

June 12, 2020

Standing Senate Committee on National Finance
The Senate of Canada
Ottawa, Ontario K1A 0A4

Sent by e-mail to nffn@sen.parl.gc.ca

Dear members of the Standing Senate Committee on National Finance,

Re: Study on government response to the COVID-19 pandemic

The David Suzuki Foundation appreciates the opportunity to summarize our recommendations for federal interventions that will help Canada recover from the COVID-19 economic crisis and build back better.

We recognize that the federal government's immediate priorities must be to limit the virus's spread, help strengthen critical health care systems and provide emergency assistance to help affected employers and workers weather this storm.

Thinking beyond emergency relief and toward future measures to support recovery, the David Suzuki Foundation calls on the government to commit to aligning the federal recovery strategy and any stimulus measures with environmental priorities. We are encouraged by initial efforts to integrate environmental considerations in new funding programs and believe there is significant opportunity to create durable jobs through "green stimulus." We are awaiting with interest the forthcoming recommendations of the Task Force for a Resilient Recovery on how governments can spur jobs and generate lasting economic activity while also helping to build a clean and resilient economy.

Nature and biodiversity are essential parts of a green recovery. Current high rates of biodiversity loss pose a major risk to our economies and way of life. Planning for recovery must therefore include strategies — and sustained investments — to recover and protect natural ecosystems and the services they provide. Protecting areas of high ecological value and importance to species at risk helps to increase resilience to climate change and support adaptation, locks in sequestered carbon, protects from land use changes that generate the risk of a new pandemic, and can provide recreation, tourism and employment opportunities. In all cases Indigenous co-management should be a priority.

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We are engaging Canadians in this discussion and are seeing strong interest and support from people throughout the country. In a recent poll, 85 per cent of Canadians indicated support for making the recovery plan a “green” one.¹ In a separate poll, a majority said, “even with COVID we must not back away from efforts to combat climate change” (26 per cent) or, “COVID makes me more convinced than ever that we can and should make changes now in how we live and work, that help fight climate change” (32 per cent).²

The world, including Canada, is facing a climate emergency and biodiversity crisis that will still be with us once the COVID-19 pandemic is controlled. We respectfully submit that this is not the time to prop up unsustainable practices, relax regulatory requirements or promote outdated business models that are incompatible with meeting our climate and biodiversity targets.

While “green stimulus” measures will be a crucial part of rebuilding better, the David Suzuki Foundation also believes we need to go deeper and establish a framework for optimizing economic decision-making in consideration of social foundations and environmental limits. We therefore invite the government to seize this opportunity to reorient the Canadian economy to focus on well-being — of people, communities and the environment.

This submission summarizes our recommendations on four aspects relevant to your study:

- I. Environmental conditions on federal emergency funding for the oil and gas sector and large employers, and the urgent need for emergency transit funding.
- II. Short- to medium-term investments with good potential to create local economic activity and jobs and deliver transformational environmental benefits.
- III. Strengthening (not weakening) the environmental regulatory framework.
- IV. Policy measures to enable a well-being economy as the blueprint for recovery.

I. Emergency funds: an environmental perspective

Emissions Reduction Fund

On April 17, 2020, the prime minister announced a new \$750 million Emissions Reduction Fund to provide grants and repayable contributions to oil and gas companies to reduce their methane emissions. The prime minister also announced up to \$1.72 billion to clean up orphan and/or inactive oil and gas wells, which is expected to create thousands of jobs in Alberta, Saskatchewan and British Columbia.

Methane is a potent greenhouse gas with more than 80 times the global warming potential of carbon dioxide over a 20-year period. According to Environment and Climate Change Canada, upstream oil and gas activities contribute close to 90 per cent of methane emissions in Canada as a result of natural gas leaks and intentional releases. This accounts for 15 per cent of Canada’s total carbon emissions. Fixing leaks and remediation of inactive wells, along with process improvements, can effectively reduce methane emissions.

