



Green Budget Coalition's

Submission to

House of Commons Standing Committee on Finance

Pre-Budget Consultations in Advance of the 2023 Budget

October 8, 2022



As the world continues to grapple with major crises, including the impacts of Hurricane Fiona, it is now critical to focus more attention on addressing the related climate and biodiversity crises, and shaping a world that is equitable, carbon-neutral and nature-positive, for current and future generations of Canadians and people worldwide.

This submission outlines the **Green Budget Coalition's five feature recommendations** for Budget 2023:

- 1) **Advancing a zero-emissions electricity grid based on renewables** - Essential steps towards the major transformational investments required in the generation, transmission, and demand side of electricity, including remote Indigenous communities (**\$18 billion plus \$3 billion** in tax benefits over five years);
- 2) **Renovation wave: a plan for jobs and climate** - Upgrading the energy efficiency and comfort of Canada's residential building stock, including low-income households, Indigenous communities, and skills development for the retrofit economy (in partnership with the provinces: **\$10-15 billion per year for ten years**);
- 3) **Delivering on Canada's land and ocean protection commitments** - Integrating Indigenous-led conservation, permanent funding for protection and stewardship, ecological connectivity, and NGO collaboration (**\$18 billion over eight years**);
- 4) **Advancing sustainable agriculture** - Key recommendations to help producers and Canada be leaders in sustainable and innovative agriculture with a resilient and diversified food system (**\$3.5 billion over five years**); and
- 5) **Institutionalizing environmental justice** - Establishing an Office of Environmental Justice (**\$130 million over five years**) and committing an appropriate portion of benefits from climate and clean energy spending to disadvantaged communities.

Much more detail on these recommendations, as well as many complementary recommendations (*listed farther below*), is available in the Green Budget Coalition's full [Recommendations for Budget 2023](http://greenbudget.ca/recommendations).¹

¹ <http://greenbudget.ca/recommendations>

Details on Feature Recommendations

1) Advancing a zero-emissions electricity grid based on renewables

A zero-emissions electricity system by 2035 is a foundational climate solution that unlocks emissions reductions in other key sectors in the broader economy in Canada.

Total Recommended Investment:

\$17.8 billion over five years, plus \$3.1 billion over five years for investment and personal tax credits

Electricity sector transformation:

1. **\$12 billion over five years** to support clean electricity infrastructure deployment, specifically in provincial electricity system improvements, interregional transmission, clean generation, energy storage and other infrastructure to enable electricity system decarbonization by 2035. [NRCan]
2. **\$4.8 billion over five years** for clean electricity and efficiency projects and programs targeted to benefit Indigenous nations, low-income, and vulnerable communities. These federal investments should take the form of grants, not loans, wherever possible. [NRCan]
3. **\$3 billion over five years** for an investment tax credit to support clean electricity including renewables, energy storage technologies, and zero-carbon hydrogen. [Finance, NRCan]

Best practices development to be supported by the Pan-Canadian Grid Council and Natural Resources Canada:

4. **\$50 million over five years** to enhance regional cooperation between provinces and support projects and analyses for inter-provincial transmission capacity. [NRCan]
5. **\$5 million** to fund a consultative process with provinces, territories, municipalities, utilities, industry, NGOs and interested community members focused on least-cost pathways. [NRCan]
6. **\$5 million over five years** to fund an independent centre of excellence in clean electricity governance to support best practices in utility regulation, electricity market design and land-use planning with a view to accelerate the deployment of clean electricity. [NRCan]

Distributed energy projects:

7. **\$100 million over five years** to add a new stream to the NRCan Smart Renewables and Electrification Pathways program focusing on deployment of community-focused distributed energy. The program would support partnerships between utilities,

municipalities and community partners such as energy cooperatives and Indigenous-owned renewables. [NRCan]

8. **\$100 million over five years** for a federal tax credit for personal investment in community distributed generation projects to leverage community investment in renewable energy. [NRCan]
9. **\$50 million over five years** to procure renewable electricity for government buildings from new projects by renewable energy cooperatives. [NRCan]

Renewables in remote communities:

10. Up to an additional **\$800 million** to programs specifically aimed at building Indigenous leadership and partnerships for clean energy deployment in remote Indigenous communities. [NRCan, CIRNAC, ISC, INFC, ECCC]

