



Green Party
of Canada

We can make Kyoto
work for Canadians



WE CAN
WE CAN

A strategic plan to
cut emissions,
improve air quality
and boost the
economy

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EXECUTIVE SUMMARY

The Kyoto Protocol is the only existing international policy tool with clear targets to reduce greenhouse gas (GHG) emissions. Therefore, it is the only effective way to reduce our dependence upon fossil fuels and embark on a new development path with the cooperation of business, government and society.

However, Canada is falling well behind on its commitment to reduce greenhouse gas emissions to 6 per cent below 1990 levels. In fact, emissions have soared to more than 24 per cent above 1990 levels. As the world consumes about two barrels of oil for every new barrel it finds, Canada's position becomes increasingly vulnerable with the mounting economic, ecological, social and health costs associated with oil dependency.

The Green Party strategy to meet and surpass Kyoto objectives ensures well-being and prosperity long into the future through energy efficiency and environmental stewardship. Green Party policies will change accounting methods to more accurately reflect the full costs of fossil fuels and reorient our economy toward more efficient energy solutions.

Ending federal subsidies to the oil and gas industry and introducing revenue-neutral tax changes to diversify away from fossil fuel dependency will lead to the development of innovative new technologies, higher productivity for our economy and a better quality of life for our communities.

Green Party MPs will work to:

- Shift taxes on gasoline, diesel and coal to earlier points in the production cycle to
 encourage competition among companies to lower operating costs while reducing
 emissions.
- Increase emission reduction targets for large industrial emitters to at least 55
 megatonnes above and beyond other policy measures that reduce industrial
 measures.
- Expand the proposed National Emissions Trading System so that it will ensure real
 emission reductions across sectors.
- Offset pollution penalties by lowering taxes on income, investment, and employment
 thereby spurring job growth, efficiency and greater productivity.
- Work with provinces and municipalities to make a massive re-investment in
 Canada's public transportation infrastructure.
- Create thousands of new "Green collar jobs" by encouraging the development of
 low-emission industries in areas most affected by the shift away from natural
 resource sectors.
- Amend clauses in trade agreements to enable Canada to protect natural
 resources and foster fair trade for clean energy technologies.



1. INTRODUCTION

This platform outlines Canada's most comprehensive and competitive Kyoto plan to date. We are proud to see the old-line parties pulling individual planks from our 2004 platform to create their own Kyoto strategies. However, we urge them to see the need for similarly comprehensive approaches given the complexity of the problem that face us.

The Green Party recommends that the federal government treat Kyoto targets as the most basic commitment to reversing global climate change and air pollution. Kyoto is an essential first step toward addressing climate change, but Canada must begin now to develop and adopt medium- and long-term policies and plans. To minimize the long-term dangers of climate change, all industrial countries must be reducing emissions by 25-30% below 1990 levels by the year 2020, and by at least 80% by 2050.

In order to achieve these goals Canadians, the federal government must integrate environmental awareness into every decision at every level. Regulatory institutions and fiscal incentives must be restructured accordingly.

Canadians know all too well that climate change is having a disastrous effect on the planet and our health. The emission of greenhouse gas is blocking the planet's ability to sustain present agricultural production and is therefore a direct threat to our ability to feed the planet's increasing population and maintain the overall health of the biosphere. And according to the Arctic Climate Impact Assessment, the effects of climate change on Canada's North will be disastrous.

Canada has a duty to the rest of the world to ensure it is complying with the most up-to-date agreements on reducing emissions. It also has the duty to encourage other countries to join in this effort of global importance.

Unfortunately, the reality is that Canada is falling behind. A report released at the World Economic Forum this year ranked Canada 144th out of 146 countries, based on commitment to easing global environmental pressures.

On the date of entry into force of the Kyoto Protocol, the federal government failed to lay out the plan of action for Canada's commitment to reaching our targets. When a "plan" was produced, it was weak and insufficient and placed most of the responsibility for reducing emissions on individuals and sectors other than the largest industrial emitters. Paul Martin diverted attention away from this failure by announcing that Canada would host the COP 11/MOP 1 meeting on climate change in Montreal at the end of the year.