While the new funds announced have the potential to create jobs for displaced workers in the oil and gas sector, with lasting environmental benefits, accountability measures are needed to ensure emission

¹ <http://www.nacleanenergy.com/articles/37567/84-of-canadians-support-a-green-recovery-plan-polling-finds>

² <https://abacusdata.ca/clean-recovery-clean-energy-canada/>

reductions are real and incremental. The Emissions Reduction Fund should only be accessible to companies that document full compliance with the federal methane regulation and other environmental requirements. Only equipment that exceeds regulatory requirements should be eligible for federal funding. Transfers to provinces for orphan well cleanup should be contingent on putting in place polluter-pays provisions that provide for cleanup even if firms go insolvent. We also recommend increased independent aerial and field measurement of methane emissions to verify inventory figures and to monitor actual methane abatement.

Climate disclosure requirements of the Large Employer Emergency Financing Facility

The LEEFF program announced on May 11, 2020, to provide short-term liquidity assistance to large Canadian employers affected by the COVID-19 pandemic includes a requirement for recipients to publish an annual climate-related financial disclosure report, highlighting how corporate governance, strategies, policies and practices will help manage climate-related risks and opportunities and contribute to achieving Canada's commitments under the Paris Agreement and the government's goal of achieving net-zero carbon emissions by 2050. Although the specifics of how this will be applied and enforced are not yet clear, this appears promising. The David Suzuki Foundation recommends the requirement for climate-related financial disclosure reporting be extended to other federal funding programs, using the reporting framework of the Task Force on Climate-Related Financial Disclosures.

The urgent need for emergency transit funding

The David Suzuki Foundation urges the government to work with provinces to save public transit in Canada. Public transit is crucial, not only to keep our cities moving, but also to reduce air pollution and enable Canada to meet its climate targets. Because of COVID-19, many transit agencies are seeing a massive drop in ridership, in some cases as much as 85 per cent, and are losing millions of dollars each month. Some are on the brink of financial crisis. Provincial transport ministers have called for the federal government to commit to sharing the cost to ensure transit systems can continue to operate. We echo that call. On June 5, 2020, the prime minister announced that the federal government is prepared to allocate \$14 billion over the next six to eight months to a "safe restart agreement" with provinces to provide the services people need to get back to work. We hope this will include adequate funding to support transit operational costs (\$5 billion) and urge provincial and federal leaders to come to an agreement quickly that addresses the urgent need to keep transit systems running.

II. Invest in job-creation opportunities that deliver transformational environmental benefits

As the government considers stimulus measures, the David Suzuki Foundation encourages Canada to commit — as other leading countries have done — to a green recovery. This means assessing stimulus options through an environmental lens and favouring investments that drive decarbonization, maximize how our society benefits from nature and minimize degradation of our national environmental heritage. As well, as a general rule, stimulus programs need to include requirements for environmental planning, performance and reporting ("green strings") to guide recovery in alignment with climate, nature protection and other environmental goals. Prime opportunities to create durable jobs and resilient recovery include:

1. Large-scale installation of electric vehicle charging infrastructure

Scaling up existing programs to expand charging infrastructure would create jobs throughout the country and enable a more rapid transition to zero-emission vehicles. Complementary measures — such as financial support for domestic EV production, maintaining consumer purchase incentives and regulated sales quotas for EVs — can further support EV industry expansion in

Canada. Transportation accounts for nearly one quarter of Canada's carbon emissions. To reduce emissions in line with Canada's international climate commitments, the federal government has established the following targets for increasing the share of EV sales: 10 per cent by 2025, 30 per cent by 2030, 100 per cent by 2040. In 2019, EVs represented just three per cent of total vehicle sales. Funding installation of charging infrastructure will remove a barrier to EV adoption.

2. *Clean fuel supply and distribution*

The biofuel industry estimates that realizing Canada's biofuel production capacity has the potential to create 30,000 person-years of construction jobs and 10,000 new full-time clean tech jobs, adding \$15 billion per year to Canada's economy.³ Along with a robust Clean Fuel Standard regulation, funding programs to expand clean fuel production capacity and distribution/use infrastructure can attract and leverage private capital. Decarbonizing the fuel supply will play a critical role in helping Canada reduce emissions from the transportation sector.

