

June 7, 2011



Green Budget Coalition Assessment of Budget 2011 (June 6)

Ottawa - The Green Budget Coalition (GBC), comprising 21 of Canada's leading environmental and conservation organisations, today assessed the 2011 federal budget for its progress on the GBC's 2011 priorities, as outlined in [Recommendations for Budget 2011](#), directed to Finance Minister Jim Flaherty and sent widely within the Government of Canada in November 2010.

Each year the Green Budget Coalition submits a suite of recommendations to the federal budget process, including priority recommendations related to nature conservation, climate change and clean air, healthy communities and toxics cleanup, and ecological fiscal reform. The table below summarizes the GBC's priority recommendations and the relevant measures announced in the June 6th federal budget.

GBC Priority Issue	GBC Recommendation	Budget 2011 (all amounts totals except for subsidies)	GBC Assessment
Energy Efficiency	<ol style="list-style-type: none"> National Green Homes Retrofit Strategy Including Low Income Support - \$1.25B over 5 years to have retrofitted 15% of homes by 2015, including low-income homes. Creation of Green Bonds to provide easy access to capital for efficiency upgrades. Goal to create \$2.5B fund over 5 yrs (\$500M over 5 years). 	\$400M in 2011-12 for existing ecoENERGY Retrofit – Homes program.	Positive – Helping homeowners use less energy will reduce greenhouse gas pollution and save Canadians money, but funding is only for one year.
Conservation Plan for Canada	<ol style="list-style-type: none"> A Conservation Plan for Canada: \$10M/year for two years to develop an ambitious and coordinated plan to protect Canada's ecosystems, wildlife and wilderness heritage. New National Parks and National Marine Conservation Areas: \$50M/year to continue current progress on protecting new sites across Canada. 	\$5.5M over 5 years to establish Mealy Mountains National Park in Labrador.	Important , but is only 2% of the funding identified as necessary to continue progress on creating new national parks and marine conservation areas across Canada.

<p>Canada's Freshwater Resources</p>	<p>1. Wastewater infrastructure –\$1B in existing infrastructure funding, plus \$600M/yr in new funding over 5 years. 2. Water efficiency labelling - \$5M over 5 years. 3. Cleaning up Areas of Concern in Great Lakes and Zones d'intervention prioritaire (ZIPs) - \$31.1M/yr over 5 years. 4. Protection from invasive species - \$43M/yr over 5 years.</p>	<p>\$5M over 2 years to “improve nearshore water and ecosystem health, and better address the presence of phosphorous in the Great Lakes”.</p>	<p>Commitment noted, but GBC is looking for much more significant investments in national fresh water and great lakes protection as well as in infrastructure and First Nations drinking water systems.</p>
<p>Subsidy Reform</p>	<p>1. Tax Subsidies for Oil: Honour Canada's G-20 commitment, and save over \$761M annually, by removing four tax preferences from the oil industry: <ul style="list-style-type: none"> ○ Canadian Exploration Expense ○ Canadian Development Expense ○ Flow through shares ○ Tax depreciation rates for oil sands leases and building mines. </p>	<p>Reduced the preferential deduction rates for intangible capital expenses in oil sands projects, to align them with the rates in the conventional oil and gas sector, phased in over 5 years. Will increase tax revenues by \$15M & \$30M in first 2 years, to about \$100M/year in 2016-17.</p>	<p>Encouraging. Reducing such counterproductive subsidies is fundamental for transforming Canada's economy to be truly sustainable and frees up funds for more beneficial purposes.</p> <p>Canada still has much further to go to fulfill its own commitment at the G-20 to phase out all federal subsidies to fossil fuels (\$1.4 billion annually) over the medium term.</p>
	<p>2. Nuclear Power: Protect federal taxpayers from expensive subsidies and liabilities by: <ul style="list-style-type: none"> ○ Requiring nuclear reactor operators to cover the full costs and risk of reactor operation, construction, and repair; ○ Ending the federal government's backstopping of Atomic Energy of Canada Limited (AECL); ○ Raising the minimum accident insurance to match other western nations; and removing the cap on reactor operator liability. </p>	<p>No action aligned with GBC recommendation. Instead, an additional \$405M was provided to AECL in 2011-12 to “cover anticipated commercial losses and support the corporation's operations”.</p>	

