing
2. International Climate Finance
3. Attributing the costs of climate change
4. Supporting the Transition to Cleaner Ship Fuels in the Canadian Arctic
5. Zero Emission Vehicles
6. Community Ownership of Clean Energy
7. Labelling home and building energy efficiency

Other Cross-Cutting Recommendations

8. Renewed Commitment to Canada's Birds
9. First Nations Drinking Water & Wastewater Infrastructure
10. National Scientific and Data Management Strategy
11. Enhancing Canada's Role in the Stewardship and Reduction of Plastic Waste in the Circular Economy

Advice on Allocating Budget 2018 Funding

12. Regarding Protected Areas, Species At Risk, and Environmental Laws

As noted, more detail on all these recommendations is available at www.greenbudget.ca.

About



The **Green Budget Coalition (GBC)**, active since 1999, brings together twenty of Canada's leading environmental and conservation organizations (*listed below*), collectively with over one million members and supporters, 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.

GBC members:

Bird Studies Canada
Canadian Environmental Law Association
Canadian Parks and Wilderness Society
Canadian Wildlife Federation
David Suzuki Foundation
Ducks Unlimited Canada
Ecojustice Canada
Ecology Action Centre
Environmental Defence
Friends of the Earth Canada
Greenpeace Canada

International Institute for
Sustainable Development
Nature Canada
Nature Conservancy of Canada
Sierra Club Canada Foundation
Trout Unlimited Canada
USC Canada
WWF-Canada
West Coast Environmental Law Association
Wildlife Habitat Canada

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