# CANADA Recommendations for Budget 2018





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# Contents

Likely lead departments indicated in green (acronyms listed below)	
Executive Summary	
Who We Are	6
1. Protecting Canada's Land, Inland Waters and Oceans (ECCC, PC, DFO)	7
2. Investing in Sustainable Agriculture (AAFC, ECCC, HC)	
3. Towards Sustainable Fisheries (DF0)	26
Climate Change and Energy Sustainability, featuring:	
4. International Climate Financing (ECCC, GAC, Finance)	
Complementary:	
Fossil Fuel Subsidy Reform (Finance, ECCC, NRCan)	37
Carbon Pricing (ECCC)	37
Energy Efficiency (NRCan, INAC, CMHC)	
ENERGY STAR (NRCan)	
5. Complementary Cross-cutting Recommendations	
Environmental Data and Science System (SEDSS)	
(NRCan, StatCan, ISEDC, AAFC, ECCC, DFO, HC)	
Natural Infrastructure (Infc, ECCC)	42
Public Transit (Infc)	42
Arctic Energy Fund (Infc)	43
Canada's Blue Action Plan (ECCC, HC)	43
Implementing a New Sustainability Assessment Law (CEAA, ECCC)	44
Renewing Sunsetting Conservation Programs (ECCC, DFO, PC)	44
Lung Cancer Prevention: Supporting Radon Mitigation (Finance, HC)	45
6. Summary Tables of Recommendations' Associated Costs (and Savings)	
Feature Recommendations	
Complementary Recommendations	47

This document will be available, in English and French, at www.greenbudget.ca.

Departme	ntal Acronyms:	HC:	Health Canada
AAFC:	Agriculture and Agri-Food Canada	INAC:	Indigenous and Northern Affairs Canada
CEAA:	Canadian Environmental Assessment Agency	Infc:	Infrastructure Canada
CMHC:	Canada Mortgage and Housing Corporation	ISEDC:	Innovation, Science and Economic Development Canada
DFO:	Fisheries and Oceans Canada	NRCan:	Natural Resources Canada
ECCC:	Environment and Climate Change Canada	PC:	Parks Canada
Finance:	Finance Canada	StatCan:	Statistics Canada
GAC:	Global Affairs Canada		

## **EXECUTIVE SUMMARY**

Photo: Matheus Bandoch

#### Canada's environment is central to Canadian prosperity.

The **Green Budget Coalition (GBC)**, active since 1999, brings together nineteen of Canada's leading environmental and conservation organizations (*listed on front cover*), representing over 600,000 Canadians, to present an analysis of the most pressing issues regarding environmental sustainability in Canada and to make recommendations to the federal government regarding strategic fiscal and budgetary opportunities.

The GBC appreciated the many funding and tax measures in Budget 2017 advancing the GBC's concerns, including reductions in fossil fuels subsidies, and funding for public transit, renewable energy and reduced diesel dependence in Indigenous, northern and rural communities, freshwater, the Indigenous Guardians Initiative, cleantech, and further openness to funding nature-based infrastructure. However many more actions and investments are still needed to put Canada on an effective path towards protecting its air, water, unique biodiversity, and natural heritage and playing a responsible role in addressing climate change.





Photo: Annie Spratt

In Budget 2018 and fiscal announcements in the preceding months, the GBC recommends that the Government of Canada prioritize strategic investments to advance the following four objectives:

**Delivering on Canada's commitment to protect land, inland waters and oceans** (at least 17% of our land and inland waters and at least 10% of our coastal and marine areas by 2020), and to plan for the larger scale protection needed to sustain healthy ecosystems in the long term.

2

**Environmentally Sustainable Agriculture** – Investing in agrienvironmental programs, policies, and scientific research, to make Canada a trusted global leader in sustainable food production while delivering long-term ecological, social, and economic benefits for all Canadians.

**Towards Sustainable Fisheries** – Investing in fish habitat protection and restoration, and in rebuilding, recovering and sustainably managing fisheries, to ensure sustainable fisheries management across Canada.

#### and Climate Change and Energy Sustainability, featuring...

4

**International Climate Financing** – To support climate mitigation and adaptation efforts in developing countries, the GBC recommends Canada scale up its efforts on international climate finance, provide certainty on funding beyond 2020, and indicate how it intends to mobilize its fair share of international climate financing. The GBC recommends generating this funding through a levy on fuels used in international aviation and/or marine transport.

This document also outlines a select number of complementary recommendations, particularly related to climate change and energy sustainability, and environmental data and science, as well as for infrastructure, environmental laws, water monitoring, and renewing sunsetting funding for conservation and species at risk.



#### **Protected Areas** Agriculture **Fisheries** International **Climate Finance** Reducing GHG V 1 1 Emissions Climate Resilience V V 1 V Reconciliation with V ~ Indigenous Peoples Meeting Public V V 1 Expectations Healthy Waters 1 1 Jobs for the Middle V / 1 Class Improving Health & V Wellbeing Protecting Nature & 1 Wildlife Clean Growth & V V Innovation Economic Growth V ⁄ for Rural & Remote Communities

#### **GBC Feature Recommendations - Alignment with Political Priorities**





#### CPAWS-SNAP































WEST COAST



# <mark>WHO WE</mark> ARE

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

#### **Our Mission**

The mission of the Green Budget Coalition 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.

#### **Our Vision**

The Government of Canada contributes to securing and maintaining the environmental sustainability of Canada through appropriate investments in environmental programs, and through the adoption of appropriate policies related to taxation, pricing and subsidies.

#### **Objectives**

- To bring together the collective expertise of leading Canadian organizations regarding the important environmental issues facing Canada;
- To prepare and promote prioritized recommendations annually to the federal government on policies, actions and programs whose implementation would advance environmental sustainability and which could be reflected in the federal budget; and
- To monitor federal budget decisions and spending estimates and to track GBC recommendations with a view to assessing the likely effect of budgetary and fiscal decisions on the environment and to evaluating the GBC's impact on fiscal policy and budgetary actions.

The GBC makes its decisions on a consensus basis. Nature Canada hosts the GBC. Please see back page for a list of the GBC's leadership.

The Green Budget Coalition sincerely thanks the Echo, McLean, The J.W. McConnell Family, George Cedric Metcalf, and Salamander Foundations for their generous financial support. The GBC's efforts are largely funded by its members and these foundations.

# PROTECTING CANADA'S LAND, INLAND WATERS AND OCEANS



### DELIVERING ON CANADA'S COMMITMENT TO PROTECT OUR LAND, INLAND WATERS AND OCEANS



Photo: Frederic Leblanc

Canada's natural land, freshwater and ocean environments, and the wildlife they sustain, are the lifeblood of our country and a core part of our national identity.

#### **Recommendation Summary**

The time has come to prioritize the health of Canada's ecological systems. As many public opinion polls have demonstrated, Canadians support much larger-scale protection of our land, freshwater and ocean environments as a cornerstone of our efforts to safeguard nature.<sup>1</sup>

Canada has committed to protect at least 17% of our landscape and 10% of our ocean by 2020,<sup>2</sup> and to substantially exceed these targets in the long term.

#### **Investment Required:**

To deliver on these commitments, a federal investment of **\$1.4 billion** is needed over the next three years (2018-2021), followed by about **\$470 million per year** on-going.

<sup>1</sup> Polling: for example, Alberta:: <u>http://cpaws-southernalberta.org/campaigns/survey-albertans-want-more-wilder</u>ness; Manitoba:http://www.iisd.org/media/manitobans-back-ambitious-targets-conservation-and-sustainable-development-boreal-forest-poll; http://www.wwf.ca/newsroom/?22721/Support-near-unanimous-for-marine-protection-new-survey-finds

<sup>2</sup> https://www.cbd.int/sp/default.shtml

#### CANADA'S COMMITMENT

- In 2010, Canada committed under the UN Convention on Biological Diversity (CBD) to protect at least 17% of our land and inland waters and 10% of our ocean by 2020 and to improve the quality of our protected area networks.
- In 2015, during the election campaign and in mandate letters, the federal government promised to deliver on this CBD commitment, and then in March 2016, the Prime Minister affirmed that Canada *will take concrete steps to achieve and substantially surpass these national goals in the coming years.*<sup>3</sup>

#### THE URGENT NEED FOR ACTION

Canada is a nation deeply connected to nature. It underpins our economy, culture, history, health and well-being.

Although we still have large expanses of wilderness in Canada, we are not immune to the unprecedented extinction crisis facing wild plants and animals around the world.<sup>4</sup> All ecosystem types in Canada are declining, and the number of species at risk continues to grow, year after year. The spaces that wildlife and people depend on are being degraded and lost due to ever-expanding industrial and urban development, and growing impacts of climate change.

Large-scale networks of protected land, inland waters and ocean are needed to support healthy ecosystems so they can sustain wildlife, and deliver the clean air, water, food and other goods and services we all rely on for survival. The

current political targets of 17 and 10% protection are a positive step in the right direction, but evidence now shows that we will likely need to protect 30% to 70% of each ecosystem type in the long term.<sup>5</sup>

#### Canada's Current Status

Canada lags most of the world in land, freshwater and ocean protection. With only 10.6% of our land and freshwater protected, Canada ranks well behind other large countries like Australia (17%), China (17%) and Brazil (29%), and last among G7 countries.



