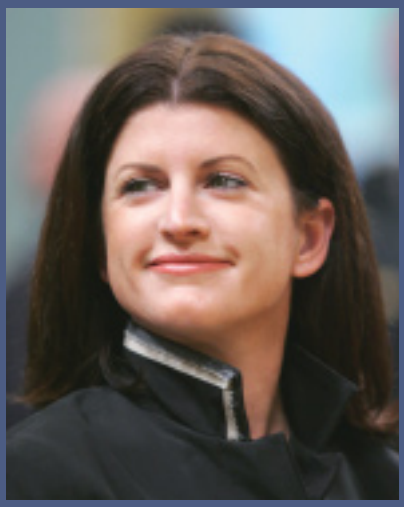
CANADA'S CLIMATE CHANGE DILEMMA AND HOW TO SOLVE IT

Stéphane Dion



Stéphane Dion is man with a plan on climate change and insists that if his environmental plan were implemented by 2007, Canada could still achieve its Kyoto emissions reduction targets by 2012. "The Kyoto Protocol," he writes in this exclusive to *Policy Options*," is the only credible international tool to fight the coming climate crisis, and Canada must honour its commitments under the agreement, while leading the negotiations to extend it past 2012." Dion has made the environment the central issue in his candidacy for the Liberal leadership.

Stéphane Dion a les changements climatiques à l'œil et affirme que la mise en œuvre de son plan environnemental dès 2007 permettrait au Canada d'atteindre ses cibles de réduction d'émissions d'ici à 2012. « Le protocole de Kyoto est l'unique outil international crédible dont nous disposons pour combattre la prochaine crise climatique », écrit-il dans cet article exclusif à *Options politiques*,« et le Canada doit remplir ses engagements de Kyoto tout en menant les négociations visant à le prolonger au-delà de 2012. » Stéphane Dion a fait de l'environnement le thème central de sa candidature à la direction du Parti libéral du Canada.

In politics, what is or isn't possible often depends on who you're listening to. In the summer of 2004, I was appointed minister of the environment by Prime Minister Paul Martin. By the spring of 2005, I became convinced of two things: first, that we could reduce our greenhouse gas emissions while increasing our competitive advantage; and second, that we needed a system of enhanced regulations to do it. In response, companies from a variety of industries sent their lawyers to change my mind.

By the end of the summer, as it became increasingly clear that we were serious, those same companies changed their tactics. Rather than send us their lawyers, they began sending us their engineers. Their message was one of support and excitement. They thanked me for telling their executives what they themselves had been saying for some time. I knew that it was possible to have emissions down and profits up, but it was good to hear it from those on the forefront of our quest for a sustainable future.

I intend to win the Liberal leadership race to ensure that Canada will succeed in the new industrial revolution: the sustainable economy. As our climate changes and energy prices increase, environmental sustainability has gone from a moral consideration to an economic imperative, key to our competitiveness in a global market.

Carbon emissions cannot be viewed in isolation; building a culture of sustainability requires a comprehensive approach that also addresses our air and water. The three must be addressed together. Stephen Harper's government seems determined to change the channel on climate change, by pretending to take action on air pollution and largely ignoring carbon emissions. This diversion seeks to obscure the fact that sustainability does not come by the slice. Addressing only the least contentious environmental challenges, while avoiding the rest, will not give us the change we need.

This article lays out my plans to deal with climate change, clean air and clean water. The plans are detailed, more detailed perhaps than those usually proposed during a leadership campaign, but with good reason: the path to sustainability is one we need to consider carefully and we need a clear vision and plan of action that will make it a reality.

Years from now, when your great-granddaughter opens her history textbook, she may well read about a date few of us would recognize: February 16, 2005. That was the day carbon became a tradable commodity on global markets, the day the industrial revolution entered a new phase — the push for sustainability.

As other countries rush to meet the demand for new low-emission technologies, Stephen Harper's Conservative government has cut, postponed or simply abandoned every meaningful federal initiative to combat climate change and increase energy efficiency. As the scientific evidence of climate change becomes overwhelming, the Conservative government has stubbornly stuck its head in the sand.

