

OUR RECOMMENDATIONS TO THE GOVERNMENT OF CANADA REGARDING CARBON PRICING AND FINANCIAL SUBSIDIES TO FOSSIL FUEL COMPANIES

October 2017

Since September 2010, Citizens' Climate Lobby (CCL) Canada members have been lobbying their federal parliamentarians for carbon fee and dividend: a national, upstream, and incrementally rising carbon price where 100 percent of the money is returned to citizens on an equitable basis.

We applaud the Canadian government for announcing a national price on carbon, uniting all provinces and territories with a minimum and rising fee. This is an important step to help Canada in its transition to a clean energy economy. In the Pan-Canadian Clean Growth and Climate Plan, the government recognizes that this transition will result in a strong, diverse and competitive economy.

However, the Federal government has committed to increasing the fee for only five years. Not knowing if the fee will continue to rise beyond 2022 makes planning difficult for Canadian businesses that want to take a longer view. Also, a five-year commitment is not enough to meet Canada's goal of reducing greenhouse gas emissions to 30 percent below 2005 levels by 2030. We call on the Canadian government to extend the rising fee to the year 2030.

In addition, there must be clarity from the federal government on the comprehensiveness of the national carbon price plan. Excluding some sectors from a carbon fee unfairly burdens other industries and undermines Canada's climate commitments. A comprehensive fee applied at the wellhead and point of entry for import in all provinces will most effectively reduce Canada's greenhouse gas emissions while providing powerful incentives to invest in the clean energy economy.

Canada can significantly reduce greenhouse gas emissions by becoming a world leader in the clean energy economy. Extending the rising fee to

2030, ensuring comprehensive coverage, and imposing border tax adjustments will help ensure a strong, diverse and competitive economy inspiring other countries to take Canada's lead.

The simple steps needed:

1. That the carbon fee is applied upstream: at the wellhead, coal mine or point of entry into the economy.
2. That the national carbon price continues to rise past 2022 with the objective of Canada exceeding our Paris targets and becoming a world leader in tackling the climate crisis and in the clean technology industry.
3. That border tax adjustments are included in the policy to level the playing field for domestic industries with international jurisdictions without a similar carbon price.
4. That the federal government work with the provinces and territories to ensure provincial carbon pricing systems can keep up with the rising federal minimum carbon price without imposing any additional burdens on low and middle-income Canadians. For example, the federal government could propose carbon fee and dividend as a model policy.
5. To ensure that there is a consistent policy towards combating climate change that the federal government, as promised in the 2015 election, end financial subsidies to fossil fuel companies.

CCL is grateful for your service to Canada and for recognizing the myriad connections between the climate crisis and the many problems faced by society and governments. This is a race against time. The future will be Canada's when we enact an effective carbon pricing policy. We are here to help Canada win the race to the top.