The Green Party recommends that the federal government treat Kyoto targets as the most basic commitment to reversing global climate change and air pollution. Regulatory institutions and fiscal incentives must be restructured accordingly.

What other political parties fail to notice is that achieving major greenhouse gas reductions will be a rewarding experience for all Canadians. Green Party Deputy leader David Chernushenko has learned first hand that Canadian households can make important contributions to reducing energy consumption and greenhouse gas emissions through simple renovations. After meeting and surpassing the One-Tonne Challenge, the Chernushenko family's electricity bill is about half that of a typical house.

A succession of Liberal governments have delayed meaningful action to the point where meeting Kyoto commitments will be more challenging than they need to have been. The lack of personal leadership from the Prime Minister on this file has been particularly notable.

The Green Party plan builds upon the Kyoto Protocol to provide a foundation for better cooperation among government, business and citizens to realize the benefits of reducing emissions.

Jim Harris, Leader of the Green Party of Canada

David Chernushenko, Deputy Leader and Climate Change Advocate of the Green Party of Canada



2. THE PROBLEM WITH FOSSIL FUELS

It is now widely accepted that the burning of fossil fuels is dramatically increasing the concentration of carbon dioxide in the atmosphere. In turn, this process is raising the temperature of the earth, causing glaciers to melt, sea levels to rise and the destruction of sensitive ecosystems. Also, weather patterns are less predictable, and storms are more frequent and intense.

Since 1992, the year the United Nations Framework Convention on Climate Change set the first international targets to stabilize emissions, we have seen ten of the warmest years in recorded history. Over the same period of time, Canada has allowed GHG emissions from the oil and gas industry to rise by 50 per cent.

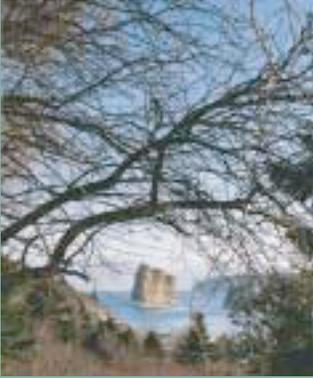
The federal government must take immediate action to reduce the harmful effect this industry is having on our health and the global commons.

Green Party MPs will work to:

- Shift taxes on gasoline, diesel and coal to earlier stages in the production cycle to
- encourage competition among companies to lower operating costs while reducing
- emissions
- Employ incentives to increase the percentage of ethanol content in gasoline and
- the availability of other biofuels
- Expand the proposed National Emissions Trading System and make it legitimate
- and verifiable so that it will ensure real emission reductions across sectors
- Discontinue drilling and extraction in ecologically sensitive regions



3. FEDERAL SUBSIDIES



While the federal government has promised to cut fossil fuel emissions, and adopt more sustainable energy sources, energy use derived from the three main fossil fuels (natural gas, refined petroleum products and coal) has been growing. At the same time, generous tax breaks and direct subsidies have been provided to the oil and gas industry, whereas insufficient effort and funding have been directed to the promotion of energy efficiency and alternative fuel sources.

The Martin government continues doling out billions of dollars to private energy companies for the exploration and development of oil and gas. This action can be referred to as a 'perverse subsidy' because public money is being spent to support practices that harm public well-being and incur unintended (though predictable) costs.

Tax and subsidy benefits to fossil fuel sectors are estimated at about \$40 billion over the last 20 years, financing the reckless exploitation of natural resources and the over-consumption of fossil fuels. While the Pembina Institute estimates that the federal government provides \$1.4 billion every year to fossil fuel production, the figure would be much higher if provincial subsidies were included in the calculation.

By cutting subsidies to the oil and gas industry, we will save billions of taxpayer dollars while reducing the incentive to produce fossil fuels that contribute to air pollution and climate change. The Green Party recognizes that meeting Kyoto targets would reduce emissions at a modest financial cost to Canadians. Any cost of Kyoto compliance will create a number of medium and long-term financial benefits.