For the sake of our economy, that must change, and quickly. As we approach the limits of our atmosphere's ability to absorb greenhouse gases, new sources of easily accessible fossil fuels are becoming increasingly difficult to find. As the demand for these resources escalates, driven by the booming economies of India and China, so will their cost. So we face a choice: continue to consume energy at a rate that is economically and environmentally unsustainable; or innovate, and reap the rewards of competitive advantage.

My climate change policy offers a detailed plan for Canada to compete and win in the new economy of energy efficiency. The plan addresses different sectors of our economy — from individuals to businesses, from industries to governments — in a comprehensive approach that enables you to help the environment by focusing on your wallet. Because this plan is about more than just climate change: it's about enabling Canadians to make the right choices for our energy future.

Climate change solutions begin at home. My plan would enable the average Canadian family, living in a single-family home, to save $1,000 a year on their electricity bills. It would do this in three ways: refundable tax credits of up to $3,500 for energy-efficient home retrofits; point-of-purchase rebates for energy-efficient appliances and heating solutions; and a new Green Mortgage, with tax-deductible interest payments, to finance home renovations and energy efficiency improvements. My plan also includes targeted tax cuts of up to $2,000 for fuel-efficient vehicles, and would commit Canada to the stringent vehicle emissions standards adopted in California and other states.

Reducing our emissions also calls for us to address the way we produce energy. My plan would fund research and development into new green and renewable energy technologies, and support their commercialization in Canada by Canadian companies. It would use progressive environmental tax reforms, changing the preferential Accelerated Capital Cost Allowance for oil sands mines to reward cleaner technology. It would strengthen the *Energy Efficiency Act* of 1992, setting more stringent minimum energy efficiency standards for appliances. Finally, it would support an expansion of the use of biofuels in Canada by mandating a 10 percent ethanol standard in gas, and 10 percent in biodiesel, by 2010.

To support the development of increased domestic production of ethanol and biodiesel, my plan would also convert the current excise rebate on taxes, which applies to the gasoline blender, to a refundable tax credit focused on farmers or Canadian manufacturers, and would be also be applied to biofuel created from waste feedstock, particularly in areas such as cellulosic ethanol, a technological strength for Canada.

Canada needs a climate-change plan that works at the community level. My plan calls for a significant investment in the Strategic and Municipal Rural Infrastructure Funds to help harden municipal assets against extreme weather, support regional investment in green technologies, and help farmers deal with climate change through a new rural climate adaptation fund. It also calls for increased support for mass transit and urban renewal.

Market forces have a crucial role to play in emissions reduction. My plan would create a functional carbon emissions market, allowing market forces to reward companies that reduce their carbon emissions. I would also work with the provinces to create a renewable portfolio standard, establishing minimum levels of renewable power to be included as part of each province's power generation mix. Finally, my plan would directly support renewable power generation, by expanding the Wind Power Production Incentive and introducing a renewable power production incentive.

Commercial buildings provide important opportunities to couple reduced energy use with increased savings and competitiveness. My plan would provide a 100 percent capital cost allowance for high-efficiency refrigeration and heating systems, GST credits for materials used in LEED-Gold and LEED-Silver buildings, and up to a 100 percent accelerated capital cost allowance for the replacement of traditional boilers with innovative thermal systems like combined heat and power technology.

Canada needs a climate-change plan that works at the community level. My plan calls for a significant investment in the Strategic and Municipal Rural Infrastructure Funds to help harden municipal assets against extreme weather, support regional investment in green technologies, and help farmers deal with climate change through a new rural climate adaptation fund. It also calls for increased support for mass transit and urban renewal.

The federal government can and must lead by example. My plan sets targets for the federal government and

The Gazette, Montreal

Former environment minister Stéphane Dion at his leadership campaign launch in Montreal last winter. He's made the environment and global warming the centrepiece of his campaign and has moved into the top tier of the leadership contenders. Canada, he insists, can still meet its Kyoto obligations by 2012.

