

A brief submitted to support the study of

Bill C-12: An act respecting transparency and accountability in Canada's efforts to achieve net zero greenhouse gas emissions by the year 2050

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Introduction

Between 1990 and 2019, Canada's total greenhouse emissions increased by around 21.4% , and decreased between 2015-2019 by only 1.1% (Environment and Climate Change Canada, 2021). The Intergovernmental Panel on Climate Change, however, has clearly demonstrated we must cut emissions in half by 2030 if we are to avoid the more dangerous impacts from climate change. Given Canada's historical contribution to global emissions, and our exceedingly high per capita emissions, it is our responsibility to meet and exceed this call by the IPCC.

The Paris Agreement, signed and ratified by Canada, is historic in that it is universal (both industrialized and less-developed nations have agreed to the text), a heavy focus is placed on transparency and reporting of progress, and opportunities to periodically re-evaluate and ratchet up ambition are built into the process.

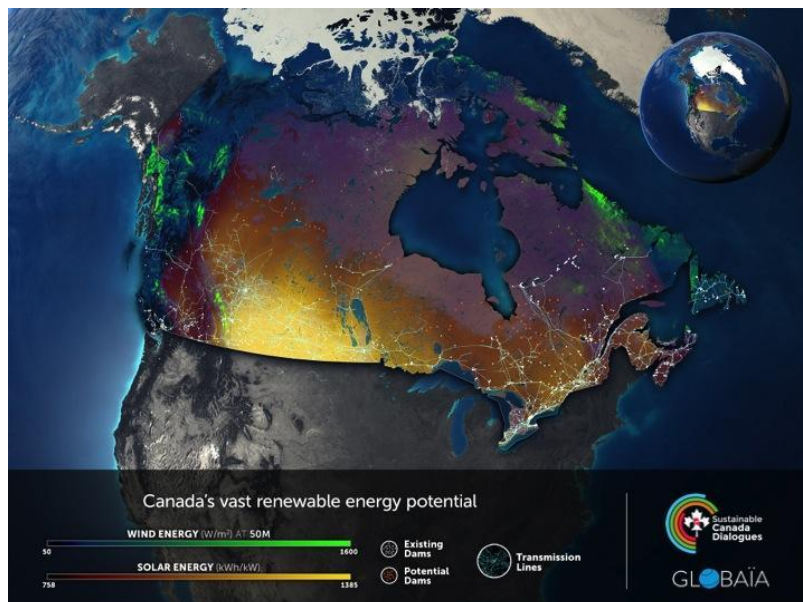
The ultimate power of this agreement, however, is not in its technicalities and legal implications. Rather, the Paris Agreement represents the manifestation of collective ambition, creating and demonstrating shared norms around the reality of climate change and the responsibility to act. This will require a rapid and fundamental transformation of all sectors, including the design of urban spaces and the ways in which we produce and consume energy.

The governance of the transition towards a fundamental low carbon energy system is particularly fraught in the Canadian context, and has traditionally been fragmented with a variety of ministries and regulatory bodies responsible for different aspects of the energy

landscape (Russel and Jordan 2009). The Net-Zero Emissions Accountability Act (Bill C-12) that would establish a 2050 emissions target into law provides a necessary stepping stone for Canada's actions towards net-zero, but the bill has yet to take this legislative window as a unique opportunity to set a clear path in critical areas.

The ambitions set out in the Paris Agreement will not be met without transformative levels of climate change mitigation (reducing greenhouse gases and enhancing carbon sinks) in synergy with adaptation (responding to the impacts of climate change). **Incremental greenhouse gas reductions, such as those obtained through modest efficiency gains in a system still fundamentally dependent on fossil fuels, will not lead to mitigation of the pace and scale required to constrain warming to less than 2°C.**

In order to make any significant gains, legislation will need to provide incentives for the private sector to tap into Canada's vast renewable energy potential (See figure 1) to manage this transition to carbon neutrality and to set a framework that builds on current progress and seeks to accelerate the creation of a coherent and coordinated policy ecosystem to shape the future economic, technical, cultural, and social dimensions of a carbon-neutral economy and society.



Source: Potvin et al, 2015. Re-energizing Canada: Pathways to a low-carbon future. *Sustainable Canada Dialogues*.