3. *Infrastructure for electrification of public transit systems*

Beyond emergency operating funding to help transit agencies weather the current revenue crisis, scaling up federal funding for electrification of public transit systems in Canada will create jobs and reduce cost of living while helping reduce a major source of emissions. In particular, made-in-Canada electric buses offer a double jobs benefit: manufacturing and construction of related infrastructure and maintenance (e.g., specialized shed, charging infrastructure). It would be important to include maintenance and charging infrastructure as eligible costs in future federal funding programs, along with electric bus procurement.

4. *Building energy-efficiency retrofits on a large scale*

Additional incentives for energy retrofits have the potential to create jobs immediately in communities throughout the country while also lowering building operating costs. We further recommend that cost-share requirements be waived for low-income households. Homes and buildings contribute 12 per cent of Canada's carbon emissions. Efficiency improvements and other measures have the potential to reduce carbon emissions from the building sector by 20 MT. Complementing existing programs to support building retrofits, funding a comprehensive strategy to improve the energy efficiency of Canada's building stock would enable rapid progress, permanently improving the emissions profile of the building sector.

5. *Renewable energy*

Additional federal investments to accelerate green energy deployment and electrical grid expansion and interconnection projects create immediate employment opportunities for electricians and other trades. A focus should be placed on community renewables, since that creates jobs within communities and fosters local economic activity through creation of community energy companies and co-operatives. Particularly in provinces with carbon-intensive electric grids, community renewable energy production helps lower overall energy emissions, boosts the benefits of electrification and can provide tangible benefits for communities.

6. *Natural infrastructure and phytotechnology*

Expanding federal funding for restoration of natural infrastructure and deployment of phytotechnologies (e.g., green roofs, green parking areas, natural drainage basins) can create

³ <https://advancedbiofuels.ca/resources/roadmap-to-2030-sector-report-on-clean-fuels-investment-in-canada/>

jobs, increase resilience and reduce costs for municipalities while delivering multiple environmental benefits and ecosystem services like flood control, storm protection, extreme heat reduction, erosion prevention, avoided ecosystem loss and avoided carbon emissions from grey infrastructure. Replenishing Infrastructure Canada's Green Infrastructure Fund and the Disaster Mitigation and Adaptation Fund, and offering favourable cost-share arrangements and modified eligibility requirements for natural infrastructure projects will help encourage greater uptake. Infrastructure programs should ensure that natural infrastructure is prioritized for funding wherever a natural asset can be managed, monitored, preserved or rehabilitated to provide the same service as an engineered asset in a cost-effective and ecologically sustainable manner. Analysis of the suitability of nature-based solutions should be a pre-condition for infrastructure funding for asset classes (e.g. water, waste water, resilience-related) where methodologies are well established.

7. *Habitat restoration along roads and seismic lines*

Federal funding can leverage provincial and industrial contributions to create employment opportunities in habitat restoration for oil and gas sector workers affected by the economic downturn. Throughout Canada, boreal woodland caribou are threatened with extinction due to habitat loss and fragmentation and ensuing changes to predation patterns. In Alberta and B.C., seismic lines and access roads used for oil and gas exploration are a significant driver of habitat loss. Aggressive restoration is needed in these provinces to facilitate caribou recovery and survival. Investments should be made to ensure that, where there is interest, there is capacity for Indigenous leadership in restoration initiatives.

8. *Upgrading sewage and stormwater treatment infrastructure*

As our population grows, we have an ever-increasing challenge in keeping pollutants out of our freshwater and marine environments. Toxic loading in these environments moves through natural food chains, affecting wildlife, ecosystem services, the security of safe fish and other seafoods, and the basic opportunity to use waterways and beaches for recreation and enjoyment. We propose that major infrastructure investment in upgrading urban sewage and stormwater treatment systems and integrating nature-based water management infrastructure wherever possible would create needed employment and provide a transformational change that would better protect aquatic environments from toxic loading.