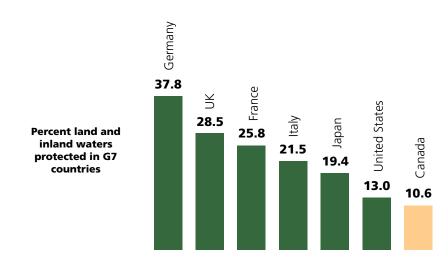
**Recommendations** – **Alignment with Political Priorities Protected Areas Reducing GHG** Emissions **Climate Resilience** Reconciliation with Indigenous Peoples Meeting Public Expectations Healthy Waters Jobs for the Middle Class Improving Health & Wellbeing Protecting Nature & Wildlife Clean Growth & Innovation **Economic Growth** for Rural & Remote Communities

**GBC Feature** 

Photo: Sunetra Ekenayake

<sup>3</sup> http://pm.gc.ca/eng/news/2016/03/10/us-canada-joint-statement-climate-energy-and-arctic-leadership 4 For example, Ceballos, G., Ehrlich, P.R. and Dirzo, R. (2017) Biological annihilation via the ongoing sixth mass extinction signaled by vertebrate population losses and declines. PNAS 114(30) www.pnas.org/cgi/ doi/10.1073/pnas.1704949114

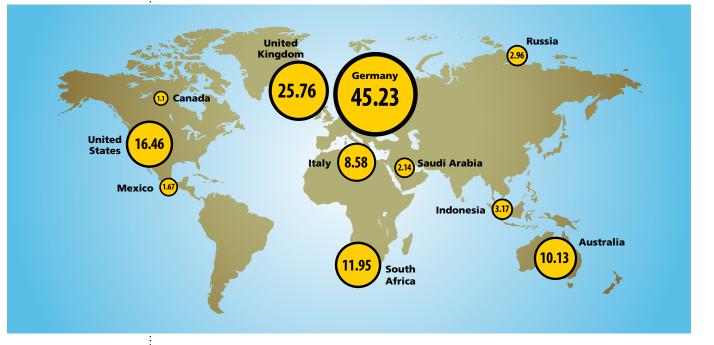
<sup>5</sup> For example, Noss et al (2012) Bolder thinking for conservation, Conservation Biology 26(1): http:// onlinelibrary.wiley.com/doi/10.1111/j.1523-1739.2011.01738.x/full ; E.O. Wilson (2016) Half Earth: Our Planet's Fight for Life. Liveright Publishing; http://natureneedshalf.org/how-much-is-enough/; IUCN World Conservation Congress motion 053 https://portals.iucn.org/congress/motion/053



## Figure 1. Comparison of terrestrial protected area coverage between Canada and other G7 Nations (%)<sup>6</sup>

On ocean protection, Canada is even further behind, with only 1.1 % of our ocean estate protected (Figure 2).

## Figure 2. Comparison of Marine Protected Area coverage between Canada and the top 10 G20 Nations (%).<sup>7</sup>



 From CPAWS (2017) Laggard to Leader? Canada's Renewed Focus on Protecting Nature Could Deliver Results. http://cpaws.org/uploads/CPAWS-Parks-Report-2017.pdf. Data source is UN Environment and IUCN, World Database on Protected Areas, updated June 2017, except for Canada where data source is the Conservation Area Reporting and Tracking System (CARTS, updated Dec 2016 www.ccea.org/CARTS
7 MPA coverage is shown as percentage of ocean estate included in designated marine protected areas. Canadian statistics are from www.ccea.org/CARTS with the addition of the recently designated Hecate Strait and Queen Charlotte Sound glass sponge reef MPA and St. Anns Bank MPA. Statistics for other countries are from www.MPAtlas.org

#### DELIVERING ON CANADA'S COMMITMENT TO PROTECT OUR LAND, INLAND WATERS AND OCEANS

#### The Benefits of Protected Areas

An expanded network of protected areas will deliver important environmental, economic, social and cultural benefits to Canadians, and help deliver on other important government priorities, including:

- Safeguarding species at risk critical habitat,
- Providing clean drinking water and air,
- Mitigating climate change by storing and sequestering carbon,<sup>8</sup>
- Preventing or reducing the severity of natural disasters (e.g., flooding and landslides),
- Delivering on the UN Sustainable Development Goals in Canada,
- Supporting jobs and diversified economies in rural and remote communities,
- Improving physical and mental health, and
- Connecting people with nature.

For protected area networks to be effective in conserving nature and delivering these benefits to society, they must be grounded in strong science- and Indigenous knowledge- based planning and management, including ecological inventories, research and monitoring.

The GBC welcomes the federal government's interest in nature-based solutions and recommends allocating "green infrastructure" and climate change funding to support nature conservation initiatives, including protected areas.

#### **Economic Benefits of Protected Areas**

A 2015 global study found that protected areas around the world receive about 8 billion visits per year, generate US \$600 billion per year in direct in-country expenditures and over US \$250 billion per year in consumer surplus. With less than US \$10 billion spent each year globally to operate protected areas, this represents a significant return on investment.<sup>9</sup>

In Canada, federal, provincial and territorial parks generate significant economic benefits, particularly in rural and remote communities (Figure 3, below).

Protected areas also generate billions of dollars in ecosystem goods and services (EGS) that provide direct and indirect benefits to society year after year. Water and air purification, flood and drought mitigation, climate regulation as well as carbon capture and storage are among the many ecosystem services that protect communities from severe weather events and at the same time create opportunity for economic growth and development. For example, the annual



Photo: Ron Thiessen



Photo: Ian Keefe

<sup>8</sup> According to one study, Canada's national parks store approximately 4.43 billion tonnes of carbon, which is approximately 23 times the Canada's 2009 annual greenhouse gas emissions. http://www.parks-parcs.ca/english/CPC%20Climate%20Change%20Report%20FINAL%20engLR.pdf

<sup>9</sup> Balmford A, Green JMH, Anderson M, Beresford H, Huang C, Naidoo R et al (2015) Walk on the Wild Side: Estimating the Global Magnitude of Visits to Protected Areas. PLoS Biol 13(2): e1002074. Doi: 10.1371/journal. pbio. 1002074

value of EGS provided by Thousand Islands National Park is estimated to be between \$12.5 and \$14.7 million.<sup>10</sup>

#### Figure 3. Economic impact of parks in Canada<sup>11</sup>

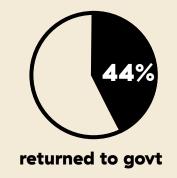
EVERY DOLLAR SPENT BY FEDERAL, PROVINCIAL AND TERRITORIAL PARKS AGENCIES RESULTS IN A \$6 CONTRIBUTION TO CANADA'S GDP





64,000

44% OF ALL PARKS AGENCY SPENDING WAS RETURNED TO THREE LEVELS OF GOVERNMENT IN TAXES.<sup>6</sup>



#### The Opportunity

In spite of Canada having fallen well behind most countries in the world in the proportion of our land and seascape protected for nature, with political leadership, partnerships across all sectors, and federal investment to incent action and leverage additional support, the 2020 target can be reached, and science and Indigenous knowledge-based plans can be created for continued work beyond 2020.

A key opportunity is through the establishment of Indigenous protected areas. Across Canada, Indigenous peoples are leading efforts to protect large areas of land and ocean to safeguard natural and cultural values. Partnering with Indigenous peoples to protect land and ocean areas through nation-to-nation and Inuit-to-Crown relationships, honouring Indigenous rights, interests and traditions, is an important part of reconciliation. The federal government's financial support for a pilot project for a nation-wide Indigenous Guardians program offers an opportunity to explore Indigenous approaches to protection and conservation. Our proposal would complement this program by further supporting Indigenous governments' efforts to establish protected areas.

#### **Protecting our Land and Inland Waters**

All levels of government need to contribute to the effort to protect more land and inland waters because 90% of Canada's land is publicly owned, and

11 Figure from CPAWS (2017) Laggard to Leader? Canada's Renewed Focus on Protecting Nature Could Deliver Results. http://cpaws.org/uploads/CPAWS-Parks-Report-2017.pdf. Data source: The Outspan Group Inc. 2011. The economic impact of Canada's National, Provincial and Territorial Parks in 2009. A technical report prepared for the Canadian Parks Council. Available at www.parks-parcs.ca/english/cpc/economic.php

<sup>10</sup> Statistics Canada (2013), "Human Activity and the Environment: Measuring Ecosystem Goods and Services in Canada". http://www.statcan.gc.ca/pub/16-201-x/16-201-x2013000-eng.pdf

#### DELIVERING ON CANADA'S COMMITMENT TO PROTECT OUR LAND, INLAND WATERS AND OCEANS

jurisdiction over that land is shared among federal, provincial, territorial and Indigenous governments. In southern Canada, private land dominates, and nongovernmental land trusts play an important role in conserving land.

In February 2017 Canada's federal, provincial and territorial governments launched the "Pathway to Target 1"— a new collaborative process to deliver on the 2020 protected area target on land and inland waters. The federal government's response to the March 2017 House of Commons Standing Committee on Environment and Sustainable Development's report on how Canada can achieve the protected area targets highlights that:<sup>12</sup>

The goal of the Pathway work is to produce guidance that will enable Canada to meet its biodiversity terrestrial target by 2020. The guidance will be grounded in science and traditional knowledge, and lead to the establishment of a coordinated network of terrestrial protected areas, Indigenous conservation areas and other effective areabased conservation measures across Canada. The guidance will also inform Canadian jurisdictions how to develop these networks so that they are effectively and equitably managed, well-connected and integrated into the wider landscape, include areas of importance for biodiversity and ecosystem services, and that together achieve ecological representation.

Momentum is building to deliver on the target. Federal funding is now urgently needed to support quick action on the ground by all jurisdictions, and to support science and Indigenous knowledge-based planning to complete effective protected area networks in the long term.

#### **Implementing Pathway to Target 1**

We are recommending a new shared funding model that mirrors the approach used to incent action in other areas of shared jurisdiction, like infrastructure and climate change. This would include full funding for areas of federal responsibility, and a cost-shared model that would leverage additional financing, and support action by provincial, territorial and Indigenous governments and non-government partners. This cost shared arrangement should be tied to criteria based on recipients contributing to the outcomes of the Pathway to 2020 process.