The Green Party will help government:

- End all federal subsidies to the oil, gas and mining sectors.
- Work with the provinces to ensure that royalties reflect the full value of publicly-
 owned resources and fully compensate citizens for this value, as well as reporting
 all further public expenditures and tax credits on oil, gas and mining.
- Ensure that the cost of producing fossil fuels reflect their true costs to society
 through the targets set by the National Emissions Trading System and new
 regulations that force polluters to pay for damages and remediation costs.

4. MANDATORY REGULATIONS

Tax changes will spur long-term productivity and efficiency, but not all companies will have the foresight to make necessary investments for a green development course. On one hand, some companies may absorb the added costs without adjusting their polluting practices. On the other, some consumption behaviour may be unresponsive to price changes. It is therefore important that targets are also enforced with necessary regulations and penalties.

Large final emitters (LFEs) make up half of Canada's total CO₂ emissions, yet the Liberal plan requires them to contribute only 13 per cent of the emission reductions needed for Kyoto. The Memorandum of Understanding (MoU) between the government and automakers contributes only 2 per cent of the emission reductions needed for Kyoto when personal cars and trucks are actually responsible for 10 per cent of Canada's total emissions.

The Martin government has failed to move Canada beyond voluntary agreements despite several warnings from government departments. For instance, a federal document entitled 'Climate Change - Lessons Learned and Future Directions' clearly outlines the inadequacy of voluntary approaches in reducing greenhouse gas emissions.

The Pembina Institute says that increasing emission reduction targets for large industrial emitters to at least 55 Megatonnes, above and beyond other policies and measures that reduce industrial emissions would put Canada on a fairer and much more certain path to meeting its Kyoto obligation. Such a measure would cost industry only \$15 per tonne of CO₂, which works out to only about 5 cents for each barrel of conventional crude oil assuming a price of \$15 per tonne of CO₂.

Green Party MPs will work to:

- Require all companies earning more than \$1 million in annual revenue to submit energy efficiency reports to the government.
- Increase emission reduction targets for large industrial emitters to at least 55 Megatonnes above and beyond other policies and measures that reduce industrial emissions.
- Targets should be based on actual emissions, not emissions intensity per unit of production, and all data should be available for public scrutiny.
- Enforce mandatory efficiency standards for appliances and equipment under the Canadian Energy Efficiency Act.



5. ECONOMICS OF KYOTO PROFITABILITY

By falling behind in meeting our Kyoto targets, Canada is missing an enormous economic pay-off. Technology available now can reduce our energy usage significantly without significantly changing our lifestyles and would actually increase productivity and create jobs. Les Verts (the Green Party of France) has found that money spent on wind power generates 5 times more jobs and 2.3 times more electricity than a nuclear reactor.

Kyoto is an innovative and flexible agreement that will spur development in various sectors including clean and renewable energy, research and development and manufacturing while lowering health and industrial costs by reducing pollution and increasing efficiency. According to the Tellus Institute and MRG & Associates, implementing the Kyoto Protocol would bring economic benefits for Canada such as a cumulative net savings of \$4 billion and the addition of an estimated 52,000 jobs.

We know from the Liberal government's plan that Canada will not reach Kyoto targets unless it purchases carbon credits from other countries rather than mount pressure on domestic industries to reduce their 50 percent share of total emissions. This approach will put the financial burden on taxpayers and drag down the economy.

Any investment the Green Party makes to reduce emissions would immediately go beyond the Liberal commitment of \$2 billion annually because the Green Party would end the nearly \$2 billion going to oil and gas subsidies every year. We would use these funds instead to jump-start green power investments in renewable energy technology.

