



## Adaptation at the heart of solutions

Written Submission for Pre-Budget Consultations in Advance of the 2023 Federal Budget,  
October 2022

# List of Recommendations

## **Mobility**

1. Modernize the iZEV program to make it fairer and promote active mobility.
2. Advance ongoing support for public transit operations to fiscal year 2024/25 and increase the amounts planned for operations.
3. Make electric school buses eligible for the iMHZEV program.
4. Support capacity building, education and awareness activities to accelerate the electrification of school bus fleets (\$4 million).

## **Agriculture**

1. Prioritize environmental risk management in agriculture by increasing the envelope for cost-shared programs.
2. Fund the training and hiring of 1,000 additional advisory services officers (\$100M).
3. Develop a Canada-wide soil health strategy (\$6M / 3 years).
4. Enhance the On-Farm Climate Action Fund (\$1.4 billion / 6 years).

## **Food**

1. Enhance and expand existing school food programs (\$1 billion / 5 years).
2. Enhance the infrastructure and capacity of partner institutions and organizations that offer these programs in schools (\$50 million).
3. Work with First Nations and Inuit and Métis peoples to negotiate a food policy agreement and fund school programs that promote nutritious meals in Indigenous schools.

## **Circular Economy**

1. Create a repair fund

# Introduction

## The challenges of adapting

To address the inflationary spiral, the various levels of government use tax measures and measures that help Canadians to adapt. We believe that Budget 2023 must go further in terms of adjustment. It is an opportunity to invest in environmental measures that will help Canadian families reduce the cost of living while combatting climate change and adapting our area, our living environments.

It is essential that Canadian communities adapt, as indicated by the Canadian Climate Institute in its [recent report](#). Simply in economic terms, the Institute estimates that climate damages will result in \$25 billion in losses by 2025. Within the maximum greenhouse gas emissions (GHG) range, the losses could reach \$101 billion in 2050 and \$865 billion in 2100. The impacts will not only be felt on public finances but also on personal finances and on the health of Canadians.

The Canadian Climate Institute warns that a new cost of living crisis can be expected if nothing is done. As is often the case, those who are most affected by financial crises are the most vulnerable populations. Adaptation in Canadian communities to prepare them to mitigate and face the impacts of climate change is therefore a tool for environmental justice. The economic choices and investment priorities over the coming years will be critical to our ability to adapt to a new and constantly changing climate reality. We therefore encourage the federal government to reflect on its investments in this area and to make them part of a consistent and eagerly awaited climate adaptation strategy.

## Adapting the economy

Adapting also means quickly shifting the Canadian economy away from fossil fuels if we want to keep global warming below 1.5°C and protect Canadians and the Canadian economy from fluctuations in the fossil fuel market.

The International Energy Agency, while historically very conservative, explains in its report [Net Zero by 2050](#) that every country must immediately abandon new oil and gas development projects to achieve net-zero emissions by 2050.

### **Fossil fuel subsidies: A hindrance to transition**

One way to transition away from fossil fuels and promote transition and innovation is to keep Canada's promise to end government subsidies and aid for fossil fuels. These subsidies promote the production and use of fossil fuels and undermine the competitiveness of renewable alternatives and energy sobriety. They also represent significant government expenditures that encourage the problem rather than the solutions.

## Adapting the labour market

The energy and economic transition must be carried out in partnership with workers, employers, communities and the various levels of government. A fair and well-planned, funded and implemented transition will protect workers and communities today and tomorrow and foster acceptance of environmental policies.

## Mobility

In March 2022, Canada formalized its objective of having 100% zero-emission vehicle sales by 2035 and adopted new objectives of having zero-emission vehicles (ZEV) represent 20% of sales by 2026 and 60% by 2030. However, modelling commissioned by Équiterre and the David Suzuki Foundation shows that the policies announced or in effect as of September 2021 were largely insufficient to achieve these objectives.<sup>1</sup>

### The iZEV program

Reforms to the iZEV program would promote a fair transition to low-carbon modes of transportation while internalizing the costs associated with an increase in large vehicles and thus reducing the fiscal burden on the federal government.

Équiterre recommends the introduction of an environmental levy that would be negatively correlated to a vehicle's energy efficiency and would apply to the sales of all gasoline vehicles. The revenues could then be re-used so the iZEV program could be self-funding.

The government should also promote a shift in the use of personal vehicles to public and active modes of transportation, such as carpooling and cycling. Providing a partial reimbursement of costs associated with the purchase of an electric bicycle, the EV Assist program in Nova Scotia and the Bonus vélo program in France are excellent examples.<sup>2</sup>

Finally, the federal government should include used ZEVs in the iZEV program and adapt incentives based on household income.

The latter two recommendations are based on an accessibility and equity perspective because, in situations where alternatives to automobiles are not viable, low-income households must not be left behind.