A federal investment of approximately \$1 billion over three years is required to achieve at least 17% protection of land and inland waters and to create, and advance a long-term plan. This would leverage a significant investment by provincial and territorial governments, and strategically aligned philanthropic organizations to support the implementation of the Pathway.

Beyond 2020 we recommend investing \$280 million annually, to deliver a long-term plan that will effectively conserve nature and the services it provides to people.

12 https://www.ourcommons.ca/DocumentViewer/en/42-1/ENVI/report-5



Photo: Julie Marsh

#### **RECOMMENDED INVESTMENTS:**



#### 1. Protected Area establishment and management:

#### Federal protected areas (National Parks and Wildlife Areas):

- \$94 million per year on-going for establishment and management of five new National Parks and three new National Wildlife Areas by 2020, and to improve management of existing areas, plus a one-time \$50 million investment to resolve third party rights;<sup>13</sup>
- \$3 million/year for three years to review and upgrade federal policy and legislation (for example, new system plans, upgraded legislation for National Wildlife Areas, to support Indigenous protected areas and to address other needs identified through the Pathway to Target 1 process).

## Cost-shared fund to support provincial, territorial, Indigenous, and privately protected areas:

Land management is largely within provincial, territorial and Indigenous government jurisdiction in Canada. Therefore, a new cost-shared funding model for protected areas planning, establishment and management is needed to incent action in all regions of the country, as follows:

- \$120 million per year ongoing to support protected area planning, establishment and management by provincial, territorial and Indigenous governments.
- \$20 million per year for five years to support conservation/land-use planning to determine what areas should be protected to conserve biodiversity and ecosystem services in the long term.
- \$50 million per year ongoing for NGOs and others to protect private lands.<sup>14</sup>
- \$100 million one-time investment to support the resolution of third party rights to enable protected areas establishment.

We suggest the federal government provide up to:

- 100% of funding to support Indigenous governments
- 50% of funding for provincial, territorial governments
- 50% of funding for privately protected areas.



Photo: Tim Foster

<sup>13</sup> This would support the creation of national parks in the South Okanagan-Similkameen, the Flathead Valley, and Northeastern region of BC, as well as the Manitoba Lowlands and one additional park. It would support new National Wildlife Areas in the NWT (Edehzhie), and the Saskatchewan Grasslands, and provide funding to acquire land or other third party rights for the Bruce Peninsula, Grasslands and other federal protected areas. 14 This \$50M per year, ongoing, includes renewal of the Natural Areas Conservation Program (NACP). The GBC's support for four complementary programs (some of whose funding is scheduled to sunset in 2018 or 2019) - HSP, AFSAR, NWCF, and NAWMP - is primarily addressed in the Complementary, Cross-Cutting Recommendations section of this document.



#### 2. Federal leadership and collaboration:

\$3 million/year on-going to support collaboration among government and non-government partners.



\$3 million per year for three years to develop a nationwide strategy to maintain or restore ecologically connected landscapes and waterscapes, as required under the international targets. This is particularly important to enable species to shift and move in response to climate change.



#### 4. Citizen engagement:

\$10 million per year ongoing for a leveraged fund to engage citizens in Canada's work to protect more land and inland waters. This cost-share program would enable NGOs and others to leverage additional financial capacity from philanthropic and other sources to engage in land protection.<sup>15</sup>

#### **PROTECTING THE OCEAN**

In 2016 the IUCN World Conservation Congress passed a motion encouraging the protection of at least 30% of the world's marine environments by 2030,<sup>16</sup> recognizing the growing scientific consensus that this is what is needed to conserve healthy oceans.

Unfortunately, Canada has fallen far behind many other nations in the establishment of marine protected areas and must escalate the effort to engage stakeholders, governments and Indigenous communities to negotiate agreements and legally designate areas.

Canada has committed to protect at least 10% of its marine environment by 2020 and to substantially exceed this level of protection by 2030. This commitment will help realize Canada's contribution to the United Nations Aichi Targets for marine protection and as well as obligations under Canada's *Oceans Act* and Canada's Oceans Strategy.

Marine protected areas can also help Canada achieve a broad range of additional goals and commitments including those under the United Nations Sustainable Development Goal 14, endangered and threatened species protection and recovery as required under the *Species at Risk Act*, and objectives related to reconciliation with Indigenous people.

To live up to this commitment, Canada must invest in expanded marine protection work.



Photo:Jeffrey Deng

<sup>15</sup> Note that we are recommending a similar engagement program for ocean protection.

<sup>16</sup> IUCN World Conservation Congress 2016, Motion 053 https://portals.iucn.org/congress/motion/053





Photo: Spencer Watson

#### Focus: Accelerating Progress on High Value Marine Protected Areas

Jurisdictional complexity in Canada's oceans means that many different agencies must be engaged in consultation and decision making associated with marine protected areas. Each agency must have adequate capacity to engage in the planning, assessment and designation process to ensure a timely marine protected area network outcome.

In recent years, the lack of capacity, engagement, and participation by some federal agencies has resulted in delays, and in some cases, a complete lack of progress on the establishment of marine protected areas. Sufficient funding must be provided to accommodate the required interagency management and decision-making processes.

Planning associated with marine protected areas must include a high level of consultation and engagement. Capacity in the form of staff, travel, and meeting budgets must be enhanced to facilitate effective and timely consultation processes so that protection measures are effective, and durable.

In summary, significant capacity investments are required to facilitate a more effective consultation, assessment and designation process for establishing marine protected areas.

The Green Budget Coalition recommends a federal investment of approximately \$360 million by 2020 to achieve 10% protection by 2020 while planning for and advancing a long term plan, as well as about \$170 million annually post 2020 (as detailed below), to deliver on this long term plan.

#### **Recommended investments:**

#### Overall investment of \$363 million over three years (2018/19 to 2020/21); \$2 billion to 2030



#### 1. Developing new governance arrangements and policy tools

(e.g. upgrading legal and policy framework, supporting co-governance arrangements), to advance marine spatial planning (MSP) for Canada's oceans) – \$25M per year for 5 years (2018-2023). This investment will help maximize the contribution of conservation efforts by situating MPA network planning within a broader framework that considers the full range of human uses and values over the long-term.



#### 2. MPA network planning, establishment and management

## a. Fisheries and Oceans Canada – Bioregional MPA network planning, establishment and management

i. Five bioregions where planning is underway – \$25M over three years (2018 to 2021) followed by \$15M per year ongoing

ii. Remaining seven bioregions – 35M over 3 years (2018 to 2021) then ramping up to 21M per year ongoing

#### b. Parks Canada Agency

i. Proposed NMCAs currently underway – \$35M over three years (2018 to 2021), then \$25M per year ongoing

ii. New NMCA proposals to complete system by 2030 (14 new sites) – \$145M over three years (2018 to 2021) then \$70M per year, ongoing

#### c. Environment and Climate Change Canada (Canadian Wildlife Service)

i. Developing a clear plan for marine NWAs – \$1.5M/year for two years (2018 to 2020)

ii. Implementing the plan – new marine NWAs

a) 15 new sites from 2020-2025 – \$15M in 2020/21, \$30M/year from 2021 to 2025

b) Plus additional 15 sites 2025-2030 – \$60M/year on-going

## 3. Citizen and stakeholder engagement – a leveraged fund to engage citizens in Canada's work to protect more ocean.<sup>17</sup>

This cost-share program would enable NGOs to leverage additional financial support, build greater capacity and broaden their reach – \$10M per year ongoing

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# ENVIRONMENTALLY SUSTAINABLE AGRICULTURE

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## INVESTING IN ENVIRONMENTALLY SUSTAINABLE AGRICULTURE



#### **Recommendation Summary**

Canada has the potential to become a trusted global leader in sustainable food production while delivering critical environmental and social benefits, such as climate mitigation and adaptation, water quality, biodiversity, and food security. The Canadian Agricultural Partnership (CAP) and A Food Policy for Canada (FPC) present important opportunities for the federal government to play a leadership role in enabling the growth of an environmentally sustainable, climate resilient and competitive agricultural sector that meets the needs of Canadians now and into the future.

The Green Budget Coalition recommends that Budget 2018 contributes to the environmental and socio-economic priorities of the CAP and the FPC with a significant investment in programs, scientific research and policy development that support environmentally sustainable agriculture.

Specifically, GBC recommends that Agriculture and Agri-Food Canada (AAFC), in collaboration with other departments, invests \$558 million over five years (starting 2018-2019) in:

#### 1. Agri-Environmental Programs to Protect the Ecological Function of Agricultural Landscapes & Improve Sector Competitiveness

#### **Investment Required:**

For 2018/19:	\$90 million
For 2018 to 2023:	\$450 million (total)





## 2. Science Capacity, Research & Monitoring to Reduce Environmental Risks and Increase Public Trust in Canada's Agriculture

#### **Investment Required:**

For 2018/19:	\$24 million
For 2019/20:	\$21 million
For 2018 to 2023:	\$108 million (total)

#### **Background and Rationale: Why is this important?**

Canada's agricultural productivity and our well-being relies on a foundation of ecological health. As stewards of the land, farmers face increasing challenges in balancing the need to produce more food with that of protecting Canada's air, soil, water and biodiversity.