2) Renovation wave: a plan for jobs and climate

Recommended Investment: The federal government, in partnership with the provinces, should invest **\$10-15 billion per year for ten years** to power a Canadian renovation wave, including:

- **\$10 billion per year** to fund deep retrofits for residential buildings, with programs covering 50-75% of the incremental cost of the upgrades needed (above normal replacement costs) to decarbonize and climate-proof buildings and homes [CMHC, NRCan, CIB, HC];
- **\$2 billion per year** to fund no-cost deep retrofits for low-income households of all types, including privately owned houses and rental units, publicly owned low-income housing, and a top-up for the renovation of social housing through the National Housing Strategy, including climate adaptation measures. [CMHC, HC];
- **\$540 million per year** for retrofits and energy efficiency top-ups for new housing projects in Indigenous communities [ISC, CMHC, CIB];
- **\$300 million per year** for skill development, capacity building and recruitment, with funds earmarked to increase diversity in the retrofit economy [NRCan, ISED, HC];
- **\$100 million per year** to scale up the Greener Neighbourhood Program, which will deploy market development teams across the country to resolve systemic barriers to deep retrofits and facilitate large-scale roll out of new integrated retrofit offerings [NRCan, ISED];
- Capitalizing a loan guarantee program to reduce the risk to private financing of building retrofits. [CMHC, CIB, NRCan]

3) Delivering on Canada's land and ocean protection commitments

Total Recommended Investment: \$18.1 billion over eight years (to 2030-2031), followed by \$2.8 billion per year ongoing, plus additional funds, as determined by Indigenous organizations, to enable Indigenous peoples and governments to lead land and ocean protection, stewardship and resource management efforts on their territories.

1. Indigenous-led conservation

As regional and national Indigenous organisations and governments identify their budgetary and policy recommendations, **the Green Budget Coalition is committed to supporting and amplifying these recommendations as they relate to Indigenous-led conservation** including Indigenous Protected Conservation Areas (IPCAs) and Indigenous Guardians.

2. Permanent funding for land, freshwater and ocean protection and stewardship

\$1.4 billion per year in A-Base funding increasing to \$2.8 billion per year by 2030-31 to support long-term management and monitoring of terrestrial and marine protected areas.

- **\$750 million per year increasing to \$1.5 billion per year by 2030-31** for terrestrial protected areas. [ECCC, PC]
- **\$650 million per year increasing to \$1.3 billion per year by 2030-31** for marine protected areas (MPAs). [DFO, ECCC, PC]

3. Ecological connectivity

- **\$500 million over three years to initiate a nation-wide Connectivity Fund** to conserve areas identified as important for ecological connectivity, create effective mitigation measures to improve connectivity of fragmented landscapes, and advance connectivity conservation. [ECCC]
- **\$160 million over five years** to complete MPA network planning processes already underway and start MPA network planning in four additional bioregions by 2030. [DFO, PC, ECCC]

4. Enabling collaborative approaches to conservation

\$600 million over eight years (to 2030-2031) to support NGOs in helping deliver Canada's conservation targets. [ECCC]

4) Advancing Sustainable Agriculture

Total Recommended Investment: \$3.46 billion over five years, followed by \$209 million per year, ongoing:

- A. **\$25 million over three years**, with the option for renewal, to develop and implement a **National Land Use Strategy** that would limit conversion of prime agricultural lands, grasslands, wetlands, and forested areas. [AAFC, NRCan, ECCC]
- B. **\$2.025 billion over five years** to support **Agricultural Habitat Incentive Programs** to reduce inappropriate land conversion and advance efforts for Canada to become a more efficient and sustainable food producer and supplier. [AAFC, ECCC]
- C. **\$50 million over three years** to improve and harmonize **Data/Carbon Accounting** to improve evidence-based decision making, and then **\$2 million per year, ongoing**. [AAFC, ECCC, StatCan]
- D. **\$100 million over five years** to scale and accelerate **Research to Quantify Economic, Environmental, and Social Benefits** of agricultural practices, and then **\$20 million per year, ongoing**. [AAFC]
- E. **\$500 million over five years** to invest in and expand availability of **Tools, Tech Transfer, and Technical Assistance**, and then **\$100 million per year, ongoing** [AAFC]
- F. **\$6 million over three years** to develop a **Soil Health Strategy** that will prioritize the resilience, productivity, carbon storage capacity, protection and regeneration of soils, and then grow over time. [AAFC]
- G. **\$25 million over three years** to invest in developing and improving **Market-based Systems for Ecological Services** that would allow Canadians to make credible claims and investments to improve biodiversity. [AAFC]
- H. **\$730 million over five years**, towards **updating Business Risk Management (BRM) programs** to integrate climate risk management, environmental practices, and climate readiness, and then **\$87 million per year, ongoing**. [AAFC, StatCan]

