



SIERRA
CLUB
CANADA



Voters Guide to the Climate Crisis Election

1. Introduction

Canadians will soon be voting in what Sierra Club Canada calls the Climate Crisis Election. This guide is meant to explain in a straightforward manner what you need to know about those climate change policies that Canada should (and should not) implement. It intends to answer two questions:

- What must Canada do in order to help solve the climate crisis?
- Which political parties have a plan that will work?

Climate change has emerged as the definitive social, economic, political, and environmental issue of the 21st Century. It is also a complex issue. As the public discourse too often falls to political rhetoric, omitting critical analysis of the various issues and policy options, it becomes difficult for the everyday citizen to stay informed.

Nonetheless any citizen concerned about the future must make informed political choices. Although taking responsibility for one's personal greenhouse gas emissions is crucial, the climate crisis cannot be solved by individual lifestyle changes alone. To quote Al Gore, "Along with the light-bulbs, we must also change the laws."¹ Solving the climate crisis requires government policies to spark widespread economic and social change.

This guide assesses the climate change policy platforms of the major federal political parties, based on information published as of August 2008. Sierra Club has assigned an initial letter grade to score how well each party would address the climate crisis. We challenge all parties to strengthen their climate change platforms to earn higher grades in the final rankings that Sierra Club Canada will issue before Election Day.

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2. What Canada Must Do

In their 2007 report, the Intergovernmental Panel on Climate Change (IPCC) concludes that global temperatures cannot rise 2°C above pre-industrial levels if we are to avoid dangerous levels of climate change. This requires that the concentration of greenhouse gases (GHGs) in the atmosphere stabilize at 450 parts per million (carbon dioxide equivalent). To reach such a level of stabilization, **global** greenhouse gas emissions need to be reduced by **at least** 50% below what they were in 1990 by the year 2050. The IPCC further concludes that if we are to have any chance in meeting this global emissions reduction target, developed countries must take on deeper emissions cuts than developing countries. Specifically, the IPCC recommends that developed countries reduce their emissions **25-40% below 1990 levels by 2020** and **80-95% below 1990 levels by 2050**.

Canada should be an international leader on climate change and adopt the IPCC's deeper emissions reduction targets, since:

- (1) Canada has one of the highest levels of per capita emissions in the world, so deeper cuts must be made if global equity is to be reached. It's only fair.
- (2) Developed nations are responsible for the bulk of the emissions that are currently driving climate change, with effects that will decimate developing countries.
- (3) Canada has one of the highest levels of per capita wealth in the world, while many developing countries are struggling to get their people out of poverty.

It has been said that the cutting of Canada's emissions will do little to prevent dangerous climate change if developing countries and those with emerging economies—notably India and China—continue with business-as-usual. This simply means, however, that we must further assist such countries in cutting their emissions in order to find a global solution to the climate crisis.

Under the current economic system, the negative effects of greenhouse gas emissions are **not** borne by the polluter, but by all Canadians and the world at large through long-term changes in global climate. As a result, the market is distorted; the prices of goods and services do not reflect their true value to society, today and in the future. The solution is to put a price on carbon. Carbon pricing embodies the 'polluter pays principle': "the polluter should bear the costs of activities that directly or indirectly damage the environment." The atmosphere's ability to absorb carbon dioxide – without causing harmful climate change – is a finite and (globally) shared resource that must be regulated.

When comparing the two forms of carbon pricing, a carbon tax system and a cap and trade system, we should not see them as mutually exclusive options. One could adopt a 'hybrid' approach: implement a carbon tax immediately and a cap and trade system within a few years. Because Canada has delayed action until now, it is critical that the government does not wait the two to three years that it would take to set-up a cap and trade system in order to put a price on carbon, as the urgency of the climate crisis requires that we reduce our emissions as soon as possible.