The Green party will match the Liberal's promise to spend \$10 billion on Kyoto and make the necessary changes to ensure the profitable benefits of Kyoto are available to all Canadians. Laying the foundation of large-scale, low-impact renewable energy production in an energy-efficient economy using Green Party recommendations for fiscal adjustments will make Canada a clean energy leader and turn Kyoto investments into profit.

a. Tax-shifting

The Green Party's tax shift will ensure that those outside the emissions trading system who fail to reduce greenhouse gas emissions and improve air quality will also be forced to pay the additional costs through CO₂ pollution taxes, thereby making sustainable practices more competitive.

For example Denmark was able to increase its installed wind capacity to over 2,200 MW in 2000 by employing fiscal measures such as favourable tax policies for income generated from the sale of wind electricity and the reimbursement to consumers of the general carbon tax.

Adjusted revenue-neutral tax changes and new regulations proposed in this document will enable Canada to develop new sources of energy, stimulate jobs in key energy sectors and create profits for new businesses in a green economy.

b. Household benefits

The Green Party would immediately reduce the marginal tax rate on the lowest federal tax bracket to give Canadians a tax cut of \$3.5 billion. An overall \$17.5 billion income tax cut over 5 years would offset a fuel tax increase.





c. Business benefits

More capital in the hands of Canadians and less taken away for federal subsidies also means greater productivity for business. The government must become more familiar with the wealth of evidence pointing to the significant long-term benefits expected with major reductions in GHG emissions.

Even energy giants such as BP are recognizing the economic benefits of improving efficiency and introducing more sustainable technologies. By meeting its Kyoto targets 8 years ahead of schedule, BP leads large petroleum companies in reaping the financial rewards of lower emissions. In 2001, BP reduced CO2 emissions to 10 per cent below 1990 levels and intends to keep emissions below this level despite projecting an annual growth rate of 5 per cent until 2012.

d. Peak Oil

Fossil fuels will not last forever. In fact, evidence suggests that we are using two barrels of oil for every barrel we find. Oil will become increasingly expensive as global reserves are depleted yet the federal government has done next to nothing to prepare for this peak in oil production.

Failing to adopt the recommendations in this document will make Canada vulnerable to higher oil prices that will drive up the cost of living and push production into ecologically sensitive areas such as the Arctic and offshore regions. Such an upward pressure on prices would also encourage inefficient production techniques in existing deposits such as those employed in developing the Alberta tar sands - a process that requires inordinate investments in capital, energy and natural resources like fresh water.

Green Party policy solutions will see Canada increase the resiliency of natural systems that produce oxygen, filter water, and prevent erosion with the economic and social rewards for Canadians. The Green Party will show how anticipating (and responding to) higher oil prices with better energy management and structural design will create opportunities for well-being and prosperity.

Green Party MPs will work to:

- Offset increases in pollution penalties by lowering taxes on income, employment and investment, thereby improving efficiency, productivity and job growth.
- Canadian energy security by implementing a plan to address the economic consequences of higher oil prices.

6. MOVING CANADA FORWARD

The unintended consequences of building more highways were the creation of traffic congestion, more pollution and an economic addiction to fossil fuels. The Green Party will realign the priorities of Transport Canada to provide and promote efficient and safe transportation infrastructures that serve Canadians well today, and better tomorrow.

a. Public transport

The largest single reason for the domination of highway travel (both passenger and freight transport) in Canada is that highways are 100 per cent taxpayer subsidized. Meanwhile, Canada has the lowest public transport subsidies in the Western world and the worst rate of return from public transport investment.

Green Party MPs will work to:

- Support pedestrian and cycle infrastructure in towns and cities.
- Work with Canada's railway companies to improve Canada's rail infrastructure and to restore VIA rail service to all major regional cities
- Make transit passes tax-deductible to encourage workers and businesses to use public transport and make employee parking a taxable benefit.
- Provide fiscal stability for municipal light rail and subway investments by signing a ten-year funding contract with our cities.
- Create a national clean freight initiative that uses both regulatory means and financial incentives to improve fleet efficiency and safety.

b. Fuel Efficient Vehicles

This year, Ontario will produce more automobiles than Michigan yet no new manufacturing facilities in Canada have been designed to build hybrid vehicles. Volunteer emission reduction agreements must therefore be replaced with compulsory targets to bring automobile manufacturers on board with Kyoto.