	<p>3. Mineral Sustainability: Shift incentives from extraction to recycling by:</p> <ul style="list-style-type: none"> ○ Eliminating the 100% accelerated capital cost allowance for primary mineral extraction (or extending it to metal recycling); ○ Ending the Mineral Exploration Tax Credit; ○ Re-allocating \$2M of Natural Resources Canada funding to metal and mineral recycling and stewardship initiative. 	<p>No action aligned with GBC recommendation. Instead, the Mineral Exploration Tax Credit was extended for one year. \$90M net revenue reduction over 2011-13.</p>	
	<p>4. Chrysotile Asbestos: End the annual federal \$250,000 contribution to the Chrysotile Institute, which promotes the use of chrysotile asbestos, a known carcinogen, internationally.</p>	<p>Ended \$250,000 annual subsidy to Chrysotile Institute, starting in 2011-12.</p>	
<p>Overall capacity</p>	<p>Preserve existing capacity to protect environment, nature, and Canadians' health from pollution, including:</p> <ul style="list-style-type: none"> • Renew funding for Clean Air Agenda (averaged \$642.5M over 2007-11); • Renew funding for Chemicals Management Plan (averaged \$75M/yr over 2007-11). 	<p>Strategic and Operating Review to cut 5% or more of departmental spending.</p> <p>Freeze of departmental operating budgets at 2010-11 level for two years.</p>	<p>Risky. The resulting cuts – such as lay-offs to Environment Canada scientists and Fisheries and Oceans staff - could weaken the government's ability to protect Canadians' environment and health, and thereby risk major environmental and economic costs.</p>
		<p>\$870M over 2 years to renew Clean Air Agenda, of which \$400M was for home retrofits (<i>noted below</i>) and \$252M over 2 years was for regulatory activities.</p>	<p>Positive</p>
		<p>\$200M over 2 years to renew Chemicals Management Plan.</p>	<p>Positive</p>

The GBC also anticipates environmental and conservation benefits from the following budget measures:

- \$8M over 2 years for deploying clean energy technologies in aboriginal & northern communities.

- \$22M over 2 years to help First Nations upgrade or replace their fuel tanks to meet new environmental safety standards.
- \$68M over 2 years to renew support for Contaminated Sites Action Plan.
- Within the Clean Air Agenda funding:
 - \$58M for projects to improve understanding of climate change impacts.
 - \$48M to develop transportation sector regulations and next-generation clean transportation initiatives.
 - Expanding eligibility for the accelerated capital cost allowance for equipment that generates electricity from waste heat from industrial processes (\$1-\$2M/yr).
- Funding for:
 - Sustainable Development Technology Canada (\$40M over 2 years).
 - Natural Sciences and Engineering Research Council of Canada “to support excellence in climate and atmospheric research at Canadian post-secondary institutions.” (\$35M over 5 years).

The budget made no progress on GBC’s recommendations for:

- Building Canada’s solar hot water industry and mapping Canada’s geothermal potential.
- Providing Canada’s fair share for global climate finance.
- Investing in public transit (over and above gas tax funding).
- Pricing greenhouse gas emissions.
- Natural capital indicators.
- Extending Ecogifts tax incentives.

The Green Budget Coalition’s members, representing over 600,000 Canadians, are Bird Studies Canada, Canadian Environmental Law Association, Canadian Parks and Wilderness Society, Centre for Integral Economics, David Suzuki Foundation, Ducks Unlimited Canada, Ecojustice Canada, Équiterre, Friends of the Earth Canada, Greenpeace Canada, International Institute for Sustainable Development, MiningWatch Canada, Nature Canada, Nature Conservancy of Canada, Pembina Institute, Pollution Probe, Sierra Club Canada, Social Investment Organization, Wildlife Habitat Canada, and WWF-Canada.

The GBC’s full *Recommendations for Budget 2011* document is available at <http://www.greenbudget.ca/2011/main.html>.

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- 4) Subsidy reform – Andrew Van Iterson (as above)

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