9. *Retrofitting ships and port facilities to reduce emissions and harm to marine environments and species.*

As global shipping traffic increases, the risks to marine environments and species escalate. Shipping also creates a significant amount of GHG emissions, noise pollution and dumping of a host of pollutants. We propose that a major investment in retrofits to both ships and port facilities to reduce GHG emissions and ship-based pollution and noise in the marine environment. These initiatives would create a significant opportunity for the application of progressive technology and jobs in Canada's major cities.

10. *Rebuilding the fisheries economy*

Canada's fisheries are important for domestic jobs and international trade. In many cases, Canada does not have the necessary information, research programs or stock-assessment effort to fully understand status and recovery paths for degraded fish stocks. By investing in new research, monitoring, technology and stock-assessment capacity, Canada can put its fisheries on a path to significant recovery that will serve our economy and coastal communities well into the

future. Incentives to improve fleet fuel efficiency for Canadian operators will also improve the environmental impacts and operational costs for fisheries. These measures, when combined with reconciliation measures, would also have long-term cultural and social benefits for many Indigenous communities.

III. Strengthening (not weakening) the regulatory framework for environmental protection

Important environmental regulatory initiatives have been delayed as a result of the COVID-19 pandemic, including the Clean Fuel Standard and ban on non-essential, single-use plastics. Further delays must be avoided, as the regulatory framework will guide recovery planning and influence investment decisions. Emissions reports have also been delayed and should be brought back on track. (The deadline for reporting to the National Pollutant Release Inventory for the 2019 calendar year was June 1, 2020, but has been extended to July 31, 2020.) Finally, the David Suzuki Foundation urges the government to resume environmental enforcement inspections as soon as it is safe to do so. We are also concerned that, in response to the pandemic, provincial governments have suspended provisions of methane regulations that have been, or are proposed to be, recognized as equivalent to the federal methane regulation under the Canadian Environmental Protection Act. As COVID work-safe protocols are developed, Environment and Climate Change Canada should work with the governments of British Columbia, Alberta and Saskatchewan to ensure these provisions are reinstated without delay or resume enforcement of the federal standard.

IV. Build back better: enabling a well-being economy

The COVID-19 pandemic has exposed numerous vulnerabilities within Canada's social, governance and economic systems and their ability to respond to emergencies that directly affect lives and livelihoods. It has also highlighted how immediately relevant health and well-being are to all people in Canada. The David Suzuki Foundation recommends that Canada aim to "build back better" by pursuing an economic system that prioritizes well-being for all. This includes addressing ongoing environmental crises such as climate change and pervasive inequities in prosperity and well-being.

Currently, our economic system is designed with a singular focus on Gross Domestic Product. Well-being economics offer an alternative that prioritizes the well-being of all people and a healthy planet for future generations. New Zealand, Iceland, Scotland and other countries have formally adopted well-being economic strategies. Inspired by these international examples, the David Suzuki Foundation proposes a package of economic policy innovations to enable Canada to rebuild its economy with a focus on well-being. The detailed proposal is available on our website and includes actions in the following six areas:

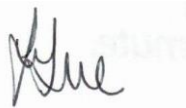
1. Adopt a guaranteed universal basic well-being support framework
2. Localize and circularize the economy
 - a. Enable conditions for localized, common-good economic activities
 - b. Enable a fiscal framework that ensures a circular/zero-waste economy
 - c. Enable business and enterprise aligned for societal purpose
 - d. Promote work-life balance
3. Formalize a system of national well-being accounts
4. Establish a well-being-focused budgeting and governance framework
 - a. Adopt a Canadian well-being national budget

- b. Formalize a well-being decision-making mechanism
- 5. Accelerate meaningful nation-to-nation reconciliation
- 6. Reduce inequality and enhance long-term well-being by ensuring equitable flows of asset and financial wealth

In conclusion, as Canada charts a course to recovery, we can turn the immense challenges of the COVID-19 pandemic into an opportunity to build back better. Momentum is building around the world for a green recovery and Canada should be at the forefront of this global movement.

Thank you for considering these matters in your study. We look forward to the committee's report.

Sincerely,

A handwritten signature in black ink, appearing to read "Lisa Gue", is positioned over a light grey rectangular background.

Lisa Gue
Senior Analyst – Science and Policy
David Suzuki Foundation.