A lack of adequate policy and program support for sustainable agricultural practices has contributed to a growing number of environmental challenges on the farm and beyond. For example, ongoing drainage of wetlands and streams - a common practice used to create more crop land and control water - has

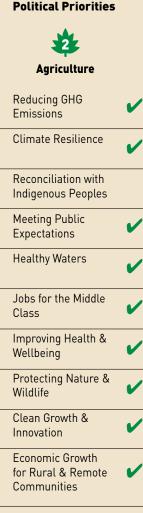


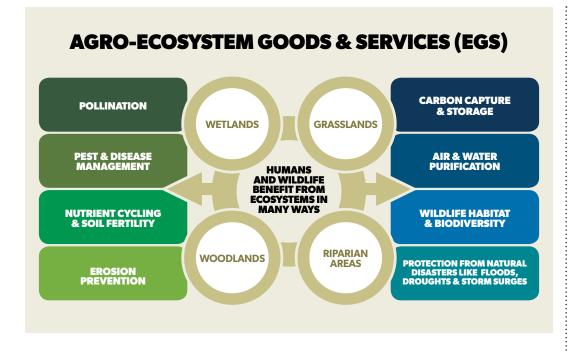
resulted in significant habitat and biodiversity loss, water pollution and more severe flood events. Many of these environmental issues are compounded by a changing climate and farmers are already facing many challenges including crop loss, reduced yields and decreases in farm income. Canada's communities are also feeling the negative effects of environmental degradation, including increasing risks of food insecurity and resultant health impacts, as well as increasing

costs of new infrastructure to replace water filtration and other lost ecosystem services. Lastly, on-farm habitat and biodiversity loss is hurting Canadian wildlife, evidenced by a growing number of listed, threatened or endangered species, including pollinators and other agriculturally beneficial insects.

In the face of climate and economic uncertainty, government support for conserving the ecological integrity and resilience of Canadian farmlands through environmentally sustainable agriculture practices has never been more urgent. Sustainably-managed agricultural landscapes can generate a number of ecosystem goods and services (EGS) that will benefit farmers directly and create long-term mutually-reinforcing economic, environmental and social benefits for Canadians.

#### GBC Feature Recommendations – Alignment with Political Priorities





Sustainable management of agro-ecosystems & their services can increase agricultural productivity and strengthen the resilience of farmlands, rural communities and their natural resource base.

#### The Benefits of Environmentally Sustainable Agriculture

Supporting sustainable management of agro-ecosystems and investing in environmentally sustainable agriculture can generate important environmental, economic, and social benefits for all Canadians, and at the same time, help advance a number of important government priorities, including:

- Increasing agricultural competitiveness, market access and climate resiliency
- Mitigating climate change and reducing GHG emissions
- Supporting farmers and rural community development
- Safeguarding species at risk critical habitat & enhancing biodiversity
- Reducing environmental and (occupational) exposure to toxic chemicals
- Increasing food security and enhancing access to healthy and safe foods
- Protecting Canada's wetlands, rivers, lakes and streams
- Meeting the UN and Federal Sustainable Development Goals



Photo: © Georgia McNeil, Ecology Action Centre

#### **Recommended Investments**

The Green Budget Coalition recommends a federal investment of \$558 million over five years in agri-environmental programs, policies and scientific research to provide long-term ecological, social, and economic benefits while enhancing climate change resiliency and native species diversity.



#### 1. Invest \$450 million over five years in Agri-Environmental Programs to Protect the Ecological Function of Agricultural Landscapes & Improve Sector Competitiveness

The last agricultural policy framework, *Growing Forward 2*, invested a total of \$320 million (of which \$192 million was federal funding) over five years to support agri-environmental measures on Canadian farms. When divided across Canada's agricultural land area (67.5 million hectares), this investment amounted to less than

#### A \$166 MILLION INVESTMENT OVER 5 YEARS WOULD RESTORE 31,600 WETLAND ACRES\*, AND RESULT IN:

**41,712 TONNES** of reduced co., emissions – equivalent to emissions from 8,900 cars/year

**28.3 MILLION m**<sup>3</sup> of water storage – EQUIVALENT TO 11,502 OLYMPIC-SIZED POOLS

**24,016 kg** OF PHOSPHORUS FILTERED/YEAR

1.28 MILLION kg of Nitrogen Filtered/year

\$66 MILLION IN ANNUAL ECOSYSTEM GOODS & SERVICES (EGS) VALUE

**\$2.178 BILLION** IN EGS VALUE OVER A 33-YEAR TIMEFRAME

 Estimated EGS values generated by 2/3 of total proposed spendin (\$250M), that would be matched 1:1 by partners and used for wetland restoration. \$1 per hectare per year. The GBC believes that this level of investment is insufficient to address the above-mentioned environmental challenges and climate change impacts facing the sector.

Improving environmental conditions on Canadian farms is also critical to the sector's future competitiveness at home and abroad. Increasingly, producers are being asked to demonstrate that their farming methods meet several environmental standards or criteria. To better meet these types of consumer demands, build public trust and take advantage of emerging markets, Canadian farmers need to show measurable environmental improvements on their farms related to water, GHG emissions, land management and biodiversity.

As such, the GBC recommends an increase in funding allocations to various incentive tools that would help protect agriculture's ecological function and enhance on-farm environmental stewardship. The design and delivery of these incentive programs should be supported by results- and systems-based approaches as well as legal and policy frameworks to ensure that maximum environmental and socio-economic benefit is derived from each investment.

a) Establish a National Perennial Cover Incentive program to improve grassland management practices, protect water quality, reduce GHG emissions and enhance biodiversity and wildlife habitat. AAFC can

model this investment on the former GreenCover Canada program (2003-2008), which paid producers for converting physically and economically marginal cropland to pasture land or native cover land for at least a decade. (est. \$120M/5 years)

#### INVESTING IN ENVIRONMENTALLY SUSTAINABLE AGRICULTURE

#### b) Establish a National Land Management and Stewardship Program<sup>18</sup>

in collaboration with Environment and Climate Change Canada (ECCC) to restore lost or degrade wildlife habitats (e.g. wetlands, woodlands and hedgerows) and their many ecosystem goods and services (EGS). Under this initiative, partners would match federal funds (1:1) to restore EGS on properties in areas that have experienced high historical habitat loss. Incentive payments would only be provided to landowners who agree to restore and subsequently maintain EGS on their land through long-term habitat conservation easements. (federal est. \$250M/5 years)

#### c) Leverage insurance mechanisms to promote environmentally Beneficial Management Practices (BMPs) on farmland.

- The GBC recommends that AAFC work with its provincial and territorial counterparts to design a risk management program that would give preferential premium insurance rates to producers who have adopted environmental BMPs, including habitat restoration, in order to increase agricultural resilience against climate change impacts.
- 2. The GBC recommends that AAFC design, promote and provide financial backing for a new pooled insurance scheme to reduce financial risks to farmers transitioning away from priority pesticides, modelled after the Corn Mutual Fund (II fondo mutualistico per il mais) program piloted in Italy. This approach reduces the financial risk of significant pest damage to crops, while avoiding the environmental costs of pesticide use and encouraging integrated pest management (IPM) practices. To be eligible for coverage, farmers must buy into the scheme, avoid the use of priority pesticides and demonstrate rigorous implementation of IPM practices. (\$3M/year)

**d) Rebuild education and outreach capacity to deliver BMP incentive programs.** To increase uptake of federal and provincial BMP incentive programs and ensure that they are delivered in a more environmentally strategic and integrative manner, it is recommended that AAFC support the expansion of provincial capacity for knowledge transfer to and among farmers. These well-trained extension specialists would apply the latest scientific research and systems knowledge to provide information and expert advice to producers on how to optimize operational and environmental functionality on their farm. (\$8M/year)

e) Support innovation and competitiveness in organic and agro-ecological methods. The GBC recommends that AAFC provide adequate funds for timely maintenance of organic standards and their enforcement to ensure Canadian organic producers can depend on the integrity of the Canada Organic Brand and to help increase their access to the expanding global market for organic products in line with government priorities.<sup>19</sup> (\$5M/year)



<sup>18</sup> The infographic provides an example of the potential ecosystem service value that would be created over a 33-year timeframe from 31,600 acres of restored wetlands, assuming that two-thirds of total program funding (\$116M out of \$250M) is matched and used for wetland restoration.

<sup>19</sup> As advised by Canadian Organic Growers, Canada Organic Trade Association, USC Canada & Organic Federation of Canada.



#### 2. Invest \$108 Million over five years in Science Capacity, Research & Monitoring to Reduce Environmental Risks and Increase Public Trust in Canada's Agriculture

The growth of an environmentally sustainable and climate resilient agricultural sector must be based on, and supported by, sound science, reliable information and comprehensive analysis and evaluation of environmental impacts and benefits. However, budget cuts over the last decade have weakened science capacity in this area. The federal government must maintain, or in some cases restore, and expand scientific research, monitoring, and continuous evaluation related to the following key environmental issues, as they relate to agriculture: climate change, species and habitat loss, pesticide use, water quality and the need for integrated, landscape-level responses to these challenges. Former successful scientific research projects, like the National Agri-Environmental Standards Initiative (NAESI)<sup>20</sup> which developed environmental performance standards for agricultural production, should be revisited and used to enhance agri-environmental policy and programs. Such research is essential to supporting the development of on-farm sustainability metrics and facilitating access to emerging markets for environmentally sustainable products.



a) Support research to evaluate the environmental and economic benefits and costs of implementing BMPs on farmland. To address knowledge gaps identified by the Commissioner of the Environment and Sustainable Development,<sup>21</sup> the GBC recommends that AAFC invest in research evaluating the ecological as well as the economic costs and benefits of various BMPs. As well, we recommend examining how this research can be best applied to generate landscape-scale environmental benefits for society and economic benefits for the producer. Investing in this type of research will support BMP program design and systems-based program implementation. (\$5M/year)

b) Support research and knowledge transfer of ecologically sustainable farming practices and approaches (e.g., integrated pest management and organic farming practices<sup>22</sup>) that will reduce farmers' heavy reliance on chemical pest management and improve soil health, water quality, biodiversity and habitat. The GBC recommends that AAFC invest in research to find more environmentally-friendly and economically-viable pest management approaches, including: integrated pest management, organic or holistic farming practices (such as diverse crop rotation and shelterbelts), and the use of native wildlife species as pest control.