Crown corporations to use a minimum of 20 percent renewable energy, effective immediately, moving to 30 percent in 2010 and 80 percent by 2020. As federal buildings use more renewable energy, they will also use less energy overall: my plan also calls for federal buildings to meet the LEED-Canada Gold standard, and leased buildings to meet the LEED-Canada Silver standard.

If the initiatives outlined in this policy statement were implemented by early 2007, Canada could still achieve its 2012 Kyoto targets. The Kyoto Protocol is the only credible international tool to fight the coming climate crisis, and Canada must honour its commitments under the agreement, while leading the negotiations to extend it past 2012. We also need to focus on efforts closer to home, joining states like California to create a vehicle-emissions standard that mandates an improvement of 30 percent energy efficiency by 2015 that can be applied across North America.

Climate change is a serious and urgent challenge. But we can answer that challenge in a way that improves our country's competitive advantage and saves Canadians money on energy. My plan lays out the solutions. Let's make those solutions a reality.

Canadians rightly take pride in our achievements as stewards of the environment. But when it comes to clean air, a closer look is required. Air pollution has increased since the early 1980s, partly reflecting sustained growth in vehicle use. According to the federal commissioner of the environment and sustainable development, "while there have been downward trends in some of the common air pollutants, trends now appear to be levelling off or even increasing as improvements are slowly eroded."

A comparison with our southern neighbour is telling. Canada and the US have the same emission standards for on-road vehicles, but our standards for off-road vehicles are weaker. Our standards are also weaker when it comes to power plant emissions, industrial boilers used in cement plants and steel mills, and petroleum refineries. Overall, Canada's level of air-polluting emissions

puts us in the mid-range of OECD countries. Mid-range is not good enough, especially for the very old and very young, who account for the bulk of illnesses and premature deaths caused by air pollution. This should not be a burden we are willing to accept.

A comparison with our southern neighbour is telling. Canada and the US have the same emission standards for on-road vehicles, but our standards for off-road vehicles are weaker. Our standards are also weaker when it comes to power plant emissions, industrial boilers used in cement plants and steel mills, and petroleum refineries. Overall, Canada's level of air-polluting emissions puts us in the mid-range of OECD countries. Mid-range is not good enough, especially for the very old and very young, who account for the bulk of illnesses and premature deaths caused by air pollution. This should not be a burden we are willing to accept.

The achievements of the previous Liberal government bear repeating. We negotiated an Ozone Annex to the 1991 Canada-United States Air Quality Agreement to reduce smog-causing ground-level ozone; introduced new regulations for metal mining effluent, among the strongest in the world; and brought in new on-road vehicle and engine emission regulations, reducing emissions from new vehicles by up to 95 percent. Perhaps most significantly, we added particulate matter and ozone and their precursors to the List of Toxic Substances under the *Canadian Environmental Protection Act* (CEPA 1999), providing the federal government with the necessary legislative authority to take regulatory action on smog.

The powers contained in CEPA 1999 render the approach of the Conservative government all the more baffling. As the David Suzuki Foundation has noted, the federal government now has the statutory and constitutional authority to regulate these substances. Rather than use those powers, the Harper government has proposed a new *Clean Air Act* — an unnecessary investment of time and effort when action is needed now.

The authority provided by CEPA 1999 forms the core of my clean air plan. Using that authority, I will develop legally enforceable national air quality regulations that meet or beat the standards of other industrialized nations, including the United States. Reasonable but rigorous timetables will allow the industry to adjust before the regulations enter into force. In good partnership, equivalency agreements will be offered to provinces and territories interested in implementing the regulations, as CEPA currently allows.

In addition, we will offer tax incentives to help industry reduce air pollution, by expanding the capital cost allowance provisions of the *Income Tax Act* to include pollution control equipment such as scrubbers, flue-gas particulate collectors, flue-gas desulfurization units and nitrogen oxide control devices.

My plan calls for the development of a cap-and-trade program for smog-forming substances, and the establishment of regulatory targets and timelines for the reduction of key air pollutants, including sulphur oxides, nitrogen oxides, volatile organic compounds, particulate matter and ozone. It also calls for the reduction of mercury emissions by mandating emission reductions in new and existing coal-fired power plants through targets more stringent than that proposed by the Canadian Council of Ministers for the Environment.