Green Party MPs will work to:

- Encourage hybrid vehicle manufacturing in Canada including alternative fuel trucks for shipping.
- Support local and regional car-sharing programs.
- Enforce a mandatory target of 25 per cent better fuel efficiency for the automobile industry and increase standards over the next 5 years.

7. POWER TO THE PEOPLE

It is absurd that a country with enormous hydroelectric and wind power potential continues to burn fossil fuels to generate electricity. The Ontario blackout of 2003 should have been a wake-up call, letting us know that our power market must be reorganized around conservation and the development of decentralized power markets. Instead it was used as an excuse for building new electricity plants and spending government revenue to continue exploiting non-renewable sources.

Low-impact renewable energy sources such as solar, wind and tidal energy will help Canadians secure an abundance of reliable electricity long into the future.

Wind energy is the fastest-growing energy sector in the world. Germany is now leading the way, producing over 16,000 MW at the end of 2004. This works out to 40 times the installed wind power capacity of Canada as a consequence of supportive programs and fiscal measures.

In Canada, several provinces have taken great strides in advancing wind power. In October 2004, the Quebec government announced a \$1.9 billion wind energy program to develop 1,000 megawatts of wind power. Globally, this was the largest such contract ever. Quebec has since increased its targets to 3,500 MW of wind energy by 2013 and Ontario is planning to construct 2,700 MW of renewable energy capacity by 2010.

So why leave the leadership role in developing, manufacturing and exporting wind turbine technology to German and Danish firms? Canada could create tens of thousands of jobs by becoming a renewable energy technology producer.

Green Party MPs will work to:

- Develop clear standards for grid access and power purchasing for
 - alternative energy sources in cooperation with provinces and municipalities.
- Coordinate with the provinces a \$1.5 billion investment to build 10,000 MW of low-impact renewable energy by 2010.
- Increase capital cost allowance for green technology such as solar,
 - Geothermal, tidal and hydrogen fuel cell development.
- Discontinue plans for importing liquefied natural gas (LNG) plants and
 - terminals.
- Use government purchasing power to kick-start Canadian suppliers of
 - energy efficiency and low-impact renewable energy products and services.



8. CARBON SINKS AND CONSERVATION

a. Carbon sinks

Trees and other vegetation on land and in the oceans absorb a significant part of the pollution and CO₂ emitted from human activity. We must protect these natural carbon reserves (or sinks) - not only to reverse the effects of climate change - but also to avoid further contamination of our lungs and maintain biodiversity on the planet. Artificially trapping CO₂ in elaborate sequestration projects would be costly to taxpayers and the environment because it does nothing to reduce the current level of toxins in our air and water. The Green Party will protect and increase natural carbon sinks in Canada and abroad as a means to reduce the harmful effects of climate change, pollution, soil loss and desertification.

Green Party MPs will work to:

- Complete Canada's network of land, freshwater and marine protected areas and corridors
- Expand programs to help municipalities capture landfill gas and use it to generate electricity
- Develop a federal strategy to encourage zero-till farming across the country
- Promote growth of crops that can be used to produce renewable, cleaner-burning fuels such as bio-diesel
- Promote replanting and conservation on private lands through tax breaks

b. Conservation

Meeting Canada's energy requirements will entail major investments by both the public and the private sectors. We have a clear choice - we can build newer, bigger power plants or we can build better, more efficient homes, businesses and factories. Choosing conservation over increased consumption will create more jobs, leave taxpayers with more disposable income and protect our environment for generations.