**c) Establish the Pollinator Conservation Initiative** to conserve pollinator biodiversity, and increase food security and sustainability of agro-ecosystems. The GBC recommends that AAFC and ECCC establish a Research Fund (\$8M/year) to

<sup>20</sup> The National Agri-Environmental Standards Initiative was a \$25 million investment (2002-2008) that developed 98 environmental performance standards in support of agri-environmental programming. While the initiative generated state-of-the art scientific information, it was never applied or implemented in program or policy.

<sup>21 2008</sup> report of the Commissioner of the Environment and Sustainable Development, "Chapter 3: Managing Environmental Programming - Agriculture and Agri-Food Canada".

<sup>22</sup> Examples of organic farming practices: diverse crop rotation, hedgerows & shelterbelts, trap crops and roguing).

#### INVESTING IN ENVIRONMENTALLY SUSTAINABLE AGRICULTURE

enable independent scientific research and innovation in support of managed and wild native pollinators and their habitat in the context of expanding agricultural production and climate change. This Fund would also help fill knowledge gaps related to impacts of managed bees on wild pollinators. This should be accompanied by a Pollinator Protection Program that provides increased scientific capacity operationally (\$4M/year) to deliver national baseline monitoring and reporting, set population and habitat targets for wild pollinators, develop national policy and ensure policy coherence.

d) Contribute to the development of decision-support tools (e.g. National Ecosystem Mapping & Monitoring<sup>23</sup>) to enable integrated land-use and watershed management, climate change adaptation and mitigation, sustainable resource development and biodiversity conservation. The GBC also recommends that AAFC, in collaboration with provinces and territories, create a **Pesticides Use Data Collection System** to enable monitoring and reporting of pesticide use by applicators. Key upfront costs of \$5 million in 2018. In 2019 and onward, \$2M/ year would be required for expert personnel to manage and promote the program to stakeholders.

e) Invest in expanded monitoring of environmental exposure to pesticides. The GBC recommends a carve-out under the CAP to revive and expand ECCC's National Pesticides Monitoring and Surveillance Network. This is needed to support effective assessment and regulation of agricultural pesticides and reduce environmental risks. (\$2M/ year)

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<sup>23</sup> For more information please see "Complementary Cross-Cutting Recommendations Section - Sharing Environmental Data & Science System" later in this document.



CONTACT

# TOWARDS SUSTAINABLE FISHERIES

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#### **Recommendation Summary**

The Green Budget Coalition (GBC) commends the Government of Canada's commitment to amend the *Fisheries Act* and recommends that it complements this commitment with adequate funding for policies, programs and partnerships that will help protect, restore and sustain Canada's fisheries — and the rivers, lakes and oceans that support them — for generations to come.

We also welcome recent funding to update Integrated Fisheries Management Plans, develop rebuilding plans and implement the new catch monitoring policy. Given the importance of our commercial and recreational fisheries to Canadians, we recommend additional funds to further develop healthy, well-managed stocks.

As such, the GBC recommends that Fisheries and Oceans Canada (DFO) invest \$260 million over the next five years (2018-2023) in the following key areas:

#### 1) Fish Habitat Protection and Restoration

#### **Investment Required:**

For 2018/19:	\$30 million
For 2018 to 2023:	\$200 million (total)

#### 2) Rebuilding, Recovering and Sustainably Managing Fisheries

#### **Investment Required:**

For 2018/19:	\$12 million
For 2018 to 2023:	\$60 million (total)





#### GBC Feature Recommendations – Alignment with Political Priorities

3
Fisheries

Reducing GHG Emissions

Climate Resilience	~
Reconciliation with Indigenous Peoples	~
Meeting Public Expectations	~
Healthy Waters	~
Jobs for the Middle Class	~
Improving Health & Wellbeing	~
Protecting Nature & Wildlife	~
Clean Growth & Innovation	
Economic Growth for Rural & Remote Communities	~

#### Background and Rationale: Why is this Important?

Canada boasts one of the most diverse and valuable commercial and recreational fisheries in the world, sourced from three oceans, the Great Lakes, a vast expanse of inland lakes and world famous rivers. These fisheries are economically important for middle class Canadians and Indigenous Peoples, both in terms of value and employment. The latest data shows that commercial fisheries provide an estimated gross value of over \$8.4 billion and recreational fisheries generate approximately \$7.5 billion for local economies annually. Approximately 72,000 Canadians make their living directly from commercial fishing and fishing-related activities, while over 3.2 million Canadians participate in recreation fishing each year.<sup>24</sup> Managing Canada's fisheries sustainably and equitably is vital to the livelihoods of rural and Indigenous communities, our outdoor recreation and tourism industries, and the overall health of our oceans, lakes, and rivers.

Despite the economic and cultural importance of this natural resource, Canada's fisheries face a number of significant challenges. For example, marine populations have declined by more than 50% since 1970 and nineteen stocks are listed in the critical zone of which only three have rebuilding plans. Many recreational fish species in Canada are either in decline or maintained primarily by stocking. Furthermore, DFO does not have a science-based reference point for 80 of the 154 major fish stocks. This makes assessments of their health and any related management decisions, relatively ineffective.<sup>25</sup> Unabated degradation and loss of habitat is also a serious problem, threatening the survival and health of freshwater and anadromous fish across the working landscapes of the country. To date, nearly 70% of total wetland area located in southern Canada have been lost or degraded. To effectively meet these challenges, the federal government needs to fill a number of resource and capacity gaps in areas related to fish habitat protection and restoration, the recovery of depleted fish stocks and marine species at risk, as well as evidence-based, adaptive and collaborative fisheries management. Filling these gaps will help to improve fish abundance and allow Canadians to reduce our dependence on depleted stocks and increase economic revenue and recreational opportunities from healthy fisheries.

The Standing Committee on Fisheries and Oceans report on restoring lost protections under the Fisheries Act highlighted a number of needs for enhanced DFO capacity and new program areas. The 2009 report of the Commissioner on Environment and Sustainable Development on Protecting Fish Habitat highlighted several key capacity and program shortcomings that remain a problem almost ten years later. As the government moves to restore lost protections, budget allocations need to be in place to ensure mistakes of the past are not repeated in the renewed habitat protection program.

Department of Fisheries and Oceans, Facts on Canadian Fisheries and Recreational Fishing.
The Commissioner on Environment and Sustainable Development (CESD) report on 'Sustaining Canada's

Major Fish Stocks', http://www.oag-bvg.gc.ca/internet/English/parl\_cesd\_201610\_02\_e\_41672.html

# TOWARDS SUSTAINABLE FISHERIES

#### **Recommended Investments**

The Green Budget Coalition recommends that the Government of Canada expand, and in some cases restore, funding support for effective fisheries management and implementation of the new *Fisheries Act* with an investment of \$260 million over five years. Specifically, the GBC recommends that DFO:

## 1. Invest \$200 million over five years in habitat protection & restoration to support, rebuild and sustain fisheries.

Renewed protection of fish habitat under the *Fisheries Act* requires a complementary renewal of the fish habitat protection program. The overall goal of the program should be to restore past harm to fish habitat and prevent or compensate for future harm in order to ensure the economic and cultural values of our fisheries for future generations.

#### Additional funding of \$20 million per year is required to:

- Enhance the capacity and capability of the department to deliver high quality review and advice on authorizations and environmental assessments,\_
- Establish a public database of projects that cause harm to fish habitat,
- Invest in developing world class standard practice for common activities that impact fish and fish habitat,
- Create data tools such as habitat quality mapping and restoration opportunity mapping to support industry habitat compensation actions and public habitat conservation efforts,
- Establish and support program delivery partnerships with other governments and non-government organizations,
- Build new fish habitat protection program components to address cumulative effects, and
- Fill gaps in compliance monitoring and enforcement.

## In addition, funding of \$10 million in year 1, with an incremental increase of \$5 million per year over the remaining four years, is required to:

- Fund partnerships to restore degraded or destroyed fish habitat across Canada,
- Establish regional habitat restoration priorities, and
- Increase the capacity of private and non-government organizations to deliver high quality fish habitat restoration projects.

This funding would represent a renewal and expansion of the existing Recreational Fisheries Conservation Partnership Program (RFCPP) that is scheduled to sunset in 2019. We recommend that priorities for the first year are to increase capacity of private and non-government organizations to receive both training and resources to plan and design projects that would then be funded in Year 2 - 5 of the program. As such, we also recommend that the first year begin



Photo: © Carolyn Kosheluk

at \$10 million and then be increased by \$5 million per year over the next four years for a total of \$100 million over five years. It takes both time and funds to develop good medium to larger scale projects that would have far larger benefits than many small projects .

The Green Budget Coalition commends the Government's recent announcement committing \$75 million over five years for the Coastal Restoration Fund under the Ocean Protection Plan. The GBC recommends that the fund support projects and partnerships for fisheries protection and watershed planning, restoration planning support to provinces, integrated coastal zone planning and monitoring and data collection.





## 2) Invest an additional \$60 million over five years to rebuild, recover and sustainably manage fisheries

Fisheries must be rebuilt by establishing and implementing science-led conservation plans and rebuilding strategies, with targets and timelines for all depleted fish populations. This must be done through an overall ecosystem approach, and in consideration of regime changes caused by climate change, which also requires management staff and capacity. It will also require a renewed, nation-to-nation relationship with Indigenous Peoples, based on recognition of rights, respect, co-operation, and to work with the provinces, territories, Indigenous Peoples as outlined in the mandate letter to the Minister of Fisheries, Oceans and the Canadian Coast Guard. Federal support is also needed to recover several listed marine species at risk and establish additional protections.