Comparison of the Carbon Tax and Cap and Trade

	Carbon Tax	Cap and Trade
What Is It?	Government charges polluters a set price for each tonne of greenhouse gases they emit.	Government sets a legal limit on how much greenhouse gas polluters are allowed to emit (the cap). If some polluters greatly reduce their emissions and so have excess pollution permits, they can sell these to other polluters (the trade).
How Does it Work?	<p>Can be applied throughout the entire economy</p> <p>For industries the tax is applied based on measured emissions</p> <p>For individuals the tax is applied based on carbon content of fuel purchased</p> <p>Based on simple economic theory: individuals and companies will reduce their emissions-intensive behaviour in order to avoid paying the tax</p> <p>Can exempt certain areas of the economy from paying the tax</p>	<p>Can only be applied to large industrial emissions sources (account for only 50% of Canada's GHGs)</p> <p>Phases of implementation:</p> <ol style="list-style-type: none"> (1) government determines what the 'cap' on emissions from industry should be (2) government then creates quantity of emissions 'permits' that correspond to the 'cap' (3) government then allocates these permits to industry, either free-of-charge or by auction (4) companies are then able to trade permits among themselves. Each industry must ensure that it holds a sufficient number of permits for the emissions it releases. Companies that reduce their emissions can sell their additional permits on the market, while those that fail to reduce emissions must buy permits (5) the government then ratchets the 'cap' down each year, so long-term emissions reduction targets are met
Price of Carbon	<p>The government directly sets the price on carbon</p> <p>Price on carbon must be at least \$30/tonne by 2008-2010, \$50/tonne by 2015, and \$75/tonne by 2020 in order to sufficiently reduce emissions.</p>	<p>The government does not directly set the price on carbon (government sets 'cap' and lets market determine 'price')</p> <ul style="list-style-type: none"> • however — government can ensure price remains high by keeping 'cap' low and allocating permits by auction. <p>Government should allocate all of the permits by auction as soon as possible. Doing otherwise is counter to the 'polluter pays principle'</p>

	Carbon Tax	Cap and Trade
Certainty of Emissions Reduction	<p>Provides less certainty as to level of emissions that will be reduced (government sets ‘price’ and lets market determine ‘cap’)</p> <ul style="list-style-type: none"> • however — carbon tax will also inevitably ‘cap’ emissions as long as government is willing to adjust tax until desired reduction occurs (government must outline by how much <i>more</i> the tax will increase if it looks as though the current price schedule will not achieve the desired targets) 	<p>Provides more certainty as to level of emissions that will be reduced</p> <ul style="list-style-type: none"> • however — this is only for emissions from industry and will only be achieved if: (i) there is no ‘price cap’ (or ‘safety valve’) where industry can buy permit from government for guaranteed price and (ii) there are harsh penalties for those who do not comply with the system
Economic Incentives	<p>Provides clearer economic signals.</p> <p>Government must lay out schedule of intended future levels of carbon tax, so that industry/investors will plan multi-billion dollar, multi-decade investments accordingly; new, long-term infrastructure will be designed with the lowest emissions level possible as investors make decisions based on future price.</p>	<p>Provides less clear economic signals, as price of carbon is relatively unpredictable and will vary according to market conditions.</p> <p>Creates bias towards short-term solutions: if unsure that price of carbon will be much higher in future, then industry will be discouraged from making long-term investments into new green technology and infrastructure.</p>
Administrative Ease and Cost	<p>Less administratively costly and complex.</p> <p>Easier and faster for governments to implement.</p> <p>Governments have more experience with tax systems and can rely on existing structures for taxing fuels.</p> <p>Far more transparent and straightforward.</p>	<p>More costly and complex — requires negotiation between government and industry and setting up permit trading market.</p> <p>More potential for corruption and manipulation</p> <p>Will take 2-3 years to set up if it is designed properly</p>
Carbon Offsets		<p>Give industry more flexibility in how it meets ‘cap’</p> <p>May give wrong type of incentive to industry, which may simply purchase cheap offsets instead of making long-term investments in new green technology</p> <p>Must be accompanied with strict regulations to ensure that offset projects (i) result in a permanent and additional emissions reduction and (ii) do not harm local peoples in developing countries.</p>