RECOMMENDATION 1. Governing with ambition, and pursuing synergies with other priorities

Canada is currently out of step with the scientific consensus that *at least 50% reductions* in global GHG emissions must be achieved by 2030 to avoid dramatic, costly, and irreversible

effects of climate change. Some municipalities are taking leadership: for example, Halifax recently committed to a target of *75% reduction in GHGs by 2030* and plans to create 90 000 person years of local employment in this process, and Vancouver has committed to a 50% by 2030 target centred on low-cost, sustainable transport solutions. But municipal governments receive less than ten cents of every tax dollar collected in Canada, and do not have jurisdiction over the bulk of greenhouse gas emissions in Canada.

The causes and consequences of climate change pervade the socio-economic and cultural fabric of nations, cities, and societies. Patterns of development, deeply rooted in values, fundamentally shape both vulnerability to climate change impacts, as well as the modes of production and consumption that give rise to greenhouse gas emissions (Shaw et al., 2014; Swart et al., 2003).

So, the pursuit of climate solutions is fundamentally intertwined with the more transformative and multi-faceted project of sustainability. Creative, systems-oriented policy solutions are needed that deliver on multiple development priorities simultaneously. **Unless climate change considerations are embedded in day-to-day decisions about land use planning, technological innovation, waste management, community health and others, the costs of effective climate change policy will be unacceptably high.**

RECOMMENDATION 2 - A just economic and social transition

Ambitious mitigation and adaptation strategies must be implemented quickly in order to meet our Paris Agreement commitments and minimize the most serious effects of climate change at home and globally. **While the cost of unbridled climate change vastly outstrips virtually any estimate of the costs of transitioning to a low carbon economy,** we must recognize that some sectors and communities will bear a larger share of the burden of the transition.

In a just transition, the burden of climate change mitigation is shared rather than placed heavily on marginalized communities workers in certain sectors. **Bill C-12 can explicitly address and expand on the need for a just and socially inclusive transition. While specific funding arrangements and programs may be beyond the scope of the bill, a commitment to this approach is necessary to provide certainty to marginalized communities, employees, and businesses.**

The European Union has explicitly recognized the need for a socially inclusive transition which focuses on the impacts of decarbonization on labour markets, the employment opportunities due to the creation of green jobs, and the need for new/redefined skill sets so vulnerable communities can take advantage of these opportunities (European Commission 2016). Setting emissions targets is likely to impact the economic and industrial landscape of Canada,

and legislation can set language to begin planning for a just transition for those affected by a rapid low-carbon transition in Canada.

In Canada, two sectors are particularly vulnerable to the pressures of a low-carbon transition; agriculture and mining/oil and gas. In Alberta, Saskatchewan, and Newfoundland & Labrador in particular, these sectors are significant drivers of economic activity and employment opportunity, and the anxieties that citizens and regional governments have over the potential losses in these sectors need to be addressed in order to commit to long-term ambition on climate change. In 2020, just under 200,000 workers were directly employed by the oil and gas industry, most of which are concentrated in Alberta (StatsCan).

Responding to the concerns of these workers could take the form of the creation of locally-driven employment supports; charting pathways to early retirement; making available retraining programs; implementing funding programs for workers in the process of job transition; recognition that precarious, low-wage work must not replace stable, well-paying work (Task Force on Just Transition for Canadian Coal Power Workers and Communities 2019).

We must also be especially aware of the **compounding impacts of the low-carbon transition on already vulnerable communities**. Indigenous communities, many of which already bear a disproportionate burden from the impacts of extractive activities and are not sharing equally in their benefit, need to be centred and elevated within any discussion of a just transition.

RECOMMENDATION 3 - The key role of the net-zero advisory body

Through their oversight and budgeting functions, the Parliament has the faculties to hold the government accountable for setting and achieving realistic targets.

The Parliament can **draw on lessons from parliamentary innovations and advancements in partner countries**. The Climate Change Act (2008) of the United Kingdom called on the Secretary of State to lay before Parliament an assessment of the UK's risks and predicted impacts of climate change. These specific measures provide a clear mandate for government departments to maintain accountability before Parliament, placing a higher degree of control in parliamentarians' hands and prompting a closer examination of the barriers and gaps to enhancing climate risk and climate adaptation performance as well as strengthening accountability.