We welcome the approximately \$40 million over six years provided to the Department in Budget 2017 to update Integrated Fisheries Management Plans (IFMPs), develop rebuilding plans and implement policies under the sustainable fisheries framework. We also welcome the \$5.8 million over four years allocated

#### TOWARDS SUSTAINABLE FISHERIES

towards implementing the new catch monitoring policy. This money is a crucial step forward to address the shortcomings addressed the Auditor General's report on Sustaining Canada's Major Fish Stocks. However, given the number of IFMPs and rebuilding plans to be developed and the critical importance of implementing the sustainable fisheries framework and corresponding policies, we recommend an additional \$60 million over 5 years given that our commercial and recreational fisheries are worth approximately \$16 billion a year to Canadians and could be worth more with considerably more with healthy, well-managed stocks.

a) Rebuild Depleted Stocks to avoid another major fisheries collapse. The GBC recommends that DFO invest \$9 million per year to restore DFO capacity and establish meaningful harvest control rules, precautionary reference points, and updated catch monitoring approaches for all stocks within five years. This should be done through an ecosystem approach by taking into account the impacts of climate change. Funding is also required for Canada to fulfill its obligation to provide accessible information annually about the state of the country's fisheries stocks, and the trends in these stocks. Additional funds are needed to implement existing and upcoming policies such as the sensitive benthic areas and bycatch policies. Furthermore, funds are needed to increase regular consultations with Indigenous Peoples on fisheries science, management and recovery.

**b) Recover marine species at risk.** Many species that are implicated in commercial fisheries (e.g., Atlantic cod, American plaice, redfish, porbeagle shark) are also currently within the listing process under the *Species at Risk Act* (SARA). These species require additional protections either through SARA listing or by implementing existing tools and policies. The GBC recommends that the DFO invest \$3 million a year to implement Canada's existing sustainable fisheries policies and specific measures for at-risk marine fish as a matter of priority through the Integrated Fisheries Management process and through the sustainable fisheries framework.

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Photo: © Thomas Pick

# CONTACT

# CLIMATE CHANGE AND ENERGY SUSTAINABILITY FEATURING... INTERNATIONAL CLIMATE FINANCING

## INTERNATIONAL CLIMATE FINANCING



#### **Recommendation Summary**

Through the Paris Agreement, Canada and other developed countries committed to continue efforts on climate finance mobilization and set a collective goal of at least USD 100 billion per year to assist developing countries address climate change impacts and undertake low-carbon development. A federal government announcement in November 2015 put Canada on the path of scaling up its international climate finance contribution to CAN\$800M per year in 2020. Although this is commendable, the funding is significantly short of Canada's fair share contribution. To support climate mitigation and adaptation efforts in developing countries, the Green Budget Coalition recommends that Canada scale up its efforts on international climate finance, provide certainty on funding beyond 2020, and indicate how it intends to mobilize its fair share of international climate finance. The GBC recommends generating this funding through a levy on bunker fuels used in international aviation and/or marine shipping.

#### Investment Required and Suggested Revenue Source(s)

At least CAN\$2 billion over the next two years, to be added to the \$800 million already committed by the federal government for 2020, all of which will leverage additional investment by the private sector. Between 2021 and 2025, Canada's annual public contribution should total CAN\$2.8 billion to CAN\$3.7 billion (using an appropriate leverage ratio for private sector financing, and depending on the US-Canada exchange rate). Part or all of this can be mobilized by working with international partners through bilateral or multilateral agreements to apply a levy on bunker fuels used in international aviation and/or maritime shipping. The levy should be at least as high as the level of the pan-Canadian carbon price, and match annual increases up to and beyond 2022. Photo: Jordi Fernandez







Economic Growth for Rural & Remote Communities

Innovation

#### **Background and Rationale**

A vital part of all international climate negotiations and agreements is international climate financing. Industrialized countries have acknowledged that they are largely responsible for creating climate change and have the greatest capacity to address its challenges. As such, Canada and other industrialized countries have agreed to provide financing to developing countries to address the impacts they are already facing and to assist them in undertaking low-carbon development. In the Paris Agreement, that commitment was to mobilize at least US\$100 billion per year in financing between 2020 and 2025.<sup>26</sup>

#### 1. Level of commitment

Canada's current global contribution ratio is lower than that provided by the previous federal government, when it provided \$1.2 billion of the \$30 billion<sup>27</sup> required for fast-start financing to support mitigation efforts in developing countries between 2010 to 2012. According to The Globe & Mail, former Minister of Foreign Affairs Stéphane Dion referenced Canada's \$4 billion annual share when he announced that his government was extending \$2.65 billion to climate financing in November 2015.<sup>28</sup>

A target of \$4 billion per year or a fair share of 3-4%, starting in 2020, would require Canada to significantly scale up mobilization of public and private sources. It is also important to note that an OECD report has estimated that \$1 in public financing for climate change leverages an additional \$0.38 in private sector investment.<sup>29</sup> Given the lower effort compared to the ratio of funding provided by the previous government, the shortfall in Canada's global fair share, and the ratio to leverage private sector investment, Canada's \$800 million per year towards international climate finance is insufficient to leverage enough private sector financing to reach Canada's fair share.



Paris Agreement. Article 54. Accessed at https://unfccc.int/resource/docs/2015/cop21/eng/l09.pdf
Environment Canada. (2011). "Minister Kent Announces International Climate Funding." Press Release.
Dec. 5. Accessed at: http://www.ec.gc.ca/default.asp?lang=En&n=714D9AAE-1&news=B37E3BE6-5D04-4566-B674-677A20213456

28 Clark, C. (2015). "Canada commits \$2.65-billion to climate-change funding." The Globe and Mail. Accessed at: http://www.theglobeandmail.com/news/politics/canada-commits-265-billion-to-climate-change-funding/article27507453/

29 OECD and Climate Policy Initiative. (2015). "Climate Finance in 2013-14 and the USD 100 billion goal."

INTERNATIONAL	
CLIMATE FINANCING	

Year	Announced contribution from federal government	Estimated commitment of public funds (supplemented by private financing)*
2016	CAN\$300M	
2017	CAN\$400M	
2018	CAN\$500M	
2019	CAN\$650M	
2020	CAN\$800M	CAN \$2.8B - \$3.7B
2021-2025	\$0	CAN \$2.8B - \$3.7B annually

\*Will depend on the fair share percentage chosen by the Canadian government, the private sector leverage factor, and US-Canada exchange rates.

#### 2. Principles for climate financing

Canada's climate financing also needs to heed important principles to be most effective *and* meet our commitments. Financing needs to be:

- New and additional: raiding international development funds to finance climate change puts developing countries no further ahead.
- Balanced between mitigation and adaptation: many poor countries need adaptation assistance most, given their level of development and significant impacts they face. So far, specific programs funded from the \$2.65 billion pool have overwhelmingly been focused on mitigation.
- In the form of grants, not loans: Extending loans that have to be paid back makes often indebted countries even more financially vulnerable.
- Predictable: It is commendable that the Canadian government announced well in advance its contributions for the next five years. In the future, earmarking part of the federal carbon pricing revenue for this purpose would allow the international community to know what financing totals to expect from Canada in 2020 and beyond.

#### 3. Potential sources of revenue for international climate financing

Rather than continuously depending on federal budgets to generate Canada's fair share of international climate financing, the federal government should consider implementing so-called innovative forms of financing. These are new mechanisms, often fiscal tools, to generate a predictable source of financing either domestically or through international agreements.<sup>30</sup>



Photo: Cara Fuller

<sup>30</sup> See for example Climate Action Network. (2015). "New, Innovative Sources of Climate Finance Position." Accessed at http://www.climatenetwork.org/publication/can-position-new-innovative-sources-climate-finance-may-2015.





According to the International Monetary Fund, one promising option would be for international partners, including Canada, to apply a levy on bunker fuels used in international aviation and/or shipping.<sup>31</sup> Emissions from bunker fuels used in international travel are a large and growing source of GHGs globally and these emissions are not addressed in the Paris Agreement or Canada's pan-Canadian climate framework. These fuels also face no excise taxes in the way that domestic fuel usage does. A global \$25/tonne levy on emissions from international aviation and maritime travel would generate an estimated \$38 billion annually,<sup>32</sup> a significant portion of the \$100 billion annual commitment to climate financing. There is a strong rationale for applying a carbon levy that is equal or even higher than the pan-Canadian price on carbon. Increasing it over time so that it reaches \$50/tonne in 2022 and even higher thereafter would generate most or all of the revenue required to fulfill Canada's Paris Agreement commitments on international financing.

Canada should therefore work with international partners to apply such a levy on these fuels and earmark the revenue entirely to Canada's climate financing commitments under the Paris Agreement. A good place to start would be through a bilateral agreement with the European Union to apply a carbon levy on fuel used on flights between Canada and the EU.

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<sup>31</sup> Farid et al. (2016). "After Paris: Fiscal, Macroeconomic, and Financial Implications of Climate Change." Accessed at https://www.imf.org/external/pubs/ft/sdn/2016/sdn1601.pdf.

<sup>32</sup> International Monetary Fund. (2011). "Market-Based Instruments for International Aviation and Shipping as a Source of Climate Finance." Accessed at: https://www.imf.org/external/np/g20/pdf/110411a.pdf.

# COMPLEMENTARY RECOMMENDATIONS REGARDING CLIMATE CHANGE AND ENERGY SUSTAINABILITY

# **Fossil Fuel Subsidy Reform**

Changes announced in Budget 2017 on fossil fuel subsidy reform are a positive step forward. The Green Budget Coalition (GBC) calls on the Government to:

- Disclose costs of all federal direct spending and value of tax measures for exploration, development and production of coal, oil and natural gas. This information should also be provided to the Parliamentary Budget Office.
- Initiate work with partner countries to define "efficient" fossil fuel subsidies.
- Proceed with a volunteer peer review of Canada's fossil fuel subsidies alongside Canada's G20 partners who have already taken part in the process.