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<sup>1</sup> John Axsen and Chandan Bhardwaj (2022), *Policy Pathways to 100% Zero-Emission Vehicles by 2035 in Canada*, START. [https://legacy.equiterre.org/sites/fichiers/rapport\\_zev\\_en3.pdf](https://legacy.equiterre.org/sites/fichiers/rapport_zev_en3.pdf)

<sup>2</sup> EV Assist Nova Scotia (2022), "Rebates." <https://evassist.ca/rebates/>; Ministère de l'Économie, des Finances et de la Souveraineté industrielle et numérique, "Bonus vélo : une aide pour l'achat d'un vélo à assistance électrique (VAE)". <https://www.economie.gouv.fr/particuliers/prime-velo-electrique>

## Recommendation: For more accessible, more inclusive and more sustainable mobility

1. Reform the iZEV program by including the levy program or replacing the green levy program with a structured levy based on GHG emissions when a gasoline vehicle is purchased.
2. Expand the scope of the program by making electric bicycles eligible (\$50 million / 2 years).
3. Make used ZEVs eligible for the iZEV program.
4. Adapt incentives for the purchase of ZEVs based on household income and cap eligibility based on income.

## Public transit

Since transportation is an essential service and mobility is a right, the federal government should support transit companies now by moving its permanent financial support for public transit ahead by two years, to 2024, to quickly reduce GHG emissions and offer convincing alternatives to driving alone well before 2030, in addition to increasing the planned amounts. This is why Équiterre supports the [recommendations by Environmental Defence](#) concerning funding for public transit operations.

## Recommendation: Ensure the sustainability of public transit operations

1. Advance ongoing support for public transit operations to fiscal year 2024/25 and increase the amounts planned for operations.

## Electric school transportation

There are many benefits associated with the electrification of school buses. Eliminating diesel buses improves air quality for our children, makes progress in reducing GHG emissions and generates long-term savings on fleet operating costs.

However, the high purchase prices of electric school buses remain a barrier to that transition. With this in mind, the iMHZEV incentive program, which was very well received by the environmental community, currently excludes these vehicles, a reality that must be corrected quickly. Capacity-building investments are a necessary complement to the incentives for a successful transition.

## Recommendations: Protect air quality for our children

- Make electric school buses eligible for the iMHZEV program.
- Support capacity building, education and awareness activities to accelerate the electrification of school bus fleets (\$4 million).

## Agriculture

Budget 2023 will be the first budget for the new sustainable agriculture policy framework. The government's increased ambition demonstrated through the new agricultural policy

framework, the Guelph Statement and the emissions reduction plan, should be reflected in an ambitious Budget 2023 for sustainable agriculture.

This should include an increase in support for farmers by rewarding good practices, including crop diversification to ensure healthy food self-sufficiency, investments in support and knowledge transfer.

### Recommendations: Agri-environmental solutions to strengthen the sector

1. Prioritize environmental risk management in agriculture by increasing the envelope (\$500M) for cost-shared programs.
2. Fund the training and hiring of 1,000 additional advisory services officers (\$100M).
3. Develop a Canada-wide soil health strategy (\$6M / 3 years).
4. Enhance the On-Farm Climate Action Fund to include the following six practices: organic amendments, crop diversification, buffer zones, compaction prevention, agroforestry and integrated pest management. (\$1.4 billion / 6 years)

## Food

The Coalition for Healthy School Food [recently sounded the alarm](#) about the issue of food insecurity. In Quebec, 15% of children live in families with food insecurity and the current increase in food prices is certain to have consequences. One solution is the creation of a universal school food program for all students so youth have access to healthy meals at school. That program, focused on a healthy and local supply of food, is a winning recipe for youth.

### Recommendations: Help families reduce the cost of groceries

1. Enhance and expand existing school food programs (\$1 billion / 5 years).
2. Enhance the infrastructure and capacity of partner institutions and organizations that offer these programs in schools (\$50 million).
3. Work with First Nations and Inuit and Métis peoples to negotiate a food policy agreement and fund school programs that promote nutritious meals in Indigenous schools.

## Circular Economy

The linear economy produces an unsustainable amount of GHGs due to the waste associated with over-exploitation of natural resources. The appropriation of natural lands for extraction and production activities also contributes to the decline of living things.

A review of this race to produce single-use goods is imperative, as is innovation to reduce the pressure on our natural resources and living environments. However, Canada has no strategy for closing the circularity gap in its economy. We advocate for the development of the domestic goods repair sector with a view to transition.

In the current context of inflation, repair would also help Canadian households save. In fact, in the long run, the frequent replacement of goods with new goods costs more than repairing

goods that households already have.

**Recommendation: Support repair to reduce household expenses**

1. Create a repair fund.