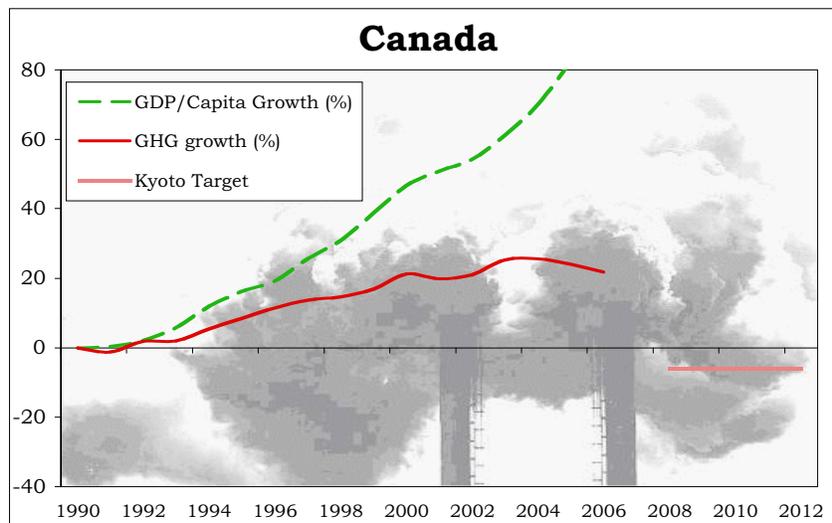
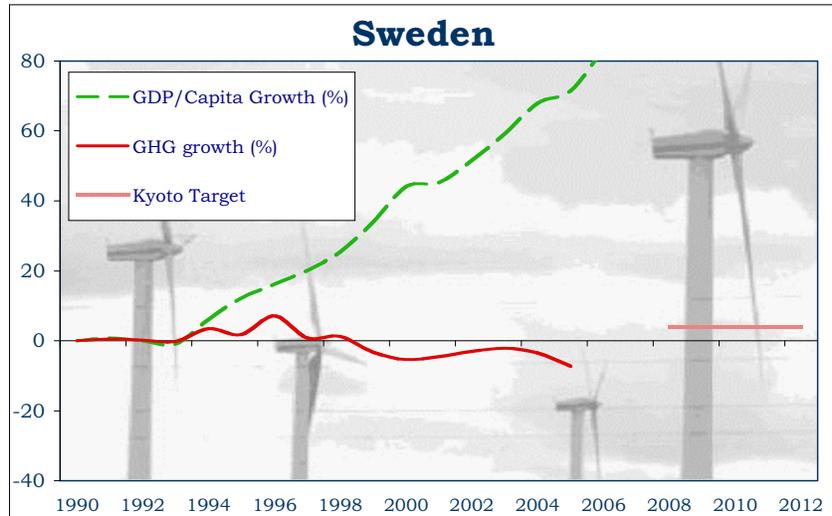
In the long-term, there is no trade-off between reducing emissions and maintaining a healthy economy. Failing to ensure that global temperature does not pass the 2 C threshold means we are condemning future generations to a world of far more risks and considerably less socio-economic well-being. It has been estimated that inaction on climate change could lead to disastrous humanitarian crises, and there could be catastrophic economic consequences -- global GDP could fall by 20%. Furthermore, putting a price a carbon will not significantly hinder overall economic growth in the short-term. In fact, Canadian exports may lose competitiveness if we fail to act, as the European Union is considering whether or not to impose 'carbon tariffs' on Canadian goods. Putting a price on carbon will spur innovation and investment, ensuring that Canada is better poised to thrive in the low-carbon economy of tomorrow.

The revenue raised by putting a price on carbon should be directed mainly towards investments in further actions to reduce greenhouse gas emissions, and it should also be used to offset related cost increases for low-income Canadians.

A carbon tax can be designed to be 100% 'revenue-neutral', where all the money raised is directly returned to Canadians in the form of tax cuts/credits, so that government spending does not increase. To ensure a carbon tax will most effectively change behaviour, however, government must also implement complementary policies to help individuals reduce their emissions (such as subsidies for home energy retrofits, incentives to make fuel-efficient vehicles more accessible, and investment in public transit).

Carbon pricing is a necessary but not sufficient condition to substantially cut Canada's emissions. The government must also implement a host of complementary emissions reduction policies. The majority of the revenue raised by a carbon tax should be used to further reduce emissions. This should include direct government investment in the development of green technology.

The experience of other countries with the carbon tax system, notably Sweden, shows that it is an economic theory that has been tested, and will, in fact, cut emissions without sacrificing prosperity.