The Act would benefit from providing specificity on the procedures to establish clear targets, metrics, and evaluation of government actions toward the set targets. Likewise, it is of foremost importance to identify and support climate policy champions within Government

Ministries, which can help advance the legislation's goals and targets. Achieving the desired net-zero requires an "all hands-on deck" approach that reaches across sectors, industries and

Strengthening government accountability on progress will require Parliament to work across their many parliamentary sectoral committees dealing with an array of public infrastructure, energy, and economic issues.

Holding the government to account for the suggested 5-year review cycles would benefit from strengthening and advocating for inter-parliamentary committees examining climate change wording on new legislation, federal budgets, and oversight activities. Achieving the goals set out by the government requires climate change provisions established by the Act to be addressed as a cross-cutting theme in sectoral discussions, but more specifically in the plans, policies, and programs with 2030, 2040, and 2050 timelines.

Accountability by the government will require specific milestones and review of progress reports tabled before Parliament. Through their oversight capacity, the Parliamentary Committee can ensure to maintain the recommendations of the Advisory Body as part of cyclical oversight procedures aimed at correcting or accelerating government investments and actions into specific portfolios to achieve targets.

RECOMMENDATION 4: Supporting a resilient, low-carbon small business community

In Canada, as of December 2019, there were 1.23 million employer businesses in Canada, where 97.9% were small businesses (between 1 and 99 employees), 1.9% were medium-sized businesses (between 100 and 499 employees) and only 0.2% were large businesses. Of these businesses more than half are concentrated in Ontario and Quebec (440,306 and 249,685, respectively). (Sources: Statistics Canada, Table 33-10-0222-01 Canadian Business Counts, with employees, December 2019). While individually their emissions may be modest, small and medium-sized enterprises are responsible for more than 200,000,000 tonnes of greenhouse gases per year, or more than the emissions from Canada's oil and gas sector (Climate Smart Businesses Inc., 2018).

A new stage of climate action calls for an enabling ecosystem to accelerate innovation in the private sector, while recognizing **their role in adopting business models which complement the national, regional and municipal efforts to achieve a zero-carbon target by 2050.**

Smaller firms are structured very differently than their medium-sized corporate counterparts and may be driven by different motivations (including community reputation, cost savings, employee retention, and leadership). They face significant capacity constraints and market pressures, which could be minimized by tailored incentive programs, the provision of

technical expertise and data, and differential access to government contracts. In addition, however, a meaningful price on carbon and emissions control regulations that reach the small business sector also form part of a portfolio of actions that will accelerate progress. Small firms require carefully tailored government incentives, policies, and taxes to respond to the variety of sustainability drivers at each size of firm, rather than employing the same approach across the spectrum.

Small businesses offer significant potential for the **creation of climate change solutions that also invigorate local economies, address social inequalities, and create healthier, more vibrant communities**. By explicitly seeking and fostering these synergies, the politically divisive domain of climate change response may be fruitfully addressed. Similarly, innovative business models such as social enterprise and benefit corporations illustrate these synergies, building evidence for the business case behind making progress on climate change.

There is an opportunity to **create a new ecosystem of actors and funding vehicles to act as crucial accelerants of climate action**, where government incentives, tax rates and preferred access to loans are the main sources of support, but emerging venture capital funding and socially and environmentally responsible investing (Hebb et al. 2015) make the business case that direct capital towards firms with long range strategic planning and ambitious sustainability actions. In Canada, there is still a high degree of skepticism by investors on the value and potential of clean technology, leaving the American market as a more reliable source of funding for clean energy investments.

Bill C-12 can address these gaps by ensuring financial institutions, Universities, business incubators and large corporations identify value in long term investments that support an accelerated transition.

Conclusion

As we begin to move into the last decade that remains before we must achieve the goals set out by the Paris Agreement, the window to set the course to achieve its commitments is closing, and the opportunity of Bill C-12 represents a unique legislative opportunity to make a stronger case for:

- Setting a clear and achievable 2025 milestone for emissions reduction
- A stronger emissions reduction target of *at least* 50% by 2030, to align with IPCC recommendations and other national governments commitments to set an international example of a just approach to solving the challenges presented by climate change
- A clear legal duty to reach set targets so that they endure governments of the future

- Clearly defined and robust roles for an independent advisory body that must include climate science experts to help set targets, review, assess, and report on progress
- Ensuring that a just transition is supported federally, explicitly seeking synergies between adaptation and mitigation while lifting the burden of the transition from marginalized communities.

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