Green Party MPs will work to:

- Establish a special five-year tax break on energy efficiency retrofits in commercial and residential buildings.
- Create national small business efficiency loans, designed to assist small and medium sized businesses in reducing energy usage and operating costs.
- Expand the national retrofit program and energy audit initiative through NRCan, increasing the number of licensed auditors and evaluators.
- Create an efficiency program for landlords, to ensure that tenants do not have to carry the cost of inefficient housing.
- Push for the adoption of profit-linked efficiency initiatives (gas/electric).
- Introduce a fund for local and municipal procurement of electricity meters through the Federation of Canadian Municipalities.
- Assist provincial governments in designing, implementing and monitoring improved energy efficiency programs, through the Office of Energy Efficiency.
- Require the federal government to meet the highest possible energy efficiency standards, purchase energy from renewable sources and drive alternative fuel vehicles.



9. INTERNATIONAL COOPERATION AND TRADE

a. Cooperation

The Kyoto Protocol emerged out of meetings of the United Nations Framework Convention on Climate Change as an international agreement to reduce harmful greenhouse gas emissions. Canada ratified the accord in December 2002.

According to mounting scientific research, however, the federal government must go well beyond Kyoto objectives to include higher targets within Canada and expand agreements internationally to developing countries in order to reverse global warming.

Although Kyoto targets are still conservative and there remain some flaws with the accord given the urgencies and risks involved with climate change, its international support is a big step forward and Canada must continue in its commitment in the post-Kyoto period.

Our strategy to reach and surpass Kyoto targets should be a component of a broader strategy that would include technology transfer, and assistance to developing nations to help in their transition to sustainable economies that meet the needs of their citizens.

b. Trade

Canada's economic well-being is currently dependent both upon fossil fuel development and international trade. So in order to maintain a position of relative affluence while reducing emissions, the federal government must therefore raise the environmental standards of Canada's international trade agreements and future commitments.

While the U.S. remains opposed to the Kyoto Protocol, Canada can play a role in reducing overall emissions by influencing a more responsible trade agreement and establishing trade and cooperation with ecologically more progressive U.S. states - many of which are well ahead of Canada in reducing emissions.

Free trade and the development of more sustainable energy sources do not necessarily have to conflict. The EU for example has spurred economic activity by embracing Kyoto and establishing the first market for trading emission permits.

Given the resources and know-how in this country, the Green Party believes that Canada could be a world leader in both the production of clean energy and the technologies to use them more efficiently. Increased productivity as a result of higher energy efficiency and conservation will allow us to perform and trade at a world-class level.

Green Party MPs will work to:

- Amend clauses in trade agreements to enable Canada to protect natural resources and foster fair trade for clean energy technologies.
- Commit to carbon trading schemes as a means of curbing emissions and increasing carbon sinks.
- Coordinate development assistance with efforts to increase carbon sinks and build renewable energy capacities through the Canadian International Development Agency (CIDA).



10. CONCLUSION

On 16 February 2005 - the date of entry into force of the Kyoto Protocol - Canada was well behind in its commitment to Kyoto targets. Rather than lay out the much-needed mandatory targets and decisive incentives to get Canada back on track, the federal government chose to delay the process once again.

Canadians and the world can wait no longer. Action must be swift in order to reduce the dangerously high levels of greenhouse gas emissions. While the current path is leading to a dead-end, bankrolled by the public purse, the economic instruments considered in this report will contribute to the achievement of long-term reductions of energy-based carbon emissions taking Canada well beyond its Kyoto commitments to a position of competitive advantage fueling the development of new industries and the creation of thousands of new jobs.

The government must allocate new funding as part of the Climate and Partnership funds that is not back-end loaded. That is, new funding must be spent immediately, not at the end of 5-year plans. For example, the government has promised \$200 million to develop wind power, but only 14 percent will be available in the first two years of the project.

The government must also create mandatory targets for the automobile sector and increase clear reduction targets for large final emitters to at least 55 megatonnes. Benchmarks for measuring reductions must be transparent and set no sooner than the year the program is adopted.

The Green Party's action plan will create tens of thousands of jobs, diversify and strengthen our economy, improve our health and well-being and protect our rich, natural heritage for future generations to enjoy. The Green Party's plan is the only one that shows how Canada may do this by effectively, affordably and immediately reducing greenhouse gas emissions.