We note that the preferential treatment of unsuccessful exploration remains unchanged and preferential treatment of exploration and development expenses for oil and gas through flow-through shares in general is still available. The GBC further recommends that the Government legislate a timeline for the phase-out of:

- Accelerated Capital Cost Allowance for Liquefied Natural Gas projects
- Canadian Development Expenses claims
- Canadian Exploration Expenses claims, including for unsuccessful exploration
- Remaining Flow-through Share deductions for oil and gas sector through the acquisition of shares and limited partnerships
- Canadian Oil and Gas Property Expense
- Foreign Resource Expense, and Foreign Exploration and Development Expense
- Duty Exemption for Imports of Mobile Offshore Drilling Units in the Atlantic and Arctic

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# **Carbon Pricing**

A price on carbon is an important element to any climate change plan, applying the polluter pays principle and giving incentives for businesses and individuals to reduce greenhouse gas emissions, move towards cleaner energy sources, and contribute to phasing out fossil fuels. Research shows that, along with other strong government measures, a carbon price that continues to ramp up every year to 2030 is needed for Canada to reach its 2030 GHG target. Also, competitiveness issues and carbon leakage has been shown to apply to a very small percentage of Canada's emissions and GDP; therefore measures to address competitiveness need to be targeted, transparent, and temporary.

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# **Energy Efficiency**

To support energy efficiency, the Green Budget Coalition recommends that the Government of Canada provide annual funding, rising to \$400 million per year over the next five years, to offset the cost of energy efficiency retrofits and construction of energy efficient homes in remote communities, Canada's North and in low-income family homes. These communities, in particular, are adversely affected by higher costs of energy, and funding measures should support reducing energy costs while improving the housing stock.

The GBC also recommends the Government establish regional centres of expertise to ensure sustained capacity-building on energy efficiency in these communities over the longer-term. These investments should also include outreach to educate consumers on energy efficiency opportunities and their benefits as well as mandatory labelling of energy efficiency ratings for all buildings marked for sale, lease or rent, and developing regulations that ensure all new building stock meets the highest energy efficiency requirements.

Included in the federal government's 2017 budget is an allocation of \$67.5 million over four years to continue existing energy efficiency programs and a New National Housing Fund of \$5 billion over the next 11 years. However, dedicated funds are needed to address energy and housing challenges faced specifically by remote communities, Canada's North and low-income families. In addition, given that buildings account for 12 per cent of Canada's GHG emissions, consumers need better information on energy efficiency opportunities. Consumers in Canada should have access to the highest energy efficient built quality.

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38

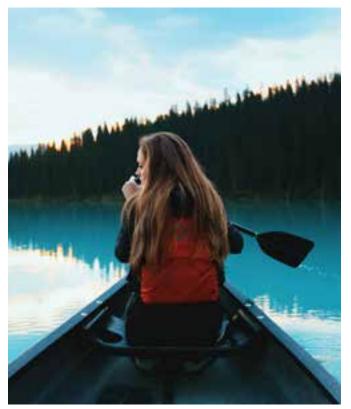
# **ENERGY STAR**

ENERGY STAR is an international standard that is used in seven jurisdictions, including Canada, and marks equipment with high energy efficiency performance in their class. The program is managed by the United States Environmental Protection Agency (EPA) and is at risk of being defunded. ENERGY STAR certified products and homes have been key to the success of energy efficiency gains in Canada, contributing to nearly 4PJ of savings in 2015. U.S. defunding of ENERGY STAR will have implications for Canadian consumers and manufacturers. The GBC recommends Canada immediately initiate discussions with the EPA and manage ENERGY STAR for the next five years. GBC recommends a minimum funding of CAN25 million per year over five years.

#### Contact

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<sup>o</sup>hoto: Roberto Nickson

# COMPLEMENTARY CROSS-CUTTING RECOMMENDATIONS

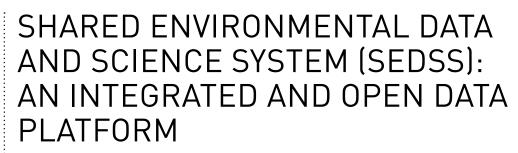




Photo: Dave Lastovskiy

Federal leadership is urgently needed to move Canada towards a more integrated and complete data and science system in order to address Canada's growing environmental challenges, support the transition to a clean and low-carbon economy, and more specifically to support implementation of proposed legislative reforms to federal environmental and regulatory processes.

The Green Budget Coalition recommends Budget 2018 invest in the following two strategic measures.

Such investments will support key national policy priorities, including: environmental assessment and regulatory process reforms, the Pan-Canadian Framework on Clean Growth & Climate Change; Canada's biodiversity and protected areas targets; sustainable and climate resilient agriculture; sustainable fisheries; freshwater protection; and reduction of environmental risks from toxic chemicals.

#### 1. Expert Panel on Sharing Environmental Data and Science

#### Investment Required: 2018/2019: \$5 million

The GBC strongly recommends establishing a shared environmental data and science (SEDSS) system - an integrated platform that would facilitate the collection, exchange and use of environmental data and information across Canada. Similar to the European Union "Shared Environmental Information System" (SEIS), this web-enabled data network would help improve the quality, availability and accessibility of environmental information thereby enabling

# COMPLEMENTARY CROSS-CUTTING RECOMMENDATIONS

evidence-based decision making and improving policy development, project planning, assessments and cumulative effects management.

Given the complexities and potential benefits of developing and implementing an SEDSS-type initiative, the GBC recommends an initial \$5 million investment to establish and support an Expert Panel with a mandate to:

- Identify existing barriers to environmental data collection, exchange and use across various data collectors and users, jurisdictions and sectors;
- Study examples of existing information sharing systems in Canada and abroad (e.g., SEIS);
- Identify and evaluate the regulatory, policy, technical, infrastructure and resource (i.e. costs); requirements for developing, implementing and managing an integrated information sharing system;
- Evaluate various governance and institutional structures needed for implementing and managing the system; and
- Publish a report with recommendations to government on actions and requirements that would help close Canada's environmental information gap.

## 2. National Ecosystem Mapping & Monitoring Tool

**Investment Required**: For 2018/19: \$30 million, plus \$120 million over 4 years starting in 2019/2020

### Ongoing from 2023: \$25 million per year

This information tool would generate critical data needed for soil, air and biodiversity monitoring, environmental assessments, cumulative effects management, and climate change risk mitigation. Building on the National Ecosystem Early Warning System (NEEWS) proposed in 2016 by Natural Resources Canada and the department's current efforts to develop an integrated geospatial data platform, this comprehensive mapping and monitoring tool would allow decision-makers to better manage the risks and impacts of land-use change on Canadian landscapes.

For more details on this GBC recommendation, please see www.greenbudget.ca/2018sedss.

James Brennan Director of Government Affairs Ducks Unlimited Canada j\_brennan@ducks.ca



Photo: Warren Wong



The following three recommendations provide advice for maximizing the benefits from infrastructure funding announced in Budget 2017.

# **Natural Infrastructure**

In 2016, the Green Budget Coalition recommended that 30% of the Phase 2 Green Infrastructure funding go to supporting natural infrastructure solutions. Ecosystem protection and/ or restoration are a cost-effective approach to mitigating climate impacts, reducing GHG emissions, improving biodiversity and protecting communities from flooding and other challenges.

As an important step in that direction the Government of Canada indicated they would develop a new Disaster Mitigation and Adaptation Fund for built and natural, large-scale infrastructure projects supporting mitigation of natural disasters and extreme weather events and climate resilience. In addition, green Infrastructure funding dispersed through the bilateral agreements with the provinces and territories can also include natural infrastructure projects and can be put forward by different proponents, including NGOS and Indigenous Peoples.

To maximize the effectiveness of these important steps, the GBC recommends that the Government of Canada create conditions that encourage all jurisdictions to put forward the best possible natural infrastructure projects. This could include developing frameworks for bilateral agreements that draw out and value naturebased infrastructure projects through assessment criteria that promotes the development of related science and innovative solutions, as well as the extent to which projects contribute to biodiversity conservation, climate mitigation, and economic productivity.

#### Contact

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# **Public Transit**

The Green Budget Coalition recommends that the federal government invest \$2 billion per year over 10 years — not 11 years, as promised in Budget 2017 — in public transit. Ongoing, predictable funding is crucial if provincial and municipal transit authorities are to engage in long-term systematic planning.

The government should deploy a climate lens, favouring initiatives that promise the greatest emissions reductions. These will often be electrified services such as light rail.

The federal government should contribute 50 per cent of new projects funding — especially important for smaller transit systems that, absent this level of support, could find it difficult to provide such services.

#### Contact

Gideon Forman Transportation Policy Analyst, David Suzuki Foundation gforman@davidsuzuki.org



Photo: Jed Dela Cruz

# **Arctic Energy Fund**

The recently announced Arctic Energy Fund of \$400-million (\$40-million per year over ten years beginning in 2018-19) can help address energy security in the territories, especially if it is designed on a "Renewable Energy First" principle. In other words, when replacing old diesel generators or adding power generation capacity, the Fund should ensure that:

- Renewable energy opportunities are considered first;
- Any purchase of new generators is compatible with future renewable energy development (including variable speed generators);
- Community ownership and capacity development is encouraged; and
- Additional investment in renewable energy from the private sector is leveraged.

## Contact

Paul Crowley Vice President, Arctic, WWF-Canada pcrowley@wwfcanada.org



# **Canada's Blue Action Plan**

A proposal to invest in world class science and innovation to ensure we can monitor, assess and act on the full suite of environmental stressors to Canada's fresh water including legacy, present and emerging chemicals and mixtures posing risks.