Sweden’s carbon tax is an economic success.

The Swedish Ministry of Environment has estimated that its carbon tax has cut emissions by an additional 20 percent (as opposed to solely relying on regulations).ⁱⁱ While Canada is failing to achieve its Kyoto Protocol emissions reduction commitment, Sweden is on target to surpass its commitment, as national emissions have fallen more than 7% below 1990 levels.^{iii iv} Sweden has enjoyed economic growth of 44% (in fixed prices) between 1990 and 2006.^v As a result of its early and ambitious climate policy, Sweden’s economy is better off today — having secured itself a competitive edge in the low-carbon global economy of tomorrow.

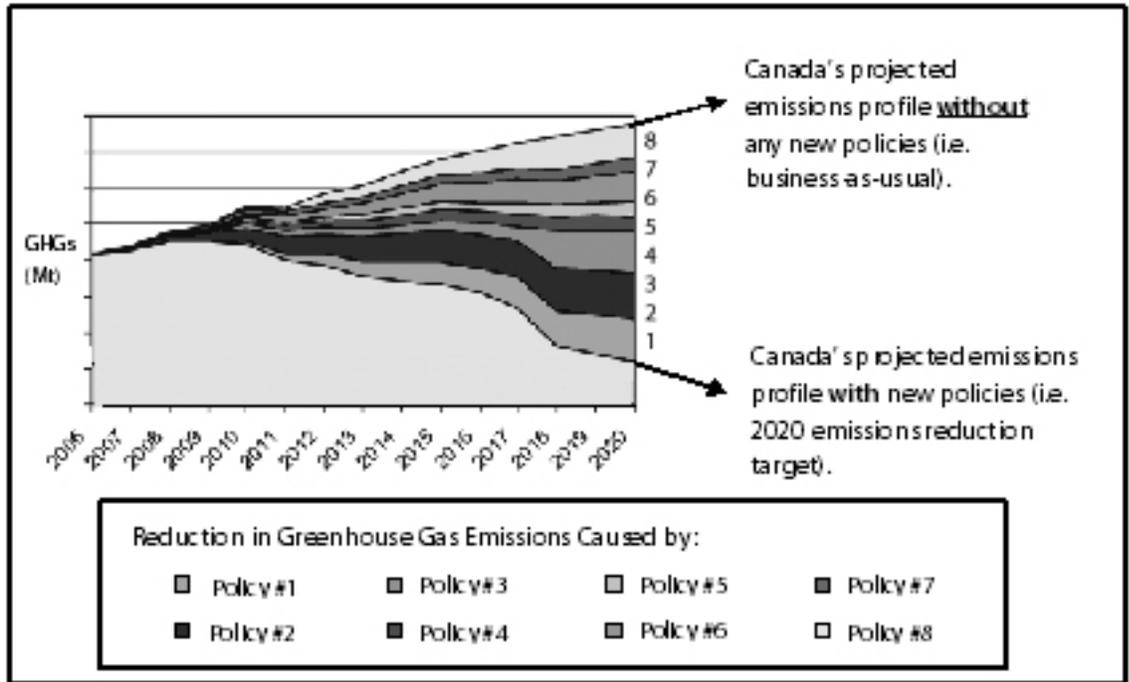
3. Comparing and Grading the Parties

The following pages summarise the key elements of each party's climate change policies, along with Sierra Club Canada's evaluation and initial letter grade. The grade that each federal party has been given is based upon:

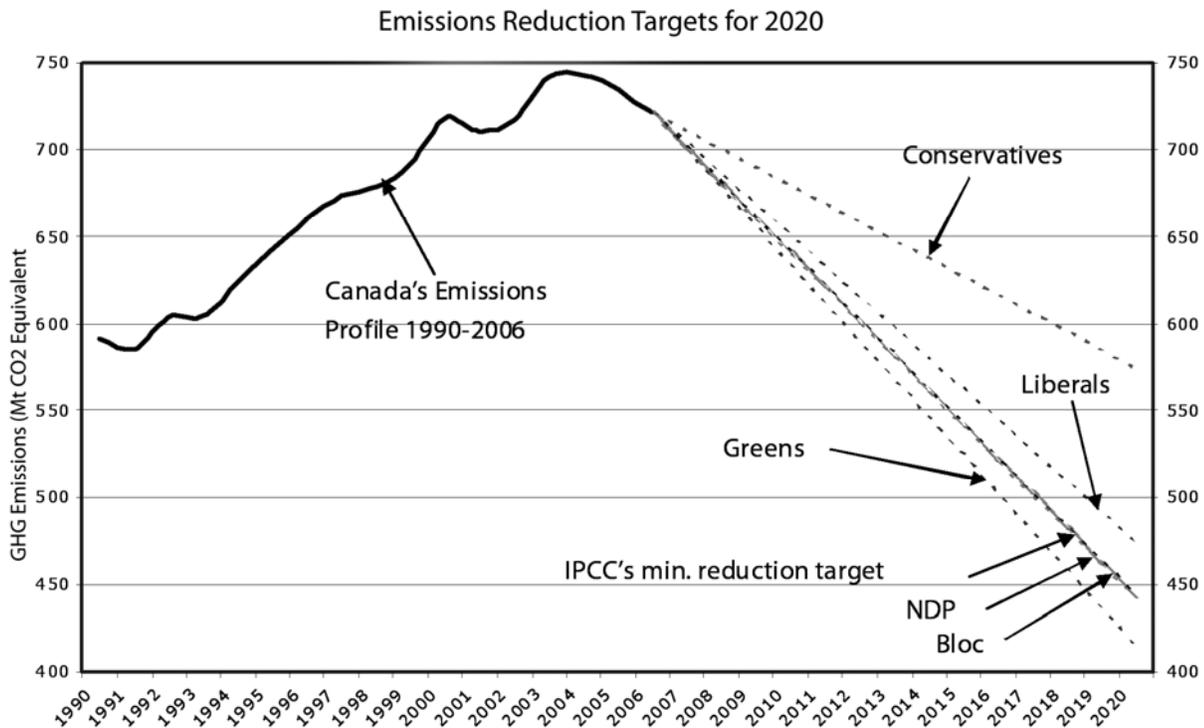
- (1) Whether or not its proposed emissions reduction target is in line with the science-based targets established by the Intergovernmental Panel on Climate Change (IPCC). That is a 25-40% reduction in greenhouse gas emissions relative to 1990 levels by 2020.
- (2) Whether or not its proposed main emissions reduction policy mechanism(s) (carbon tax and/or cap and trade) has been designed properly to effectively reduce emissions.
- (3) Whether or not its proposed complementary emissions reduction policies have been designed properly to effectively reduce emissions.

Although it is a factor in the grading, the following pages do not summarise the complementary emissions reduction policies that each party has proposed. As putting a price on carbon is a necessary but not a sufficient condition for reaching the IPCC's 2020 emissions reduction target, the importance of these complementary policies must be underscored. Each party should adopt a suite of complementary emissions reduction policies. As noted in the following pages, some parties have offered more details than others.

As part of its election platform, each political party should be able to account for how much each of its proposed policies would contribute to reducing emissions and fighting climate change. It is insufficient for a party to adopt any emissions reduction target without outlining how its proposed policies will in fact meet such a target. With complete information, it would be possible to create a graph modelled on the template below^{vi}. To date, no party has provided this level of detail in its plans.



Theoretical illustration of how a party expects its various climate change policies to add up to meeting their greenhouse gas reduction target.



Comparison of the parties' greenhouse gas emissions targets relative to the minimum target recommended by the Intergovernmental Panel on Climate Change.

For more information about the climate change policies of the political parties, visit their web sites. We also encourage you to contact your local candidates in the election to ask them to explain where they stand in the Climate Crisis Election.