In order to inform Canadians on progress in meeting these targets, we will produce an annual Smog Report Card. As we proposed in the last Liberal platform, air quality monitoring will be expanded through the development of a new Air Quality Index, similar to the UV Index, to enable Canadians to take action to protect their health.

My plan also calls for reducing air pollution emissions from marine vessels coming into Canada's ports. In cooperation with the United States, we should move to designate the Great Lakes, the east coast and the west coast a Sulphur Emission Control Area (SECA) as authorized under the International Maritime Organization. SECA designation would lead to a 35 percent reduction of smog pollutants in the Greater Vancouver Regional District alone.

Cooperation with the US will also be necessary to upgrade our joint air quality agreement, as we negotiate a new Particulate Matter Annex to the Canada-US Air Quality Agreement. This annex would aim to secure US commitments to meet Canadian acid rain and smog goals.

Vehicle emissions are crucial. In addition to a vehicle-emissions standard that mandates a 30 percent improvement in energy efficiency by 2015, as mentioned above, we will work with the provinces and municipalities across Canada to support the adoption of cleaner technologies, such as retrofitting city transit and school buses, and change-out programs to encourage citizens to scrap older polluting cars and woodstoves.

Faced with these proposals, some will offer the tired argument that voluntary measures are sufficient. After all, national objectives exist for common air pollutants, and emission guidelines have been issued for the fossil-fuel electric power industry. However, none of these initiatives are legally binding, with predictable results. A 2000 World Bank study of

75 countries found it easier to pollute in Canada than any other nation examined.

So long as much of our air pollution originates south of the border, dealing with that pollution will require cooperation with the US. But we can hardly ask more of our neighbours than we ask of ourselves. The proposals outlined above represent the most comprehensive clean air plan ever offered to Canadians. We must act quickly to bring them into effect.

Faced with these proposals, some will offer the tired argument that voluntary measures are sufficient. After all, national objectives exist for common air pollutants, and emission guidelines have been issued for the fossil-fuel electric power industry. However, none of these initiatives are legally binding, with predictable results. A 2000 World Bank study of 75 countries found it easier to pollute in Canada than any other nation examined.

During the last election, Stephen Harper's Conservatives made no mention of water in their platform. It should come as no surprise, then, that since forming government, the Conservatives' only announcement has been the funding of a study examining the regulation of Lake Superior water outflows. Hardly visionary stuff. Politically, the Conservative government appears to have calculated that action on clean water is not high enough on the public radar to merit attention.

Thanks to environmental change and population growth, it is only a matter of time before that changes. As policy-makers, we have a duty to raise public awareness in securing our water before some crisis does it for us. Canada's tremendous wealth of fresh water, nearly 20 percent of the world's supply, is less secure than we may imagine. Canada is or will soon face a number of challenges relating to its water. Our farmers in the prairies will have to contend with more severe droughts, at the same time as rising oil prices increase the demand for water-intensive oil sands projects. Our cities will be squeezed between rising populations and an aging water infrastructure, while our rural areas struggle with insufficient wastewater treatment facilities. Hanging over those discussions will be our southern neighbour's rising demand for new sources of fresh water.

This situation calls for a detailed approach. The previous Liberal government took important steps, first by banning the bulk removal of our watersheds, then by including a comprehensive water strategy in our campaign platform. That strategy included a commitment to implement the 10-year, $1 billion National Ecosystem Revitalisation Plan, covering the Great Lakes-St. Lawrence River basin, the Lake Winnipeg watershed, the Columbia River basin and other key waterways under stress. Among its key initiatives, the plan aimed to restore sites contaminating the St. Lawrence, remediate contaminants in Hamilton harbour, reopen contaminated beaches in Toronto, and clean up the St. John harbour.

Under the Conservative government, those plans have been shelved, but the debate should not be. As prime minister, I would implement a comprehensive water strategy to address these challenges, improving the management of our critical water resources in key watersheds and water-based ecosystems in partnership with provinces, municipalities, First Nations and local communities. Together, we must ensure the highest standards of water quality to protect human health and biodiversity, and guarantee its availability for sustainable and productive use for the generations to come.