## **Recommended investment:**

2018/19 - 2028/9: \$62 million/year

The Green Budget Coalition proposes that the Government of Canada develop and deliver a national water monitoring and action plan that includes dedicated long-term funding for science and scientists, innovation, and operations including robust data collection, access and security. It would be delivered over ten years as a multidepartmental initiative led by Environment and Climate Change Canada.

The GBC specifically recommends:

**1. A Comprehensive, National Freshwater Pollutant Monitoring Program** delivering robust data and information sharing across multiple federal departments and provincial and territorial counterparts.

2018/19 - 2028/9 - \$20 million/year

**2. A Blue Plan Innovation Fund** to support development of new and improved tools, models and methods to assess sources and impacts of water pollution.

2018/19 – 2028/9 – \$10 million/year

**3. Capital upgrades** to ECCC water quality labs and equipment: 2018/19 – 2028/9 – \$2 million/ year.

**4. Operation/Administration** of the Blue Plan programs, strategies and regulatory action.

2018/19 – 2028/9 – \$30 million/year

For more details on this GBC recommendation, see www.greenbudget.ca/2018water.

## Contact

Beatrice Olivastri CEO, Friends of the Earth Canada Beatrice@foecanada.org



# A New Sustainability Assessment Law

The GBC recommends that the federal government allocate new funding of \$15 million in 2018-19, and \$30 million annually thereafter on an ongoing basis to the Canadian Environmental Assessment Agency (the Agency) to implement the next-generation assessment law. In addition, GBC recommends that the Agency's existing funding be stabilized at current levels.

The Canadian Environmental Assessment Act 2012 will likely be replaced in 2018 by a new statute to assess the impacts on sustainability of undertakings that affect federal interests. New funding is required by the Agency to prepare for, and implement the new statute.

An independent Expert Panel made numerous recommendations in March 2017 with a view to meeting the new government's objective of restoring public trust in how natural resources are developed by focusing on achieving sustainability, reducing Canada's greenhouse gas emissions, protecting biodiversity, and promoting reconciliation with Indigenous people.

New funding is required in 2018-19, ramping up in subsequent years, to: establish new institutions and/or enhanced capacity of the Agency with regional offices to be located across Canada; provide capacity for an increased number of federal project, strategic and regional impact assessments; provide for early engagement and planning for project impact assessments; engage Indigenous peoples in decision-making at all stages of impact assessments, and ensure consideration of Indigenous rights in all assessments; ensure meaningful public participation in all assessments including updating of the public registry; and provide capacity for scientific research and economic and social analysis in support of impact assessment.

#### Contact

Stephen Hazell, Director of Conservation Nature Canada shazell@naturecanada.ca

# Renewing Existing Conservation Program Funding

For many years the federal government has budgeted additional funding to Environment Canada and Climate Change, Department of Fisheries and Oceans, and Parks Canada to boost the implementation of the *Species at Risk Act*. The current allocation expires in 2018. In order to ensure that the government meets its commitments to catch up on species listing and achieve species protection, the GBC recommends that the Government of Canada renew and enhance funding for *Species at Risk Act* implementation by committing to \$150 million over three years of B-base funding for the proper implementation of the *Species at Risk Act*.

In addition, we would note that several programs linked to implementing species habitat stewardship and key habitat conservation programs on the ground are currently oversubscribed, with some of their funding sunsetting in 2018 and 2019, and merit renewed and/or increased funding, including:

- National Wetland Conservation Fund,
- The Habitat Stewardship Program, and
- Aboriginal Fund for Species at Risk.

See page 47 for recommended funding levels.

#### Contact

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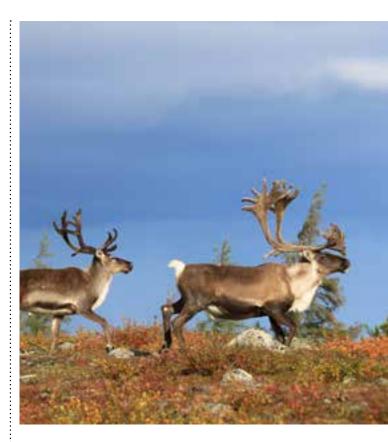
Photo: Sebastien Marchand

# Lung Cancer Prevention: Supporting Radon Mitigation

Radon in indoor environments is the leading cause of lung cancer in non-smokers and an important health risk for Canadians. To complement the federal government's programs for radon research, education and outreach, and certification of radon mitigation firms, the GBC recommends consideration of two options for incenting radon mitigation for homes with radon above federal guidelines - a tax credit for individuals and smallscale landlords (with positive net tax impacts and health care savings for government) and a direct grant program. For more details, see http://www. cela.ca/publications/radon-tax-credit

#### Contact

Kathleen Cooper Senior Researcher Canadian Environmental Law Association kcooper@cela.ca







## SUMMARY TABLE - FEATURE RECOMMENDATIONS

## Lead Departments and Costs (and Savings) Associated with the GBC's Recommendations for Budget 2018

(in millions of dollars; negative figures represent savings or revenues)

Recommendation	Likely Lead Department(s)	2018-19	2019-20	2020-21	2021-22	2022-23	ongoing	(end-year
Sub-Recommendation								
rotecting Canada's Land, Inland Wa	aters and Ocean							
and and Inland waters	ECCC, PC, DFO							
Protected Areas establishment	and management							
Federal protected areas		147	97	97	94	94	94	
Cost-shared fund		268	190	190	190	190	170	
Federal leadership and collabor	ration	3	3	3	3	3	3	
Connectivity Strategy		3	3	3				
Citizen engagement		10	10	10	10	10	10	
larine Environments								
Developing new governance arrangements	ECCC, PC, DFO	25	25	25	25	25		
MPA Network planning								
Fisheries and Oceans Canada	a DFO	12	24	24	29	29	36	
Parks Canada	PC	25	60	95	95	95	95	
Environment and Climate Change Canada (CWS)	ECCC	1.5	1.5	15	30	30	30->60	(2029-30
Citizen & stakeholder engagem	ent ECCC, PC, DFO	10	10	10	10	10	10	
Totals - for Protecting Canada's Land, Inland Waters and Ocean		504.5	423.5	472	486	486	448->478	(2029-30,
iustainable Agriculture								
Agri-Environmental Programs	AAFC, ECCC	90	90	90	90	90		
Science Capacity, Research & Monitoring	AAFC, ECCC, HC	24	21	21	21	21		
ustainable Fisheries								
Fish Habitat Protection & Resto	ration DF0	30	35	40	45	50		
Rebuilding, Recovering & Sustainably Managing	DFO	12	12	12	12	12		
nternational Climate Financing								
Financing	ECCC, GAC	2,000	(total) over 201	8-2020	2,8	00 –3,700 per 2021-202		
New Revenue sources	5		,000 (total reven 2018-2020	uues) over	up to			

Departmen	ital Acronyms:	HC:	Health Canada
AAFC:	Agriculture and Agri-Food Canada	INAC:	Indigenous and Northern Affairs Canada
CEAA:	Canadian Environmental Assessment Agency	Infc:	Infrastructure Canada
CMHC:	Canada Mortgage and Housing Corporation	ISEDC:	Innovation, Science and Economic Development Canada
DFO:	Fisheries and Oceans Canada	NRCan:	Natural Resources Canada
ECCC:	Environment and Climate Change Canada	PC:	Parks Canada
Finance:	Finance Canada	StatCan:	Statistics Canada
GAC:	Global Affairs Canada		

# SUMMARY TABLES OF RECOMMENDATIONS' ASSOCIATED COSTS (AND SAVINGS)

### SUMMARY TABLE - COMPLEMENTARY RECOMMENDATIONS

## Lead Departments and Costs (and Savings) Associated with the GBC's Recommendations for Budget 2018

(in millions of dollars; negative figures represent savings or revenues; see page 46 for departmental acronyms)

Sub-Recommendation	ikely Lead Department(	s) Notes on Costs/Savings	2018-19	2019-20	2020-21	2021-22	2022-23	ongoing	(end-year)
Climate Change & Energy Sustainability									
Fossil Fuel Subsidy Reform	Finance, NRCan, ECCC								
ACCA for Liquefied Natural Gas	Finance, NRCan	Estimates based on past years.	-9	-9	-9	-9	-9	-9	(2024-25)
Duty Exemption-Imports of Mobi Offshore Drilling Units in Atlan and Arctic			?	?	?	?	?	?	
Canadian Development Expense			؛ 1,018-	؛ 1,018-	؛ 1,018-	؛ 1,018-	؛ 1,018-	؛ 1,018-	
Canadian Exploration Expense	Finance, NRCan		-1,010	-148	-1,018	-1,018	-148	-148	
			-140	-140	-140	-140	-140	-148	
Flow-Through Share deductions COGPE	Finance, NRCan		- 135	-135	- 135	-135	-36	-135	
FRE & FEDE			-30 ?	-30 ?	-30 ?	-30	-30 ?	-30	
Carbon Pricing	Finance, NRCan ECCC	Revenues dependent on	؛ O to	؛ O to	؛ O to	؛ O to	؛ 0 to	؛ O to	
		specific carbon pricing policies and price.	-24,000	-24,000	-24,000	-24,000	-24,000	-24,000	
Energy Efficiency	NRCan, INAC, CMHC		100	200	300	400	400		
ENERGYSTAR	NRCan		25	25	25	25	25		
Complementary Cross-Cutting Recomm Shared Environmental Data & Science System NRCan, Sta Expert Panel	endations atCan, ISEDC, AAFC, ECC	C, DFO, HC	5						
Shared Environmental Data & Science System NRCan, Sta	atCan, ISEDC, AAFC, ECC	C, DFO, HC	5 30	30	30	30	30	30	(2028-29)
Shared Environmental Data & Science System NRCan, Sta Expert Panel	atCan, ISEDC, AAFC, ECC	C, DFO, HC		30	30	30	30	30	(2028-29)
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Photo: Bill Allen