Conservative Party:

- www.ec.gc.ca/default.asp?lang=En&n=75038EBC-1
- www.conservative.ca/EN/4739/78192

Liberal Party:

- thegreenshift.ca/default_e.aspx
- www.liberal.ca/environment_e.aspx

Green Party:

- www.greenparty.ca/en/policy/carbontaxplan?origin=redirect
- www.greenparty.ca/en/policy/visiongreen?origin=redirect

New Democratic Party:

- www.ndp.ca/greenagenda
- www.ndp.ca/page/6448

Bloc Québécois:

- www.blocquebecois.org/fr/Dossiers/environnement/

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Party Rankings

Bloc Québécois

**Sierra Club's
Initial Grade:**

B

Emissions Reduction Target	25% below 1990 levels by 2020.	
Main Emissions Reduction Policy Mechanism(s):	Carbon Tax	None
	Cap and Trade	<ul style="list-style-type: none"> - Will not develop a national system, but instead will allow each province to develop its own cap and trade system — as long as it plans to meet or exceed Canada's emissions reduction target. - Emissions permits can then be traded inter-provincially. - Will be severe fines for those industries that do not comply with their cap. - Proposes to abolish subsidies for oil and gas industries.

Comments:

- ✓ Good emissions reduction target, in line with the IPCC's recommendations.
- ✗ Does not specify a price for carbon emissions. Details lacking.

Area for Improvement:

Develop a more detailed plan, and specify a price for carbon emissions.

Conservative Party

**Sierra Club's
Initial Grade:**

F+

Emissions Reduction Target	3% below 1990 levels by 2020 (20% below 2006 levels by 2020)
Main Emissions Reduction Policy Mechanism(s):	Carbon Tax None
	Cap and Trade None
	<p>Emissions Intensity Targets Starting in 2010, industries will face regulations to comply with emissions intensity targets:</p> <ul style="list-style-type: none"> (i) old facilities in all industrial sectors will be regulated. (i) new facilities in key sectors built between 2004 and 2011 will face slightly tougher regulations. (ii) new facilities built in 2012 and later, will face toughest regulations. <p>Industries that do not meet their emissions intensity target can:</p> <ul style="list-style-type: none"> (i) purchase credits from other regulated industries that are under their target. (ii) purchase offset credits from sources outside of the regulated sectors (domestic or international). (iii) contribute to a Technology Fund that aims to develop emissions reduction technology <p>Expect these measures to account for half of Canada's 2020 emissions reduction target.</p>

Comments:

- ✓ Introduced regulations.
- ✗ It has regulated the status quo, and emissions will continue to grow.
- ✗ Emissions intensity means emissions per unit of economic production. Emissions intensity targets provide little certainty that emissions from industries will in fact decrease. Industries can meet intensity targets while absolute emissions rise dramatically.

Area for Improvement:

Needs to acknowledge the climate crisis, and stop obstructing progress at international meetings. It is essential for Canada to commit to an absolute reduction target with a 1990 baseline. Should abandon the misleading approach of intensity targets.

Green Party

**Sierra Club's
Initial Grade:**

A-

Emissions Reduction Target	30% below 1990 levels by 2020.	
Main Emissions Reduction Policy Mechanism(s):	Carbon Tax	<ul style="list-style-type: none"> - Will be applied throughout the entire economy. - The tax will begin at \$50/tonne and then, after measuring effectiveness and impact, will be raised to \$100/tonne by 2020 if required to meet emissions reduction target.
	Cap and Trade	<ul style="list-style-type: none"> - Auction and trading of permits will be overseen by a non-governmental body. - The 'cap' on emissions for industry will be: <ul style="list-style-type: none"> - 29% reduction by 2012, relative to today's levels. - 47% reduction by 2020, relative to today's levels.
		<ul style="list-style-type: none"> - The carbon tax will be 100% revenue-neutral. - At \$50/tonne, the tax is expected to raised 40 billion dollars a year. the tax cuts/credits will include:
How will the revenue raised by the carbon tax be used?	<ul style="list-style-type: none"> (1) Tax cuts/credits <ul style="list-style-type: none"> (i) To help those who are most vulnerable as the economy is in transition; (ii) To help those who have unavoidably high energy needs; and/or (iii) To make the tax system fairer in general: 	<ul style="list-style-type: none"> - Additional support to affected groups, including: low income and rural Canadians, seniors, students, farmers and fishermen.

Comments:

- ✓ Ambitious emissions reduction target that shows leadership in meeting the goals of the IPCC.
- ✗ Revenue raised is not used to further reduce emissions of greenhouse gases.

Area for Improvement:

A significant part of the revenue raised should be directed to achieve further greenhouse gas reductions.

