House of Commons
Chambre des communes
Canada

House of Commons Standing Committee on Finance – Pre-budget Consultations 2013

This brief is submitted by:

(●) **an organization** **Organization name:** Green Budget Coalition

or

( ) **an individual** **Name:** _____

Topic: Business taxation and regulatory issues

*Recommendation 1: Please provide a short summary of your recommendation.

The Green Budget Coalition encourages the Government of Canada to continue its successful efforts - in Budgets 2007, 2011, 2012, and 2013 - in enhancing the neutrality of the tax system and further rationalizing tax preferences to the oil and gas and mining sectors. Specifically, the GBC proposes the following recommendations for subsidy reform:
1) Enabling the Canadian Exploration Expense (CEE) only for unsuccessful exploration, saving over $240 million per year; and
2) Not renewing the Mineral Exploration Tax Credit (METC) for flow-through shares (mining), saving $100 million per renewal.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

$1 billion or more

5 or more years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

This recommendation would save the federal government over $300 million each year, savings which could help finance: the Green Budget Coalition's other two recommendations (on the national conservation plan and regionally-important freshwater lakes), renewable energy and/or tax reductions.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

This recommendation would benefit all Canadians by saving over $300 million annually, freeing up funds for higher societal priorities, by enhancing the neutrality of the federal tax system, and by further rationalizing inefficient subsidies to fossil fuels and mining.

It would also provide particular benefit to those companies and individuals developing and promoting clean energy sources by further "leveling the playing field".

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

This recommendation would create economic, environmental and fiscal benefits. Capital spending distortions can be attributed to preferential tax treatment, resulting in economic losses. Enhancing the neutrality of the tax system by bundling fossil fuel subsidy reform with other extractive sectors can support Canada’s long term global competitiveness. Increased economic activity attributable to tax expenditures can also have a negative impact on environmental outcomes, decreasing Canada’s natural capital and jeopardizing the tax expenditure's net benefit. The savings can finance other measures.

Topic: Energy and the environment

Recommendation 2: Please provide a short summary of your recommendation.

Create and invest in a national conservation plan that values and conserves healthy ecosystems and species for the benefit of all Canadians, including:
• A science-based framework for conservation action by governments and partners throughout Canada, including Aboriginal peoples, stakeholders and individuals;
• Federal investment in completing well-managed networks of marine and terrestrial parks and protected areas, conserving working land and seascapes, migratory birds and species at risk, and connecting people with nature;
• A road map to meet Canada's international conservation targets.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

$500 million-$999.9 million

5 or more years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

Further reductions in tax expenditures to the oil and gas and mining sectors, as outlined in Recommendation #1, could finance this full recommendation on an ongoing basis.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

All Canadians rely on ecosystem goods and services including clean air and water, food security, wildlife, pollination, climate change adaptation and mitigation, flood and pest control, and health and well-being from outdoor recreation. Parks and other conservation lands and waters are a cornerstone of Canada's tourism industry. The renewable resource sector benefits from sustainable resource management, which ensures long term viability and social license to operate domestically and in the international market. These sectors provide jobs across Canada, many in rural and remote communities.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

There is overwhelming evidence that investment in conserving healthy ecosystems generates significant economic benefits. For example, in 2009 federal spending of $388M on national parks generated 35,000 jobs and contributed $2.5B to GDP - more than $6 for every federal dollar invested. In 2011 Canada's commercial fishing and aquaculture sectors, which rely on the long term health of our oceans, provided more than 80,000 direct jobs to Canadians. Our fish and seafood exports are valued at $4.1 billion. Every dollar invested in wetland conservation generates $28 worth of benefits for Canadians.

Topic: Energy and the environment

Recommendation 3: Please provide a short summary of your recommendation.

Protect Canada's regionally-important freshwater lakes by:
a)Targeted programs for alleviating land based run-off of pollutants and nutrients in freshwater systems across Canada that are under significant threat and that cross provincial, territorial and international boundaries; b)Research, monitoring, prevention and border-protection against invasive species in high priority areas;
c)Investing in water quantity and water levels initiatives recommended by the International Joint Commission;
d)Responding to fresh water quality issues arising in relation to unconventional oil and gas extraction

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

$10 million-$99.9 million

5 or more years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

This recommendation could be fully funded through further reductions in tax expenditures to the oil and gas and mining sectors, as outlined in Recommendation #1.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

The resource extraction sectors and their communities would benefit by research and management of freshwater impacts from those activities in those regions. The residents, businesses, tourism, fishing and recreational industries in priority regions will benefit from management of pollution loadings to threatened water basins, including in relation to both nutrients and chemicals. Agricultural and other businesses will benefit from assistance in managing impacts on waterways from those activities. Governments, water managers and providers of drinking water will benefit from increased science.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

Fisheries will be healthier for the longer term; recreation based industries will be more sustainable; drinking water will be improved; resource industries will cause less impact to the surrounding natural environment and ecosystems. In all of these programs, there is a need for research, application of research, monitoring, implementation of best practices, development of treatment technologies all of which provide economic and jobs opportunities.

Please use this page if you wish to provide more explanation about your recommendation(s).

The Green Budget Coalition (GBC), founded in 1999, brings together sixteen leading Canadian environmental and conservation organizations, which collectively represent over 600,000 Canadians, through our volunteers, members and supporters.

The Green Budget Coalition's mission is to present an analysis of the most pressing issues regarding environmental sustainability in Canada and to make a consolidated annual set of recommendations to the federal government regarding strategic fiscal and budgetary opportunities.

The Green Budget Coalition will be circulating more detailed versions of these three feature recommendations (on subsidy reform in the extractive industries, the national conservation plan, and regionally-important freshwater lakes) as part of comprehensive "Recommendations for Budget 2014" documents in September 2013 (in preliminary form) and in November 2013 (final text).

To address other key opportunities and requirements for effectively advancing environmental sustainability, those documents will likely also include complementary recommendations on:

1. Sustainable energy - securing Arctic and remote communities' local energy supply;
2. Global climate financing;
3. Technology Fund - accelerating progress towards a low-carbon economy;
4. Electric vehicles;
5. Green infrastructure for First Nations communities;
6. Greening Canada's infrastructure;
7. Improving Canadians' health;
8. Canada's Arctic;
9. Protecting taxpayers from hidden liabilities in the Arctic offshore and nuclear power;
10. Fiscal policies for sustainability; and
11. Environmental statistics.

For more details on any of these recommendations, please contact Andrew Van Iterson, Green Budget Coalition Manager, at avaniterson@naturecanada.ca or 613-562-3447, ext. 243.

*Please note that at least one recommendation must be provided