Central to this strategy is a commitment to implement and expand the National Ecosystem Revitalization Plan, proposed during the last election, which I helped write. Given the urgency of the situation, I intend to accelerate the implementation of, and expand, the plan over eight years instead of ten.

Protecting our water supply also means understanding it better. In cooperation with other orders of government, I will also make significant investments in scientific research and better monitoring, to expand our knowledge of the effects human activity, alien species and climate change are having on Canada's water ecosystems. I also intend to strengthen regulations covering ballast waters in the Great Lakes to combat invasive species, and ban the sale of heavily polluting two-stroke engines. California banned two-stroke engines in seven years ago, and Canada should do the same.

Any responsible water strategy must also include support for improving municipal water infrastructure. That infrastructure is the last line of defence protecting Canadians, ensuring proper wastewater treatment and guaranteeing that drinking water coming out of the taps in every Canadian home is safe and clean. As our population grows, improving that infrastructure will require considerable federal support.

To this end, I would build on the previous Liberal government's New Deal for Cities and Communities, which made significant infrastructure investments to improve local water quality and, in 2005 alone, committed $5 billion over five years for environmentally sustainable infrastructure as well as new funding to existing infrastructure programs. I would also continue and expand the Municipal Rural Infrastructure Fund, the Canada Strategic Infrastructure Fund, and the Green Municipal Fund, all of which provide critical support for infrastructure

improvements in big cities and small communities alike, improving the quality of life, sustainable development and economic opportunities.

As prime minister, I would also honour the commitments made to First Nations in the Kelowna Accord. Under those commitments, the federal government accepted responsibility for assisting First Nations with water infrastructure on reserves. My government would work with First Nations to develop the necessary infrastructure and capacity to ensure the safety of water supplies within established water and wastewater standards.

As Canadians debate how best to tackle climate change and the environment, we must avoid the comforting illusions of disbelief and defeatism. Climate change is real. Cheap energy is a memory. What remains to be determined is how we address these realities, while ensuring our continued economic prosperity.

Some will continue to argue that the solution to these challenges is beyond our capability, and we should settle for partial solutions. This is Stephen Harper's approach.

The unspoken premise is that Canadians lack the imagination or will to change. On the contrary, I know Canadians want to tackle the greatest issue of the century: the reconciliation of people with the planet. And what they want from their prime minister is leadership and vision. I will provide both. I have the vision: the three pillars approach, weaving together economic vitality, environmental sustainability, and social justice. And throughout this campaign, through a dialogue with Canadians, I am building the action plan that will make this vision a reality.

I believe we can shape our capability, by challenging the perceived limits of our capacity for change. In the drive to sustainability, we are constrained only by the limits of our own will. The policy proposals laid out here provide the roadmap for change. I believe Canadians have the will to make that journey.

Stéphane Dion is MP for St. Laurent-Cartierville, former minister of the environment and minister of intergovernmental affairs, and a candidate for the leadership of the Liberal Party of Canada.

POLICY OPTIONS POLITIQUES

POLICY OPTIONS SUBSCRIPTION ORDER FORM

SUBSCRIBE ON-LINE www.irpp.org

1470 Peel Street
Bureau 200
Montreal, Quebec
Canada H3A 1T1

☐ New ☐ Renewal (please include subscriber # _____)

1 year

☐ $42.35 (GST included)
☐ $45.52 (Quebec taxes incl.)
☐ $54.95 (US)
☐ $59.95 (Other countries)

2 years

☐ 74.15$ (GST included)
☐ 79.71$ (Quebec taxes incl.)
☐ 84.95$ (US)
☐ 89.95$ (Other countries)

PAYABLE IN CANADIAN FUNDS ONLY

Name _____
Company _____
Address _____
City _____ Province _____
Postal code _____ Telephone _____

☐ Payment enclosed ☐ VISA ☐ MasterCard ☐ Amex

Card no. _____
Card expiry date _____
Signature _____