Liberal Party

**Sierra Club's
Initial Grade:**

B+

Emissions Reduction Target	20% below 1990 levels by 2020... (Will rise to 25% if other countries take on comparable targets.)
Main Emissions Reduction Policy Mechanism(s):	<p>Carbon Tax - Will begin at \$10/tonne and then rise \$10/tonne each year until it reaches \$40/tonne. - Will not be applied to gasoline, since the existing excise tax on gas is already equivalent to \$42/tonne. - Will not be applied to diesel and aviation fuel in the 1st yr., since there is already a four cent/litre tax on these fuels.</p> <hr/> <p>Cap and Trade - Will be implemented after a few years. - Work with the provinces to set up a national system that is similar to proposals from U.S and E.U.</p> <hr/> <p>- The carbon tax will be 100% revenue-neutral. - Will be passed into law that the Auditor General will, on an annual basis, ensure that the carbon tax is in fact 100% revenue-neutral. - The tax cuts/credits can be divided into 2 categories:</p>
How will the revenue raised by the carbon tax be used?	<p>(1) Tax cuts/credits - Cut income tax rates, and reform the tax system. Give additional support to rural Canadians and northern communities.</p> <p>(i) To help those who are most vulnerable as the economy is in transition; (ii) To help those who have unavoidably high energy needs; and/or (iii) To make the tax system fairer in general:</p> <hr/> <p>(2) tax cuts/credits to stimulate innovation and investment in green sectors of the economy: - The Science, Research & Experimental Development (SR&ED) tax credit will become 25% refundable. - Cut corporate tax rates. - Accelerate capital cost</p>

Comments:

- ✓ A credible plan to achieve significant emissions reductions.
- ✗ Needs to adopt a firm target of a minimum 25% reduction in emissions by 2020.

Area for Improvement:

Outline how the price on carbon will increase to a level to achieve a minimum 25% reduction in greenhouse gas emissions. Make a firm commitment to a target of a minimum 25% reduction in emissions by 2020.

New Democratic Party

**Sierra Club's
Initial Grade:**

B

Emissions Reduction Target	25% below 1990 levels by 2020.
Main Emissions Reduction Policy Mechanism(s):	<p>Carbon Tax None</p> <hr/> <p>Cap and Trade</p> <ul style="list-style-type: none"> - Initially, only 10% of the permits will be allocated by auction. By 2030, all of the permits will be allocated by auction. - The 'cap' on emissions will decrease over time with the target of reducing emissions from industry 50% below current levels by 2030. <hr/> <ul style="list-style-type: none"> - It is projected that, in its first year, the price of carbon under the cap and trade system will exceed \$35/tonne and that the auctioning of permits will generate at least \$2.5 billion. - As the percentage of permits that are allocated by auction increases each year, the cap and trade will raise an increasingly amount revenue. - This money will be used to:
How will the revenue raised by cap and trade be used?	<ol style="list-style-type: none"> (1) Increase investment in developing green technologies (2) Give training to workers to help them adapt to the shifting employment sectors in the new low-carbon economy (\$1 billion will be committed to this). (3) Make sustainable purchases (e.g. fuel-efficient vehicles, low-consumption appliances) and home energy retrofits more affordable for middle and lower income families.

Comments:

- ✓ Good emissions reduction target, in line with the IPCC's recommendations.
- ✗ No carbon tax included in the plan. Without a carbon tax, it may be difficult to reach the target for reductions.

Area for Improvement:

Either include a carbon tax to put a price on carbon sooner, or provide details for how the plan will reach its target.

Endnotes

ⁱ see http://www.ted.com/index.php/talks/al_gore_s_new_thinking_on_the_climate_crisis.html

ⁱⁱ Ibid.

ⁱⁱⁱ As of 2005.

^{iv} Under the Protocol Kyoto, Sweden committed to ensuring that, under burden sharing, its emissions do not rise 2% above 1990 levels by 2008-2012.

^v See <http://www.guardian.co.uk/environment/2008/apr/29/climatechange.carbonemissions>

^{vi} This federal government's current plan, *Turning The Corner*, includes a graph which resembles this template, however it does not explain how the policies will achieve the targeted greenhouse gas emissions reductions.