5) Institutionalizing Environmental Justice

To advance environmental justice in Canada, the Green Budget Coalition recommends:

- Funding the establishment of a permanent, high-level Office of Environmental Justice; and
- Making a permanent, whole-of-government commitment to directing an appropriate proportion of the overall benefits from federal investments in climate and clean energy to disadvantaged communities, mirroring the U.S. Justice40 initiative.

Recommended Investments [ECCC]:

- **\$25 million over two years** in start-up funds for a new Office of Environmental Justice, including the development of a national strategy on environmental racism and environmental justice, and **then \$15 million per year, ongoing**, in annual operating funding; and
- **\$7 million per year, ongoing** (starting in 2023-24), to expand the Canadian Environmental Sustainability Indicators to support the data collection needed to enable environmental justice analysis for these indicators and an equity lens within the Federal Sustainable Development Strategy.

Full list of Green Budget Coalition Recommendations for Budget 2023

As noted above, much more detail on the above recommendations, plus further complementary recommendations, is available in the Green Budget Coalition's full *Recommendations for Budget 2023*, available in English and French at www.greenbudget.ca.

The full list of recommendations in the Green Budget Coalition's *Recommendations for Budget 2023* is the following:

Feature Recommendations *(as above)*

1. **Advancing a zero-emissions electricity grid based on renewables**
2. **Canada's renovation wave: a plan for jobs and climate**
3. **Delivering on Canada's land and ocean protection commitments**
4. **Advancing sustainable agriculture**
5. **Institutionalizing environmental justice**

Complementary Recommendations

1) Integrating Climate and Nature Across Government Budgeting and Spending Decisions

Climate Lens: implementing for Budget 2023 and incorporating biodiversity

Green strings

Phasing out fossil fuel subsidies & re-orienting public finance

Aligning federal investments and policies, including subsidies, with Canada's Nature commitments

Eliminate federal funding for Small Modular Reactors

2) Climate: Emissions Reductions

Financing and Economy-Wide Measures

Establishing a Canadian centre for decision-useful climate information

Canada's carbon pricing needs greater certainty to unlock decarbonization investments

Municipalities: Creating a permanent municipal climate action fund

Transportation

Building capacity to accelerate the electric school bus transition

Reducing carbon emissions from the transport sector through smart pricing, electric-assisted bikes and equity solutions

Cleaning up and decarbonizing domestic shipping

Just Transition to a clean energy future for workers and communities

Nature-based Solutions

3) Nature Conservation and Restoration: Arresting Biodiversity Loss

Restoration

Establishing a UN Decade on Ecosystem Restoration Office

Terrestrial and freshwater habitat restoration fund

Habitat Infrastructure Renewal Fund

Mapping, researching and restoring Canada's blue carbon

Freshwater, Oceans and Fisheries

Freshwater management

Fish habitat

Safeguarding the future of Canada's fisheries

Fully implementing Sustainable Fisheries Framework

Modern fisheries catch monitoring and observer program

Robust boat-to-plate traceability program

Transition to ecosystem-based fisheries management

Conserving Canada's birds

Pan-Canadian approach to wildlife health

4) Climate Adaptation

National Adaptation Strategy - funding implementation

Natural Infrastructure Fund top-up

5) Environmental Justice

Chemicals Management Plan top-up: protecting *all* Canadians from toxic chemicals and pollution

Youth employment programs to build a more equitable and inclusive future for conservation

6) Cross-Cutting Recommendations

Canada's international commitments on climate and biodiversity

Supporting evidence-based decision making: improving environmental science & data

Upgrading enforcement of environmental laws

About



The **Green Budget Coalition**, active since 1999, brings together twenty-one of Canada's leading environmental and conservation organizations (*see logos on front cover*), 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.

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